

**Village of Nyack**

**Report to the Village Board**

**May 31, 2018**



## **VILLAGE OF NYACK**

### **CONTENTS**

	<b>Page</b>
Board Report	1
Required Communications	2
Summary of Significant Accounting Estimates	3
Summary of Recorded Audit Adjustments	4 – 8
Exhibit A – Letter Communicating Material Weaknesses and Significant Deficiencies in Internal Control Over Financial Reporting and Management Responses	9 – 15
Exhibit B – Certain Written Communications Between Management and Our Firm	
Arrangement Letter	16 – 21
Management Representation Letter	22 – 25



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

February 28, 2019

Board of Trustees  
Village of Nyack  
9 North Broadway  
Nyack, NY 10960

We are pleased to present this report related to our audit of the basic financial statements of the Village of Nyack, New York (the “Village”) for the year ended May 31, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Village’s financial reporting process.

This report is intended solely for the information and use of the Village Board and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Village of Nyack.

*RBT CPAs, LLP*

---

William Cochran, CPA  
Partner

**Village of Nyack, New York  
Report to the Village Board**

**Required Communications**

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

**Auditor's Responsibility with Regard to the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated November 20, 2018. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

**Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication regarding the planned scope and timing of our audit.

**Accounting Policies and Practices**

**Preferability of Accounting Policies and Practices**

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.

**Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Village. There were no changes in existing significant accounting policies during the period.

**Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Management's Judgments and Accounting Estimates**

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

**Audit Adjustments**

Audit adjustments proposed by us are shown on the attached "Summary of Recorded Audit Adjustments". These adjustments have been reviewed and accepted by Jennifer Hetling, Treasurer.

**Uncorrected Misstatements**

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

**Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

**Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

**Significant Difficulties Encountered in Performing the Audit**

We did not encounter any significant difficulties in dealing with management during the audit.

**Letter Communicating Material Weaknesses and Significant Deficiencies in Internal Control Over Financial Reporting**

Attached as Exhibit A is a letter communicating material weaknesses and significant deficiencies identified during our audit of the financial statements.

**Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and the management of the Village, including the representation letter provided to us by management, are attached as Exhibit B.

**Village of Nyack, New York**  
**Summary of Accounting Estimates**  
**Year Ended May 31, 2018**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You should continue to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Village's May 31, 2018 financial statements:

<i>Area</i>	<i>Accounting Policy</i>	<i>Estimation Process</i>
Pension Liability, Related Deferred Inflows and Outflows	Represents the Village's allocated share of the state retirement systems' net pension liability and deferred inflows/outflows.	Calculated based on the actuarially determined net pension liability of the state retirement systems and the employer allocations audited by KPMG.

