

# **Village of Nyack, New York**

Financial Statements and  
Supplementary Information  
Year Ended May 31, 2016

**VILLAGE OF NYACK  
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MAY 31, 2016**

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## **Independent Auditor's Report**

**The Honorable Mayor and Board of Trustees  
of the Village of Nyack, New York**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the government activities, each major fund and the aggregate remaining fund information of the Village of Nyack, New York ("Village") as of and for the year ended May 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Nyack Housing Authority (a component unit) for the year ended March 31, 2016. Those statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for such component unit, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**Neil T. O'Sullivan, CPA / PLLC**

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Emphasis of Matter**

We draw attention to Note C in the notes to financial statements which disclose the effects of the Village's adoption of the provisions of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". Our opinion is not modified with respect to this matter.

The scope of our audit was limited by the fact that we did not verify the accuracy of the general fund fixed assets by physical inspection, nor were we able to confirm the balances due from other local governments.

As the Village did not obtain detailed valuation and accumulated depreciation totals on its infrastructure assets, we are unable to meet the reporting requirements of G.A.S.B. 34.

### **Opinions**

In our opinion, except for the fact that we were unable to obtain the necessary fixed asset information as mandated by G.A.S.B. 34, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2016, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Water Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

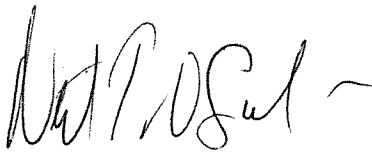
### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The financial statements and schedules and the schedules of expenditures of federal awards are required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated on July 20, 2017 our consideration of the Village/Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village/Town's internal control over financial reporting and compliance.



Neil T O'Sullivan CPA/PLLC  
Pearl River, New York  
July 20, 2017



**INDEPENDENT AUDITORS' REPORT ON FINANCIAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Mayor and Member of the Village Board of Trustees  
Village of Nyack, NY

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained on *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Nyack, as of and the year ended May 31, 2016 and the related Notes to the Financial statements, which collectively comprise the Village of Nyack's basic financial statements, and have issued our report thereon dated July 20, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village of Nyack's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Nyack's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Nyack's internal control.

A *deficiency in internal control* exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

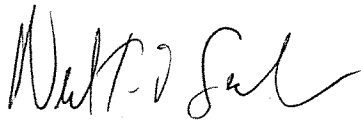
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village of Nyack's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Nyack's internal control or on compliance. This report is an integral part of an audit performed in accordance with government Auditing Standards in considering the Village of Nyack's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Neil T O'Sullivan CPA/PLLC  
Pearl River, New York  
July 20, 2017



**Village of Nyack  
Management's Discussion and Analysis  
May 31, 2016**

**Introduction**

This discussion and analysis of the Village of Nyack, New York's ("Village") financial statements provides an overview of the financial activities of the Village of Nyack for the fiscal year ended May 31, 2016. Please read the discussion and analysis in conjunction with the basic financial statements and the accompanying notes to those statements which immediately follows this section.

**Financial Highlights for Fiscal Year 2016**

For the year ended May 31, 2016 the Village implemented the provision of the Governmental Accounting Standards Board ("GASB") Statement No. 68 "Accounting and Financial Reporting Pensions". This pronouncement established new accounting and financial reporting requirements associated with the Village's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS"). At May 31, 2016, the Village reported in its Statement of Net Position a liability of \$403,210 for its proportionate share of the ERS net pension liabilities. More detailed information about the Village's pension plan reporting in accordance with the provisions of the GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to the financial statements.

As of the close of the fiscal year 2016, the Village's governmental funds reported combined ending fund balance of \$1,780,695. Exclusive of the Capital Projects Fund, the combined ending fund balances was \$2,599,727. Of this latter amount the unassigned fund balance was \$1,480,000 or 57% of the total fund balance. This amount of available for spending at the discretion of the Board of Trustees.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,480,000 or 26.8% of total General Fund expenditures and other financing uses. The General Fund reported a total ending fund balance of \$1,943,251 on May 31, 2016 which represents an increase of \$349,532 from the fiscal year 2015.

During the 2016 fiscal year, the Village had payments of \$646,285 of general obligation debt. The Village's total outstanding general obligation bonds payable at May 31, 2016 totaled \$5,557,500.

The Water Fund reported a total ending fund balance of \$656,476 an increase of \$80,122 from the prior year. It is important to note that effective June 1, 2015 the Water Fund changed its accounting method from the Enterprise Fund to a Governmental Fund.

The Capital Projects Fund reported an ending fund deficit balance of \$819,032, a decrease of \$1,266,758 from the fiscal year 2015. There was \$3,591,363 expended during the year end May 31, 2016 on capital projects.

## Overview of the Financial Statements

The Village's financial statements are composed of this Management's Discussion and Analysis ("MD&A") and the basic financial statements. This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides analysis and overview of the Village's financial activities. The basic financial statements include three components: 1) Government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also includes other supplementary information as listed in the table of contents.

### Government-Wide Financial Statements

The *government-wide financial statements* are presented in a manner similar to private-sector business financial statements. The statements are prepared using the accrual basis of accounting. The government-wide financial statements include two statements; Statement of Net Position and Statement of Activities. Fiduciary activities, the resources from which are not available to fund the Village's programs, are excluded from these statements.

The *Statement of Net Position* presents the Village's total assets and deferred inflows/outflows of resources and liabilities with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Village is improving or deteriorating.

The *Statement of Activities* presents information showing the change in the Village's net position during the current fiscal year. All revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows from future fiscal periods such as uncollected taxes and earned but unused vacation and sick leave. The focus of this statement is on the net cost of providing various services to the citizens of the Village.

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues ("*governmental activities*") The governmental activities of the Village include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest

### Fund Financial Statements

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/net position, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in an individual fund based upon the purpose for which they are to be spent and means by which spending activities are controlled. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on *near-term inflows* and *outflows* of *spendable resources* as well as on *balances of spendable resources* at the end of the fiscal year. This information is useful in determining the Village's financing requirements for the subsequent fiscal period. Governmental funds use the modified accrual basis of accounting which measures the current flow of financial resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. From this comparison, readers may better understand the long-term impact of the Village's near term financing decisions. Both the government fund balance sheet and the government fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The village adopts a budget for General and Water funds. A budgetary comparison statement has been provided for the General and Water funds within the basic financial statements to demonstrate compliance with the respective budgets.

Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are *not* reflected in the government-wide financial statements because the assets of these funds are *not* available to support the activities of the Village.

- a. Trust and Agency Funds - are used to account for money and/or property held in the capacity of a trustee, custodian or agent. These include expendable trusts, non-expendable trusts and agency funds.

### **Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found following the basic financial statements section in this report.