**Village of Nyack, New York**  
**Summary of Recorded Audit Adjustments**  
**Year Ended May 31, 2018**

**Village of Nyack, New York**  
**Summary of Recorded Audit Adjustments**  
**Year Ended May 31, 2018**

<b>Number</b>	<b>Date</b>	<b>Name</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
1	5/31/2018	UTILITIES GROSS RECEIPTS TAX FRANCHISES	A.0000.1130 A A.0000.1170 A	25,905	(25,905)
		To reclass franchise fees			
2	5/31/2018	ACCOUNTS PAYABLE 30 S. FRANKLIN-CONTRACTUA TRAFFIC CONTROL CONRACTL STREET LIGHT/CONTRACTUAL ACCOUNTS PAYABLE PLANT/POWER & LIGHT Accounts Payable ACCOUNTS PAYABLE Library Lot Lease Duncan Service Charges EQUIPMENT.SPLASH PAD	A.0000.0600 A A.1620.0405 A A.3310.0400 A A.5182.0400 A F.0000.0600 F F.8320.0430 F P.0000.0600 P H1.0000.0600 H1 P.0000.1410.52 P P.0000.1410.76 P H1.7110.0200.0022 H1		(255)  48 123 84      6,911    9,167 19,669 74,349
		To adjust accounts payable after subsequent disbursement testing			
3	5/31/2018	DUE FROM OTHER FUNDS FEMA STATE & FEDERAL/OTHER DUE TO OTHER FUNDS	A.0000.0391 A A.0000.4320 A H.0000.0410 H H.0000.0630 H		(310,877) 310,877  310,877
		To record adjustments to FEMA money received			
4	5/31/2018	STATE & FEDERAL/OTHER EMERGENCY DISASTER ASSISTANCE (FEMA).MARINA PROJECT	H.0000.0410 H H.0000.4960.0001 H	398,509	(398,509)
		To record additional FEMA money receivable			
5	5/31/2018	PREPAID EXPENSES UNALLOCATED INSURANCE PREPAID EXPENSES UNALLOCATED INSURANCE Prepaid Expenses Insurance	A.0000.0480 A A.1910.0400 A F.0000.0480 F F.1910.0400 F P.0000.0480 P P.0000.1410.42 P	46,581  27,408  6,790	(46,581)   (27,408)  (6,790)
		To adjust prepaid			
6	5/31/2018	ACCOUNTS RECEIVABLE DEFERRED REVENUES METERED WATER SALES METERED WATER SALES	F.0000.0380 F F.0000.0691 F F.0000.2140 F F.0000.2140 F		(11,945) (1,979) 1,979 11,945
		To adjust receivables and deferred revenues in the water fund			
7	5/31/2018	DUE FROM PARKING AUTHORITY PARKING AUTHORITY Due to General Fund Lease Payment	A.0000.0392 A A.0000.2817 A P.0000.0601 P P.0000.1410.71 P	183,558	(183,558) (183,558)
		To record additional revenue due from parking			



**Village of Nyack, New York**  
**Summary of Recorded Audit Adjustments**  
**Year Ended May 31, 2018**

Number	Date	Name	Account No	Debit	Credit
8	5/31/2018	ACCRUED LIABILITIES	A.0000.0601 A		(33,818)
		STATE RETIREMENT (ERS)	A.9010.0800 A	33,818	
		ACCRUED LIABILITIES	F.0000.0601 F		(27,607)
		STATE RETIREMENT (ERS)	F.9010.0800 F	27,607	
		Accrued Liabilities	P.0000.0602 P		(7,592)
		Accrued Liabilities	P.0000.0602 P	4,078	
		EMPLOYEE BENEFITS: Pension	P.0000.1410.90 P	7,592	
		EMPLOYEE BENEFITS: Pension	P.0000.1410.90 P		(4,078)
		To record retirement accrual			
9	5/31/2018	ACCRUED LIABILITIES	A.0000.0601 A		(3,551)
		SOCIAL SECURITY	A.9030.0800 A	2,878	
		MEDICARE	A.9035.0800 A	673	
		ACCRUED LIABILITIES	F.0000.0601 F		(1,916)
		SOCIAL SECURITY	F.9030.0800 F	1,553	
		MEDICARE	F.9035.0800 F	363	
		Accrued Liabilities	P.0000.0602 P		(6,103)
		Accrued Liabilities	P.0000.0602 P		(467)
		EMPLOYEE BENEFITS: Salaries	P.0000.1410.10 P	6,103	
		EMPLOYEE BENEFITS: Medicare	P.0000.1410.14 P	89	
		EMPLOYEE BENEFITS: Social Security	P.0000.1410.16 P	378	
		To accrued payroll for parking fund and accrued FICA for all 3 funds			
10	5/31/2018	INTERFUND TRANSFERS	A.0000.5031 A	1,725,000	
		INTERFUND TRANSFERS	A.0000.9901 A		(1,725,000)
		BOND ANTICIP.NOTES PAY.	H1.0000.0626 H1	1,725,000	
		INTERFUND TRANSFERS	H1.0000.5031 H1	1,725,000	
		SERIAL BONDS	H1.0000.5710 H1		(1,725,000)
		INTERFUND TRANSFERS	H1.0000.9901 H1		(1,725,000)
		To record adjustment of BAN to Bond and fix interfund transfers			
11	5/31/2018	Due To Parking Authority	A.0000.0602 A		(4,182)
		PERMITS,OTHER	A.0000.2590 A	4,182	
		Due from General	P.0000.0391 P	4,182	
		REVENUES: Parking Permits - Filming	P.0000.1622 P		(4,182)
		To record adjustment for Parking Permit Filming Revenues			
12	5/31/2018	Accum Depr Capital Lease Equip	P.0000.0112 P		(49,026)
		Depreciation Expense	P.0000.1410.47 P	49,026	
		To fully depreciate meter lease			
13	5/31/2018	Accum Depr Capital Lease Equip	P.0000.0112 P		(472)
		Depreciation Expense	P.0000.1410.47 P	472	
		To adjust depreciation expense for Parking Fund Vehicle lease			

**Village of Nyack, New York**  
**Summary of Recorded Audit Adjustments**  
**Year Ended May 31, 2018**

Number	Date	Name	Account No	Debit	Credit
14	5/31/2018	First Niagara (2530)	P.0000.0201 P	3,539	
		First Niagara (2530)	P.0000.0201 P	15,674	
		REVENUES:Munimeter Income - Credit Card	P.0000.1615 P		(15,674)
		bank service charge	P.0000.1410.41 P		(4,732)
		Credit Card Fees	P.0000.1410.46 P	4,732	
		Credit Card Fees	P.0000.1410.46 P		(3,539)
		To adjust parking fund cash account			
15	5/31/2018	Retained Earnings	P.0000.0909 P	43,603	
		Net Pension Liability	P.0000.0605.1 P		(77,946)
		Deferred Inflows - ERS	P.0000.3000.1 P		(17,763)
		Deferred Outflows - ERS	P.0000.3000.2 P	48,029	
		EMPLOYEE BENEFITS:Pension	P.0000.1410.90 P	4,077	
		To record Outstanding Fund Balance adjustment for GASB 68 entries			
16	5/31/2018	Net Pension Liability	P.0000.0605.1 P	39,370	
		EMPLOYEE BENEFITS:Pension	P.0000.1410.90 P		(39,370)
		To record employer contribution made in January 2017			
17	5/31/2018	Net Pension Liability	P.0000.0605.1 P		(32,126)
		Deferred Outflows - ERS	P.0000.3000.2 P	32,126	
		To record change in deferred outflows			
18	5/31/2018	Net Pension Liability	P.0000.0605.1 P	85,014	
		Deferred Inflows - ERS	P.0000.3000.1 P		(85,014)
		To record change in deferred inflows			
19	5/31/2018	Accrued Liabilities	P.0000.0602 P	7,592	
		EMPLOYEE BENEFITS:Pension	P.0000.1410.90 P		(7,592)
		To reverse accrual			
20	5/31/2018	Net Pension Liability	P.0000.0605.1 P		(38,736)
		EMPLOYEE BENEFITS:Pension	P.0000.1410.90 P	38,736	
		To record pension expense for 2018			
21	5/31/2018	Retained Earnings	P.0000.0909 P	10,515	
		Net Pension Liability	P.0000.0605.1 P		(7,087)
		Deferred Inflows - ERS	P.0000.3000.1 P		(1,615)
		Deferred Outflows - ERS	P.0000.3000.2 P	4,367	
		EMPLOYEE BENEFITS:Pension	P.0000.1410.90 P		(6,180)
		To adjust for difference in payroll percentage allocations at beg of year, including not reversing accrued liability			