### **Other Information**

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the combining statements for the non-major governmental funds and schedules of budget to actual comparisons. Also included are financials for the Housing Authority and the Parking Authority. They are both separate legal entities from the Village, but the Village is ultimately financially accountable for the Authorities.

### **Financial Analysis of the Governments Funds**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Fund Balance Reporting

GASB issued Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements for the fiscal period ending June 30, 2011. GASB Statement No.54 abandoned the reserved and

unreserved classifications of fund balance and replaced them with five new classifications: Non-spendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Non-spendable – consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, and long-term portions of loans receivable, financial assets held for resale and principal of endowments.

Restricted – Consists of amounts that are subject to extremely enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government’s General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from the fund’s liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed, would exceed the fund’s assets and deferred outflows of resources.

According to GASB, these changes were made to bring greater clarity and consistency to fund balance reporting.

Assets	<u>2016</u>	<u>2015</u>	<u>Change</u>
Non-Capital	\$ 4,366,934	\$ 3,650,799	\$ 716,135
Capital	8,761,299	5,300,029	3,461,270
Total Assets	<u>13,128,233</u>	<u>8,950,828</u>	<u>4,177,405</u>
Deferred Outflows of Resources	106,356	-	106,356
Total Assets and Def. Out. Res.	<u>13,234,589</u>	<u>8,950,828</u>	<u>4,283,761</u>
<b>Liabilities</b>			
Current	3,272,536	1,003,235	2,269,301
Non-Current	5,662,382	6,621,440	(959,058)
Total Liabilities	<u>8,934,918</u>	<u>7,624,675</u>	<u>1,310,243</u>
Capital	2,633,564	-	2,633,564
Unrestricted	1,666,107	1,326,153	339,954
Total Net Position	<u>4,299,671</u>	<u>1,326,153</u>	<u>2,973,518</u>
Total Liabilities and Net Position	<u>\$ 13,234,589</u>	<u>\$ 8,950,828</u>	<u>\$ 4,283,761</u>

**Village of Nyack**  
**Changes in Net Position**  
**May 31, 2016**

<b>Revenues</b>	<u>2016</u>	<u>2015</u>
<b>Program Revenues</b>		
Fines, Fees & Charges	\$ 5,124,872	\$ 4,786,480
<b>General Revenues</b>		
Property Taxes	3,436,844	3,383,353
Other Taxes	258,926	287,119
Federal & State Aid	2,146,841	1,499,046
Investment Earnings	6,392	6,714
Other Revenue	<u>721,151</u>	<u>1,500,356</u>
<b>Total Revenues</b>	<u>11,695,026</u>	<u>11,463,068</u>
<b>Program</b>		
General Government Support	2,331,823	2,277,843
Public Safety	370,409	396,715
Health	6,323	9,301
Transportation	726,135	862,546
Culture & Recreation	577,029	471,591
Home and Community Service	4,234,779	4,404,030
Debt Service	<u>178,156</u>	<u>195,454</u>
<b>Total Expenses</b>	<u>8,424,654</u>	<u>8,617,480</u>
<b>Change in Net Position</b>	<u>3,270,372</u>	<u>2,845,588</u>
<b>Net Position</b>		
Beginning, as reported	1,326,153	(1,519,435)
Cummulative Effect of Change in Accounting Principle	<u>(296,854)</u>	<u>-</u>
Beginning, as restated	<u>1,029,299</u>	<u>(1,519,435)</u>
Ending	<u>\$ 4,299,671</u>	<u>\$ 1,326,153</u>

### Governmental Funds

The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the end of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$1,780,695. The total combined fund balance of which \$660,968 constitutes unassigned fund balance. The total assigned fund balance of \$925,161 has been designated for subsequent year's expenditures and represents the amount estimated for use in the 2016-2017 budget. The other components of fund balance consists of non-spendable fund balance of \$194,566.

The General Fund - is the primary operating fund of the Village. At the end of the current fiscal year, the total fund balance in the General Fund was \$1,943,251. Of this amount, \$1,480,000 was unassigned. In addition represented non-spendable fund balance \$119,940.

Capital Assets - The Village's investment in capital assets for its governmental activities as of May 31, 2016, amounted to \$8,761,299 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment and infrastructure. Additional information on the Village's capital assets can be found in Note I of this report.

Long-term Debt - At the end of the current fiscal year, the Village had total bonded debt outstanding of \$5,557,500. The Village's general obligation bonded debt decreased by payments of \$646,285. All of this debt is backed by the full faith and credit of the Village. Additional information on the Village's long-term debt can be found in Note D of this report.

### **Request for Information**

This Management's Discussion and Analysis report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jennifer Hetling, Village Treasurer, 9 North Broadway, Nyack, New York 10960.

**VILLAGE OF NYACK  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED MAY 31, 2016**

<b>Assets</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 1,261,595
Receivables(net)	3,105,339
Total unrestricted current assets	4,366,934
<b>Capital Assets: (net of accumulated depreciation)</b>	
Land	1,896,114
Infrastructure	1,990,472
Building, improvements, machinery and equipment, net of depreciation	4,874,713
Total capital assets	8,761,299
<b>Total assets</b>	<b>13,128,233</b>
<b>Deferred Outflows of Resources</b>	106,356
Total Assets and Deferred Outflows Res.	13,234,589
<b>Liabilities</b>	
<b>Current Liabilities:</b>	
Accounts Payable	1,082,689
Overpayments	12,121
Revenue anticipation notes payable	600,000
Unearned Revenue	891,429
Current portion of long-term liabilities	
Compensated absences	38,797
Bonds payable	647,500
Total current liabilities	3,272,536
<b>Non-Current Liabilities:</b>	
Compensated absences	349,172
Net Pension Liability	403,210
Bonds Payable	4,910,000
Total non-current liabilities	5,662,382
<b>Total liabilities</b>	<b>8,934,918</b>
<b>Net Position</b>	
Invested in Capital Assets, net of related debt	2,633,564
Unrestricted	1,666,107
Total net position	4,299,671
<b>Total Liabilities and net position</b>	<b>\$ 13,234,589</b>

The accompanying notes are an integral part of the financial statements

VILLAGE OF NYACK  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED MAY 31, 2016

FUNCTIONS/PROGRAMS	P R O G R A M R E V E N U E S			NET (EXPENSE) REVENUE AND CHANGED IN NET POSITION	
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:					
General government support	\$ 2,331,823	-	-	-	(2,331,823)
Public Safety	370,409	492,272	-	-	121,863
Health	6,323	-	-	-	(6,323)
Transportation	726,135	714,500	-	-	(11,635)
Culture and Recreation	577,029	73,237	-	-	(503,792)
Home and community services	4,234,779	3,844,863	-	-	(389,916)
Debt service	178,156	-	-	-	(178,156)
<b>Total Government Activates</b>	<b>\$ 8,424,654</b>	<b>\$ 5,124,872</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,299,782)</b>
		<b>General Revenues</b>			
		Taxes:			
		Real Property Taxes		\$	3,436,844
		Payments in lieu of taxes			16,974
		Franchise and utility taxes			241,952
		Grants and contributions not restricted to specific programs			
		Federal aid			1,583,419
		State aid - mortgage tax			70,786
		State aid - revenue sharing			136,689
		State aid - other			355,947
		Unrestricted investment earnings			6,392
		Gain on sale of property and compensation for loss			216,502
		Miscellaneous			504,649
		Total general revenues			6,570,154
		Change in net position		\$	3,270,372
		Net position - beginning		\$	1,326,153
		Cumulative Effect of Change in Accounting Principle		\$	(296,854)
		Beginning, as restated		\$	1,029,299
		Net position - ending		\$	4,299,671

The accompanying notes are an integral part of the financial statements



VILLAGE OF NYACK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MAY 31, 2016

	M A J O R F U N D S			TOTAL NON-MAJOR GOV. FUNDS	TOTAL GOV. FUNDS
	GENERAL FUND	WATER FUND	CAPITAL PROJECTS		
<b>ASSETS</b>					
Cash	\$ 187,525	\$ 477,904	\$ 159,773	\$ 174,978	\$ 1,000,180
Due from component units	1,335,356	-	-	-	1,335,356
Other state/fed receivables	-	-	767,634	-	767,634
Water rents receivables	-	872,853	-	-	872,853
Investments in securities	-	74,626	-	-	74,626
Accounts receivable	129,496	-	-	-	129,496
Due from other funds	612,630	-	-	-	612,630
Cash Special Reserves	186,789	-	-	-	186,789
<b>TOTAL ASSETS</b>	<b>\$ 2,451,796</b>	<b>\$ 1,425,383</b>	<b>\$ 927,407</b>	<b>\$ 174,978</b>	<b>\$ 4,979,564</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities					
Accounts payable/ Accrued liabilities	\$ 376,484	\$ 93,750	\$ 612,455	\$ -	\$ 1,082,689
Overpayments & Clearing Account	12,121	-	-	-	12,121
Due to other funds	-	57,157	533,984	21,489	612,630
Revenue Anticipation Notes	-	-	600,000	-	600,000
Collections in advance, deferred revenues	119,940	618,000	-	153,489	891,429
<b>TOTAL LIABILITIES</b>	<b>508,545</b>	<b>768,907</b>	<b>1,746,439</b>	<b>174,978</b>	<b>3,198,869</b>
<b>FUND BALANCES</b>					
Restricted	119,940	74,626	-	-	194,566
Assigned	156,522	581,850	-	-	738,372
Committed	186,789	-	-	-	186,789
Unassigned	1,480,000	-	(819,032)	-	660,968
Total Fund Balances (deficits)	1,943,251	656,476	(819,032)	-	1,780,695
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,451,796</b>	<b>\$ 1,425,383</b>	<b>\$ 927,407</b>	<b>\$ 174,978</b>	<b>\$ 4,979,564</b>

The accompanying notes are an integral part of the financial statements

**VILLAGE OF NYACK  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
FOR THEY YEAR ENDED MAY 31, 2016**

Total fund balance for governmental funds	\$ 1,780,695
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in government activities are not financial resources and therefore are not reported in the funds.	8,761,299
Governmental funds do not report assets of liabilities related to net pension assets whereas these amounts are deferred and amortized in the statement of activities	106,356
Long term liabilities that are not due and payable in the current period are not reported in the funds.	
Bonds payable	(5,557,500)
Compensated absences	(387,969)
Net pension liability	<u>(403,210)</u>
Total net position of governmental activities	<u><u>\$ 4,299,671</u></u>

The accompanying notes are an integral part of the financial statements

VILLAGE OF NYACK  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MAY 31, 2016

REVENUES	<u>GENERAL FUND</u>	<u>WATER FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>GOVERNMENTAL TOTAL FUNDS</u>
REAL PROPERTY TAXES	\$ 3,436,844	\$ -	\$ -	\$ 3,436,844
REAL PROPERTY TAXES ITEMS	16,974	-	-	16,974
Non Property taxes items	241,952	-	-	241,952
Departmental income	1,324,897	3,692,548	-	5,017,445
Use of money and property	6,392	-	-	6,392
Interfund Transfer	216,000	-	-	216,000
Fines and Forfeitures	107,427	-	-	107,427
Sales of property and compensation for loss	216,502	-	-	216,502
Miscellaneous local sources	11,003	21,632	472,014	504,649
Federal & State Aid	294,250	-	1,852,591	2,146,841
<b>TOTAL REVENUES</b>	<u>5,872,241</u>	<u>3,714,180</u>	<u>2,324,605</u>	<u>11,911,026</u>
<b>EXPENDITURES</b>				
General government support	1,271,403	1,060,420	2,872,790	5,204,613
Public safety	370,409	-	-	370,409
Health	6,323	-	-	6,323
Transportation	726,135	-	431,561	1,157,696
Culture and recreation	577,029	-	287,012	864,041
Home and community services	446,189	1,446,595	-	1,892,784
Employee benefits	1,465,576	746,326	-	2,211,902
Interfund Transfer	-	216,000	-	216,000
Debt service	659,645	164,796	-	824,441
Capital outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,522,709</u>	<u>3,634,137</u>	<u>3,591,363</u>	<u>12,748,209</u>
<b>Excess of revenues over/(under) expenditures</b>	<u>349,532</u>	<u>80,043</u>	<u>(1,266,758)</u>	<u>(837,183)</u>
<b>Excess (deficiency) of revenue and other sources over/under expenditures and other uses</b>	<u>349,532</u>	<u>80,043</u>	<u>(1,266,758)</u>	<u>(837,183)</u>
Fund Equity, May 31, 2015, as originally stated	<u>1,593,719</u>	<u>2,828,027</u>	<u>447,726</u>	<u>4,869,472</u>
Change in Accounting Method	<u>-</u>	<u>(2,251,594)</u>	<u>-</u>	<u>(2,251,594)</u>
Fund Balances, May 31, 2015, restated	<u>1,593,719</u>	<u>576,433</u>	<u>447,726</u>	<u>2,617,878</u>
Fund Balances, May 31, 2016	<u>\$ 1,943,251</u>	<u>\$ 656,476</u>	<u>\$ (819,032)</u>	<u>\$ 1,780,695</u>

The accompanying notes are an integral part of the financial statements

**VILLAGE OF NYACK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO FUND BALANCES OF**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MAY 31, 2016**

Net change in fund balance \$ (837,183)

The change in net position reported for governmental activities in the statement of activities is different because

Governmental fund report all capital outlays as expenditures. However, in the statement of activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expenses in the current period. 3,461,270

Bond proceeds are reported on the financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the government funds but reduces the liability in the statement of net position.

Repayments:  
     Bond principal \$ 646,285

Net change in net position of governmental activities \$ 3,270,372

VILLAGE OF NYACK  
TRUST AND AGENCY FUND NET POSITION  
AS AT MAY 31, 2016

2016

**ASSETS**

Cash	\$	174,978
Due from other funds		-

<b>TOTAL ASSETS</b>		<u><u>174,978</u></u>
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**LIABILITIES**

**LIABILITIES**

Agency Liabilities	153,489
Due to other funds	21,489

<b>TOTAL LIABILITIES</b>	<u><u>174,978</u></u>
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Net Position	-
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<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 174,978</u></u>
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The accompanying notes are an integral part of the financial statements

VILLAGE OF NYACK, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
MAY 31, 2016

**NOTE A – Summary of Accounting Policies**

The Village of Nyack, New York ("Village") was established in 1872, and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village Mayor serves as the Chief Executive Officer and The Village Treasurer as the Chief Financial Officer.

The Village provides the following services: road maintenance, zoning, building and safety inspection, culture and recreation, home and community services, refuse collection and general administrative services.

The Village's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP) and the Uniform System of Accounting as prescribed by the State of New York. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Village is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements, in preparing its Government-wide financial statements.

The more significant accounting policies established by GAAP and used by the Village in preparing its government-wide and fund financial statements are discussed below:

**1. Financial Reporting Entity**

The financial reporting entity consists of a) the primary government, which is the Village, b) organizations for which the Village is financially accountable and c) other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component units were included in the Village's reporting entity because of its operational or financial relationship with the Village:

The Village of Nyack Housing Authority was organized pursuant to the Housing Statutes of the State of New York. The Authority's purpose is to provide low-income housing. Revenues are derived from, "rentals", "sales and services to tenants", and "subsidies" received from the Department of Housing and Urban Development. This Authority is considered a component unit of the Village and is discreetly presented. The Nyack Parking Authority was established in July 1991 by the State of New York as provided for in the Chapter 489, A.3411-B, Title 22 of the Public Authorities Law of the State of New York. The Village of Nyack Parking Authority manages, improves, and leases property as a component unit of the Village and is discreetly presented.

## **2. Government -Wide Financial Statement**

The government-wide Statement of Activities and Changes in Net Position reports both the gross and the net cost of each of the Villages functions or activities. The functions are also supported by general government revenues (property and sales taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works, community and youth services, etc.) The net costs are normally covered by general revenue (property, sales or mortgage taxes, intergovernmental revenues, interest income, etc.). This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

## **3. Fund Financial Statements**

The financial transactions of the Village are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria. Total assets, liabilities, revenues, or expenditures/expenses of that individual government fund are at least 10 percent of the corresponding total for all funds of that category

The following fund types are used by the Village:

### **A. Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the governmental funds of the Village:

- 1. General Fund** is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is considered a major fund and is presented separately.
- 2. Water funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The water fund is considered a major fund and is presented separately.
- 3. Capital Project Funds** are used to account for financial resources to be used for the acquisition and construction of major capital facilities. The capital projects fund is considered a major fund and is presented separately.

**B. Fiduciary Funds**

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Village programs. The Reporting focus is on net position and changes in net position and is considered a major fund and we presented separately.

The Village's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**C. Fund Balance**

Fund balance is broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned.

1. Nonspendable - consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, and long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
2. Restricted - consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
3. Committed - consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, prior to the end of the fiscal year, commit fund balance.
4. Assigned - consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
5. Unassigned - represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When resources are available from multiple classifications, the Village spends funds in the following order: restricted, committed, assigned, and unassigned.



**4. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures, expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**A. Accrual**

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when incurred.

**B. Modified Accrual**

The government funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the "modified accrual basis" of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued; (2) principal and interest on general long-term debt which is recognized when due; and (3) expenditures for inventory-type items which are recognized at the time of purchase.

**5. Financial Statement Amounts**

**A. Cash and Cash Equivalents**

Cash includes amounts in demand deposit accounts, time deposit accounts, as well as short-term investments with original maturities of less than three months. The State statutes govern the Village's investment policies. The Village has adopted its own written investment policy which provides for the deposits of funds in FDIC insured commercial banks or trust companies located within the State.

Collateral is required for demand deposit accounts, time deposit accounts and Certificates of deposit at 100% of all deposits not covered by FDIC. The Village has entered into custodial agreements with the local bank that holds their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

VILLAGE OF NYACK, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
MAY 31, 2016

The cash of the Village at May 31, 2016, is as follows:

	<u>GENERAL FUND</u>	<u>WATER FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>NON-MAJOR GOV FUNDS</u>	<u>TOTAL</u>
Total	\$374,314	\$552,530	\$159,773	\$174,978	\$1,261,595

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. While the Village does not have a specific policy for custodial credit risk, New York State statutes govern the Village's investment policies, as discussed previously in these notes. Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosure*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Village or its agent in the Village's name. The Village's cash balances were fully collateralized with securities held by the Village's third party custodian and were not subject to custodial credit risk.

**B. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Costs associated with capital projects which are not complete, are capitalized as construction in progress. No depreciation is recorded until the project is complete and the asset is placed in service. Depreciation in all other asset is placed in service. Depreciation on all other assets is provided on the straight-line basis over the following estimated useful lives.

Buildings	20-40 years
Improvements	15 years
Water and Sewer Infrastructure	15-50 years
Roads	30 years
Machinery and equipment	5-25 year

**C. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

VILLAGE OF NYACK, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
MAY 31, 2016

The Village reported deferred outflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Village's pension plans in Note E.

**D. Net Pension Liability**

The net pension liability represents the Village's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date".

**E. Accumulated Compensated Absences**

The Village employees are granted sick and vacation leave and earn compensatory absences in varying amounts. In the event of termination upon retirement, an employee is entitled to payment for accumulated vacation and unused compensatory absences at various rates, subject to limitation.

The Village accrues a liability for future payment of these compensated absences when the following criteria are met:

1. The Village's obligations relating to employees' rights to compensation for future absences are attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable;
4. The amount can be reasonably estimated.

In accordance with the above criteria, the Village has accrued a liability for vacation pay, which has been earned and not taken by Village employees as of May 31, 2016, in the amount of \$387,969. The non-current portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. It is anticipated that none of these liabilities will be liquidated with expendable available financial resources.

**F. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between government or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**G. Budgetary Data**

1. Budget Policies are as follows:

- a. No later than April 15, the budget officer submits a tentative budget to the Village Board for the fiscal year commencing the following June 1.
- b. The Board must adopt the fiscal budget no later than May 1. The budget includes all proposed expenditures and the proposed means of financing all funds.
- c. All modifications of the budget must be approved by the Village Board. However, the treasurer is authorized to transfer certain budgeted amounts within departments.

**H. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing over expenditure of established appropriations. Open encumbrances are reported as reservations of fun balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**I. Property Taxes**

Village and real property taxes are levied annually no later than June 1 and become a lien on November 1. Taxes are collected during the period of June 1 to October 31. Unpaid Village taxes are turned over to the County of Rockland for enforcement by November 15. Any such taxes remaining unpaid at year-end are re-levied as county taxes in the subsequent year.

**J. Pension Plans**

**Plan Description**

The Village of Nyack participates in the New York State and Local Employees Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employee's Group Life Insurance Plan. These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, The Comptroller of the State of New York (Comptroller) serves as sole trustee of the State of New York Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith Office Building, Albany, N.Y. 12244

VILLAGE OF NYACK, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
MAY 31, 2016

Funding Policy

The systems are noncontributory except for employees who joined the New York State and Local Employees Retirement System after July 27, 1976, who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as a proportion of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Village is required to contribute at an actuarially determined rate.

**K. Investments**

Investments are stated at cost in all instances.

**L. Insurance**

The Village assumes the liability for most risks, including, but not limited to property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

**M. Long-Term Liabilities**

Long-Term Debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is only reported in the statement of net position, Long-Term Liabilities.

**N. Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures, expenses during the reporting period. Actual results could differ from these estimates.

**O. Subsequent Events**

Management has evaluated subsequent events for the disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is July 20, 2017.

VILLAGE OF NYACK, NEW YORK  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
 MAY 31, 2016

**Note B – Interfund Receivables and Payables**

Interfund receivables and payables as of May 31, 2016 were as follows:

Fund Type	Interfund Receivables	Interfund Payables
General	\$ 612,630.00	\$ -
Capital	-	533,984.00
Water Fund	-	57,157.00
Agency Fund	-	21,489.00
	\$ 612,630.00	\$ 612,630.00

**Note C - Cumulative Effect of Change in Accounting Principle**

For the year ended May 31, 2016, the Village implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$296,854.

**Note D - Long-Term Liabilities**

1. As at May 31, 2016, the total outstanding indebtedness of the Village aggregated \$5,557,500 in serial bonds.
2. Serial bonds (and Capital Notes) - the Village borrows money in order to acquire land or construct buildings and improvements. This enables the costs of these capital assets to be borne by the present and future taxpayers receiving the benefits of the capital assets. These long-term liabilities, which carry the full faith and credit of the local government, are recorded in both the non-current liability account group, and in the enterprise fund. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.
3. Summary of long-term serial bonds - the following is a summary of long term serial bonds outstanding at May 31, 2016, which are accounted for in both the non-current government liability account group and the enterprise fund.

VILLAGE OF NYACK, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
MAY 31, 2016

Payable From	Original Issue Date	Original Amount	Interest Rate	Maturity	Outstanding Amount
Village Marina	9/1/1997	\$ 990,000	5.95		\$ 130,000
Water Systems	9/1/2002	\$ 950,000	5.7		\$ 695,000
Water	3/1/2005	\$ 612,000	4.0937		\$ 205,000
Memorial Park Impro.	11/28/2006	\$ 475,000	5.17		\$ 47,500
Public Improvements	12/1/2010	\$ 2,285,000	2.56		\$ 1,105,000
Water Improvements	12/1/2013	\$ 542,000	2.18		\$ 473,000
Public Improvements	12/12/2013	\$ 1,898,000	2.18		\$ 1,547,000
Public Improvements	3/26/2015	\$ 1,433,785	1.5		\$ 1,355,000

**Note E – Pension Liability**

The employer contribution rates for the plan’s year ending in 2016 are as follows:

ERS	Tier/Plan/Option	Rate
	1 75I/41J	25.2%
	3 A14/41J	18.8%
	4 A15/41J	18.8%
	5 A15/41J	15.5%
	6 A15/41J1	10.5%

The following presents the Village’s proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Village’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1 percentage point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
Village's proportionate share of the ERS net pension liability (asset)	\$ 2,687,568	\$ 403,210	\$ (1,525,355)

**Note F - Short-Term Debt**

Liabilities for bond anticipation notes (B.A.N.S.) and revenue anticipation notes (R.A.N.S.) are generally accounted for in either the capital projects fund or in the enterprise fund. Interest payments on B.A.N.S. must be made annually. State law mandates that B.A.N.S. issued for capital purposes be converted to long-term debt obligations within five years after the original issue date. A R.A.N. in the amount of \$780,000 was issued during the year. A payment of \$180,000 was made leaving a balance of \$600,000 at May 31, 2016. On that same day, that R.A.N. was paid off by the issue of a new R.A.N. in the amount of \$600,000.

VILLAGE OF NYACK, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)  
MAY 31, 2016

**Note G - Contingencies**

The Village participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the Village's compliance with the applicable grant compliance will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Village anticipates such amounts, if any, to be immaterial.

**Note H - Change in Accounting Method**

In order to be consistent with the accounting for other major governmental funds, the Village, effective for the year ended May 31, 2016, made a change in the accounting for the Water Department. The Water Department, which previously was treated as an Enterprise Fund, will now be treated as Governmental Fund.



VILLAGE OF NYACK NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
MAY 31, 2016

**NOTE I - Capital Assets**

The following is a summary of changes to the capital assets for the year ended May 31, 2016

	Balance June 1, 2015	Additions	(Disposals)	Balance May 31, 2016
Land	\$ 1,896,114.00	\$ -	-	\$ 1,896,114.00
Building	\$ 3,485,015.00	-	-	\$ 3,485,015.00
Improvements Other Than Buildings	\$ 5,451,354.00	\$ 3,107,185.00	-	\$ 8,558,539.00
Infrastructure:				
Roads	\$ 4,163,159.00	\$ 431,561.00	-	\$ 4,594,720.00
Water	\$ 2,229,704.00	\$ 45,205.00	-	\$ 2,274,909.00
Machinery & Equipment	\$ 3,838,186.00	\$ 174,452.00	\$ (424,369.00)	\$ 3,588,269.00
Construction in Progress	\$ -	-	-	-
<b>Total cost</b>	<b>\$ 21,063,532.00</b>	<b>\$ 3,758,403.00</b>	<b>\$ (424,369.00)</b>	<b>\$ 24,397,566.00</b>
<b>Less accumulated depreciation</b>				
Buildings	\$ 2,076,519.00	\$ 74,131.00	-	\$ 2,150,650.00
Improvements Other Than Buildings	\$ 5,451,354.00	\$ 84,699.00	-	\$ 5,536,053.00
Infrastructure:				
Roads	\$ 4,163,159.00	\$ 14,385.00	-	\$ 4,177,544.00
Water	\$ 637,059.00	\$ 64,554.00	-	\$ 701,613.00
Machinery & Equipment	\$ 3,435,412.00	\$ 59,364.00	\$ (424,369.00)	\$ 3,070,407.00
Construction in Progress	\$ -	-	-	-
<b>Total accumulated depreciation</b>	<b>\$ 15,763,503.00</b>	<b>\$ 297,133.00</b>	<b>\$ (424,369.00)</b>	<b>\$ 15,636,267.00</b>
<b>Governmental activities, net</b>	<b>\$ 5,300,029.00</b>	<b>\$ 3,461,270.00</b>	<b>\$ -</b>	<b>\$ 8,761,299.00</b>

\* Depreciation was charged to governmental activities as follows:

General government support	\$ 22,203.00
Public safety	-
Transportation	\$ 14,385.00
Culture and recreation	\$ 72,966.00
Home and community services	\$ 187,579.00
<b>Total depreciation expense</b>	<b>\$ 297,133.00</b>

**VILLAGE OF NYACK**  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF THE**  
**VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEAR (1)**

	<u>2016</u>
Village's proportion of the net pension liability (asset)	<u>0.0119355%</u>
Village's proportionate share of the net pension liability (asset)	<u>\$ 403,210.00</u>
Village's covered employee payroll	<u>\$ 3,190,888.00</u>
Village's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	<u>12.64%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31st measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

**VILLAGE OF NYACK**  
**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS**  
**NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEAR (1)**

	<u>2016</u>
Contractually required contribution	\$ 613,258.00
Contributions in relation to the contractually required contribution	\$ <u>(613,258.00)</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Village's covered employee payroll	\$ <u><u>3,190,880.00</u></u>
Contributions as a percentage of covered-employee payroll	<u><u>19.22%</u></u>

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

VILLAGE OF NYACK  
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 GENERAL FUND  
 FOR THE YEAR ENDED MAY 31, 2016

	GENERAL FUND		
	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues</b>			
Real Property Taxes	\$ 3,446,521	\$ 3,436,844	\$ (9,677)
Real Property Taxes Items	6,500	16,974	10,474
Non Property taxes items	270,000	241,952	(28,048)
Departmental income	1,408,654	1,324,897	(83,757)
Use of money and property	8,500	6,392	(2,108)
Interfund Transfer	216,000	216,000	-
Fines and Forfeitures	85,000	107,427	22,427
Sales of property and compensation for loss	16,560	216,502	199,942
Miscellaneous local sources	65,200	11,003	(54,197)
Federal & State Aid	381,115	294,250	(86,865)
<b>Total Revenues</b>	<u>5,904,050</u>	<u>5,872,241</u>	<u>(31,809)</u>
<b>Expenditures</b>			
General government support	1,294,103	1,271,403	(22,700)
Public safety	358,557	370,409	11,852
Health	9,881	6,323	(3,558)
Transportation	1,055,910	726,135	(329,775)
Culture and recreation	365,578	577,029	211,451
Home and community services	599,182	446,189	(152,993)
Employee benefits	1,411,101	1,465,576	54,475
Interfund Transfer	-	-	-
Debt service	601,926	659,645	57,719
Capital outlay	-	-	-
<b>Total Expenditures</b>	<u>5,696,238</u>	<u>5,522,709</u>	<u>(173,529)</u>
<b>Excess (deficiency) of revenue over (under) expenditures and encumbrances</b>	<u>207,812</u>	<u>349,532</u>	<u>141,720</u>
<b>Fund Balance</b>			
Beginning of Year	(207,812)	1,593,719	1,385,907
End of Year	<u>\$ -</u>	<u>\$ 1,943,251</u>	<u>\$ 1,527,627</u>

VILLAGE OF NYACK  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED MAY 31

	<u>2016</u>	<u>2015</u>
Assets		
Cash and equivalents	374,314	346,252
Due from component units	1,335,356	1,252,143
Other state/fed receivables	-	142,866
Accounts receivable	129,496	256,870
Due from other funds	612,630	64,948
Total Assets	<u>2,451,796</u>	<u>2,063,079</u>
Liabilities and Fund Equity		
Liabilities		
Accounts payable/ Accrued liabilities	376,484	190,705
Overpayments & Clearing Account	12,121	-
Due to other funds	-	158,715
Revenue Anticipation Notes	-	-
Collections in advance, deferred revenues	119,940	119,940
Total Liabilities	<u>508,545</u>	<u>469,360</u>
Fund Equity		
Restricted	119,940	1,593,719
Assigned	156,522	-
Committed	186,789	-
Unassigned	1,480,000	-
Total Fund Equity	<u>1,943,251</u>	<u>1,593,719</u>
Total Liabilities and Fund Equity	<u>\$ 2,451,796</u>	<u>\$ 2,063,079</u>

VILLAGE OF NYACK  
WATER FUND  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED MAY 31

	2016	<u>2015</u>
Assets		
Cash	\$ 477,904	\$ 383,730
Water rents receivables	872,853	858,338
Investments in securities	74,626	74,523
Total Assets	1,425,383	1,316,591
Liabilities and Fund Balance		
Liabilities		
Accounts payable/ Accrued liabilities	93,750	52,533
Due to other funds	57,157	113,704
Collections in advance, deferred revenues	618,000	574,000
Total Liabilities	768,907	740,237
Fund Balance		
Restricted	74,626	74,523
Assigned	581,850	501,831
Committed	-	-
Unassigned	-	-
Total Fund Equity	656,476	576,354
Total Liabilities and Fund Balance	\$ 1,425,383	\$ 1,316,591

VILLAGE OF NYACK  
 STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 WATER FUND  
 FOR THE YEAR ENDED MAY 31, 2016

		WATER FUND		
Revenues		AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE
Departmental income		\$ 3,869,500	\$ 3,692,548	\$ (176,952)
Miscellaneous local sources		69,820	21,632	(48,188)
Total Revenues		<u>3,939,320</u>	<u>3,714,180</u>	<u>(225,140)</u>
Expenditures				
General government support		2,694,170	2,507,015	(187,155)
Employee benefits		863,150	746,326	(116,824)
Interfund Transfer		216,000	216,000	-
Debt service		166,000	164,796	(1,204)
Total Expenditures		<u>3,939,320</u>	<u>3,634,137</u>	<u>(305,183)</u>
Excess (deficiency) of revenue over (under) expenditures and encumbrances		<u>-</u>	<u>80,043</u>	<u>80,043</u>
Fund Balance				
Beginning of Year		-	576,433	576,433
End of Year		<u>\$ -</u>	<u>\$ 656,476</u>	<u>\$ 635,937</u>

**VILLAGE OF NYACK  
CAPITAL PROJECT FUND  
COMPARATIVE BALANCE SHEET  
FOR THE YEAR ENDED MAY 31**

	2016	2015	
<b>Assets</b>			
Cash	\$ 159,773	\$ 289,011	
Other state/fed receivables	767,634	-	
Due from other funds	-	158,715	
Total Assets	<b>927,407</b>	<b>447,726</b>	
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts payable/ Accrued liabilities	612,455	-	
Due to other funds	533,984	-	
Revenue Anticipation Notes	600,000	-	
Collections in advance, deferred revenues	-	-	
Total Liabilities	<b>1,746,439</b>	<b>-</b>	
<b>Fund Balance</b>			
Restricted	-	52,996	
Assigned	-	-	
Committed	-	-	
Unassigned	(819,032)	394,730	
Total Fund Equity	<b>(819,032)</b>	<b>447,726</b>	
Total Liabilities and Fund Balance	<b>\$ 927,407</b>	<b>\$ 447,726</b>	



**VILLAGE OF NYACK  
CAPITAL PROJECTS FUND  
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHARGES IN FUND BALANCE  
FOR THE YEAR ENDED MAY 31**

Revenues	<u>2016</u>	<u>2015</u>
Miscellaneous local sources	\$ 472,014	\$ 602,311
Federal & State Aid	1,852,591	246,705
Obligations redeemed from appropriations and serial bonds	-	2,366,785
Total Revenues	<u>2,324,605</u>	<u>3,215,801</u>
Expenditures		
General government support	2,872,790	-
Public safety	-	-
Health	-	-
Transportation	431,561	-
Culture and recreation	287,012	-
Capital outlay	-	1,278,661
Total Expenditures	<u>3,591,363</u>	<u>1,278,661</u>
Excess of revenues over/(under) expenditures	<u>(1,266,758)</u>	<u>1,937,140</u>
Other financing sources (uses):		
Bans redeemed from appropriations	-	933,000
Total other financing sources (uses)	<u>-</u>	<u>933,000</u>
Net Change in Fund Balance	<u>(1,266,758)</u>	<u>1,004,140</u>
Fund Balance, May 31, 2015	<u>447,726</u>	<u>(556,414)</u>
Fund Balance, May 31, 2016	<u>\$ (819,032)</u>	<u>\$ 447,726</u>

**VILLAGE OF NYACK**  
**TRUST AND AGENCY FUND**  
**COMPARATIVE BALANCE SHEETS**  
**FOR THE YEAR ENDED MAY 31**

	2016	2015
Assets		
Cash	\$ 174,978	\$ 73,301
Due from other funds	-	-
Total Assets	174,978	73,301
Liabilities		
Liabilities		
Agency Liabilities	153,489	66,057
Due to other funds	21,489	7,244
Total Liabilities	174,978	73,301
Net Position	-	-
Total Liabilities and Net Position	\$ 174,978	\$ 73,301

**VILLAGE OF NYACK  
PARKING AUTHORITY BALANCE SHEET  
FOR THE YEAR ENDED MAY 31**

	2016	2015
<u>Assets</u>		
Cash on Hand	\$ 57,957	\$ 28,601
Accounts receivable	38,721	23,253
Capital equipment (net of depre	<u>74,862</u>	<u>105,276</u>
 <u>Total Assets</u>	 <u><u>171,540</u></u>	 <u><u>157,130</u></u>
 <u>Liabilities and Fund Balance</u>		
<u>Liabilities</u>		
Accounts payable	28,258	22,386
Notes payable	84,951	129,893
Due to Village of Nyack	<u>1,335,356</u>	<u>1,252,143</u>
 <u>Total Liabilities</u>	 1,448,565	 1,404,422
Unreserved fund balance	<u>(1,277,025)</u>	<u>(1,247,292)</u>
<u>Total Liabilities and Fund balance</u>	<u><u>171,540</u></u>	<u><u>157,130</u></u>

**Analysis of Changes in Fund Balance  
Years Ended May 31**

<u>Beginning Balance</u>	(1,247,292)	(997,982)
Add Excess of Expenses	<u>(29,733)</u>	<u>(249,310)</u>
 <u>Ending Balance</u>	 <u><u>(1,277,025)</u></u>	 <u><u>(1,247,292)</u></u>

**Reconciliation of Balance Due to  
Village of Nyack  
as of May 31, 2016 and 2015**

<u>Beginning Balance</u>	1,252,143	973,614
Add:		
Budget for Lease	714,500	865,400
Payroll Accrual	38,713	78,702
Contractual Accrual	<u>-</u>	<u>9,427</u>
Total additions	753,213	953,529
Sub-total	2,005,356	1,927,143
Less payments to lease	<u>670,000</u>	<u>675,000</u>
 <u>Ending Balance</u>	 <u><u>\$ 1,335,356</u></u>	 <u><u>\$ 1,252,143</u></u>

VILLAGE OF NYACK ENTERPRISE FUND  
PARKING AUTHORITY STATEMENT OF REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED MAY 31

	2016	2015
<u>Revenues</u>		
Parking lot/meter revenue	\$ 1,352,066	\$ 1,396,487
Boat slip and fees	23,770	2,372
Gain on disposal of assets	18,622	
<b><u>Total revenues</u></b>	<b>1,394,458</b>	<b>1,398,859</b>
<u>Expenditures</u>		
Personal services	296,045	318,876
Leasing expense	714,500	865,400
Office, Sundry	5,785	6,066
Minor Equipment	6,521	11,289
Telephone	5,030	2,174
Meter Repairs & Maintenance	64,613	90,020
Meter Operations	124,794	131,075
Professional Services	10,325	19,581
Insurances	33,660	23,656
Uniforms	4,407	2,710
Auto	4,373	8,596
Meter Collection Fees	21,858	27,015
Employee Benefits	102,683	91,373
Depreciation	25,836	45,081
Interest Expense	3,761	5,257
<b><u>Total expenditures</u></b>	<b>1,424,191</b>	<b>1,648,169</b>
<b>Excess of expenditures and revenues</b>	<b>\$ (29,733)</b>	<b>\$ (249,310)</b>

**VILLAGE OF NYACK  
CASH-FLOW STATEMENT-PARKING AUTHORITY  
FOR THE YEAR ENDED MAY 31**

	<b>2016</b>	<b>2015</b>
<u>Cash-Flows From Operating Activities</u>		
Cash received from operations	\$ 1,378,990	\$ 1,361,944
Cash payments-personal service and employee benefits	(360,015)	(426,172)
Cash payments-contractual expenses	(275,494)	(208,699)
Cash payments-leasing expense	(670,000)	(675,000)
	<u>73,481</u>	<u>52,073</u>
<u>Cash-Flows from Capital Activities</u>		
Principal debt payments	(44,942)	(44,315)
Interest on debt payments	(3,761)	(5,257)
Changes in Capital Equipment	4,578	-
	<u>(44,125)</u>	<u>(49,572)</u>
<u>Net Cash Increase</u>	<u>29,356</u>	<u>2,501</u>
<u>Cash at beginning of year</u>	<u>28,601</u>	<u>26,100</u>
<b>Cash balance at end of year</b>	<b><u><u>\$ 57,957</u></u></b>	<b><u><u>\$ 28,601</u></u></b>

VILLAGE OF NYACK  
HOUSING AUTHORITY  
BALANCE SHEET  
FOR THE YEAR ENDED MARCH 31, 2016

**ASSETS**

Current Assets

Cash	\$ 353,764
Cash and Cash equivalents - restricted	131,370
Receivables	128,717
Prepaid expenses and other assets	42,436
Inventories	10,000
Investments	2,134,379
Investments - restricted	9,061

Total Current assets

2,809,727

Non-Current assets

Land	235,443
Building and Equipment	7,495,674
Less accumulated depreciation	(5,123,765)

Total Non-Current assets

2,607,352

Deferred outflow of resources

91,441

**TOTAL ASSETS**

5,508,520

**LIABILITIES**

Current Liabilities

Accounts payable	25,511
Accrued liabilities	15,954
Security deposits	87,517
Deferred Revenue	9,968
Other	21,002

Total current liabilities

159,952

**NONCURRENT LIABILITIES**

Accrued pension & OPEB liabilities	141,069
Accrued compensated absences noncurrent	61,604

Total noncurrent liabilities

202,673

Total Liabilities

362,625

Deferred onflow of resources

17,007

**NET POSITION**

Invested in capital assets, net of related debt	2,607,352
Restricted net position	52,914
Unrestricted net position	2,468,622

Total Net Assets

5,128,888

**TOTAL LIABILITIES AND NET ASSETS**

\$ 5,508,520

VILLAGE OF NYACK  
HOUSING AUTHORITY  
COMBINED STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN EQUITY  
FOR THE YEAR ENDED MARCH 31, 2016

**Revenues**

Tenant revenue	\$ 1,378,953	
Program grants/subsidies	2,145,876	
Other revenue	<u>120,769</u>	
<b><u>Total Revenue</u></b>		<u>3,645,598</u>

**Expenses**

Operating Expenses	1,336,204	
Housing assistance payments	1,993,192	
Fraud Losses	230	
Depreciation	<u>301,671</u>	
<b><u>Total Expenses</u></b>		<u>3,631,297</u>

Operating Income (Loss)		14,301
Non Operating Revenues		<u>6,629</u>
Excess of Revenues Over Expenses Before Capital Grants		20,930
Governmental Capital Grants - NYS		137,552
Excess of Revenues Over Expenses		158,482
Net Position - Prior		4,984,202
Prior Year Adjustment		<u>(13,796)</u>
<b>Total Net Position</b>		<u>\$ 5,128,888</u>

**VILLAGE OF NYACK**  
**HOUSING AUTHORITY**  
**CONDENSED STATEMENT OF CASH-FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Cash Flows from Operating Activities	\$	478,245
Cash flows from Investing Activities		(2,137,041)
Cash Flows from Capital and Related Financing Activities		<u>(25,624)</u>
Net Decrease in Cash and Cash Equivalents		(1,684,420)
Cash Balance at Beginning of Year		<u>2,169,554</u>
Cash Balance - end of year		<u><u>485,134</u></u>
Unrestricted		353,764
Restricted		<u>131,370</u>
Cash as Above	\$	<u><u>485,134</u></u>





**Report on Compliance for Each Major Federal Program and Report on  
Internal Control over Compliance Required by  
the Uniform Guidance**

**Independent Auditor's Report**

To the Mayor and Members of the Board of  
the Village of Nyack, New York

**Report on Compliance for Each Major Federal Program**

We have audited Village of Nyack's compliance with the types of compliance requirements described in the *U.S. Office of the Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Village of Nyack's major federal program for the year ended May 31, 2016. The Village of Nyack's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Village of Nyack's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Village of Nyack's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Neil T. O'Sullivan, CPA / PLLC

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We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Village of Nyack's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Village of Nyack complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended May 31, 2016.

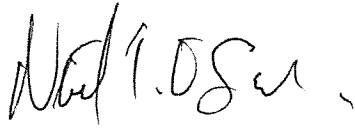
#### ***Report on Internal Control over Compliance***

Management of Village of Nyack is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Village of Nyack's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Village of Nyack's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all the deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Neil T. O'Sullivan". The signature is written in a cursive, somewhat stylized font.

Neil T O'Sullivan CPA/PLLC

July 20, 2017

VILLAGE OF NYACK  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED MAY 31, 2016

<u>Federal Grantor/Pass-Throguh Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass Through Contract Number</u>	<u>Federal Program Expenditures</u>
Department of Homeland Security Federal Emergency Management Agency (FEMA)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NYS 4055	\$ <u>1,583,413</u>
Total Department of Homeland Security Federal Emergency Management Agency			\$ <u>1,583,413</u>
Total expenditures of federal awards			\$ <u><u>1,583,413</u></u>

Village of Nyack, New York

Notes to Schedule of Expenditures of Federal Awards  
Year Ended May 31, 2016

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Village of Nyack, New York under programs of the federal government for the year ended May 31, 2016. Federal awards received directly from the Federal Agencies as well as Federal awards passed through other governmental agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Village/Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Village/Town.

**Note 2-Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Village/Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**VILLAGE OF NYACK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MAY 31, 2016**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	<u>Unmodified</u>		
Internal Control over financial reporting:			
* Material weakness(es) identified?	_____ yes	_____ x	no
* Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	_____ yes	_____ x	no
Noncompliance material to financial statement noted?	_____ yes	_____ x	no

**Federal Awards**

Internal control over major programs:			
* Material weakness(es) identified?	_____ yes	_____ x	no
* Significant deficiency(ies) identified that are not considered to be a material weakness(es)?	_____ yes	_____ x	no
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported to be reported in accordance with the Uniform Guidance	_____ yes	_____ x	no
Identification of major programs:			

<u>CFDA Numbers</u>	<u>Name of Program or Cluster</u>
97.036	Department of Homeland Security Federal Emergency Management Agency

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ yes	_____ x	no
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Village of Nyack, New York

Schedule of Findings and Questioned Costs

Year Ended May 31, 2016

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**Section II – Findings Related to Financial Statements Reported in Accordance with *Government Auditing Standards***

None Reported.

**Section III – Findings and Questioned Costs Related to Federal Awards**

None Reported.