**Village of Nyack, New York**  
**Summary of Recorded Audit Adjustments**  
**Year Ended May 31, 2018**

Number	Date	Name	Account No	Debit	Credit
22	5/31/2018	DUE FROM OTHER FUNDS	A.0000.0391 A		(1,944)
		DUE FROM PARKING AUTHORITY	A.0000.0392 A		(1,925)
		DUE FROM PARKING AUTHORITY	A.0000.0392 A	7,750	
		MARINA REVENUE	A.0000.2005 A		(7,750)
		PARKS.MARINA	A.7110.0410 A	1,925	
		HOSP & MED	A.9060.0800 A	1,944	
		To record due to/due from			
23	5/31/2018	DUE FROM OTHER GOVERNMENT	A.0000.0440 A	2,674	
		DUE FROM OTHER GOVERNMENT	A.0000.0440 A	382	
		NON-PROP TAX DIST/COUNTY	A.0000.1120 A		(382)
		MORTGAGE TAX	A.0000.3005 A		(2,674)
		To record additional receivable per county confirmation			
24	5/31/2018	ACCRUED INTEREST PAYABLE	H1.0000.0651 H1	3,226	
		SERIAL BONDS/INTEREST	H1.9730.0700 H1		(3,226)
		To write off accrued interest payable			
25	5/31/2018	DUE FROM OTHER GOVERNMENT.SPLASH PAD	H1.0000.0440.0022 H1	74,349	
		OTHER CULTURE & RECREATION CAP. PROJECTS.SPLASH PA	H1.0000.3897.0022 H1		(74,349)
		To record additional grant receivables			
26	5/31/2018	REVENUE ANTICIPATION NOTE	H.0000.0621 H	600,000	
		BOND ANTICIPATION NOTES	H.0000.0626 H		(600,000)
		To reclass balance to BAN			
27	5/31/2018	OTHER GEN. GOVT. AID-CHIP	A.0000.3086 A	101,598	
		CONSOLIDATED HWY AID (CHIPS)	A.0000.3501 A		(101,598)
		To reclass CHIPS to proper revenue account			
28	5/31/2018	INTERFUND TRANSFERS	A.0000.9901 A		(336,075)
		STATUTORY INSTALLMENT BOND - PRINCIPAL	A.9720.0600 A	336,075	
		INTERFUND TRANSFERS	H.0000.5031 H	326,747	
		SERIAL BONDS/PRINCIPAL	H.9730.0600 H		(310,000)
		SERIAL BONDS/INTEREST	H.9730.0700 H		(16,747)
		INTERFUND TRANSFERS	H1.0000.5031 H1	9,328	
		SERIAL BONDS/INTEREST	H1.9730.0700 H1		(9,328)
		To reclass BAN debt service expenditures to General Fund			
29	5/31/2018	Notes Payable - Muni Meters	P.0000.0627 P	12,478	
		REVENUES: In-Office Parking Tickets	P.0000.1612 P		(12,478)
		To write off Muni Meter Lease note			

**Village of Nyack, New York  
Summary of Recorded Audit Adjustments  
Year Ended May 31, 2018**

<b>Number</b>	<b>Date</b>	<b>Name</b>	<b>Account No</b>	<b>Debit</b>	<b>Credit</b>
30	5/31/2018	DELINQUENT - WATER TAX	F.0000.0355 F		(23,165)
		METERED WATER SALES	F.0000.2140 F	23,165	
		To reduce water fund relevy amounts to actual outstanding			
31	5/31/2018	DUE FROM OTHER FUNDS	A.0000.0391 A		(943,068)
		DUE TO OTHER FUNDS	A.0000.0630 A	943,068	
		DUE FROM OTHER FUNDS	H.0000.0391 H		(943,068)
		DUE TO OTHER FUNDS	H.0000.0630 H	943,068	
		To record adjustments for due to/due from			

**Exhibit A – Letter Communicating Internal Control  
Deficiencies Over Financial Reporting**



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

February 28, 2019

Board of Trustees  
Village of Nyack  
9 N. Broadway  
Nyack, NY 10960

In planning and performing our audit of the financial statements of Village of Nyack (the “Village”) as of and for the year ended May 31, 2018, in accordance with auditing standards generally accepted in the United States of America (“US GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, we considered the Village’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and material weaknesses.

A deficiency in internal control exists when the design or operation 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 statements 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.

**Village of Nyack, New York  
Report to the Village Board**

**We consider the following deficiencies to be material weaknesses in internal control:**

Finding 2018-01:	<u>Capital Assets*</u>
Condition:	The Village could not provide supporting documentation for its prior year capital assets and depreciation calculations.
Criteria:	The Village is required to document and maintain accurate records of fixed assets.
Cause:	The Village was unable to provide a depreciation schedule and therefore could not promptly identify all of the assets, their corresponding depreciation, and any new additions or disposals of fixed assets within the fiscal year.
Effect:	The Village's capital assets could be under or overstated at any given point in time potentially causing a misstatement when recording capital assets. There is also the potential for depreciation expense misstatement on the government wide financial statements.
Recommendation:	RBT recommends that the Village implement a formal system of tracking capital assets in order to be able to properly report capital assets.
Finding 2018-02:	<u>Accruals of Receivables*</u>
Condition:	The Village did not properly accrue appropriate revenues and related receivables.
Criteria:	Under generally accepted accounting principles, the Village is required to accrue revenues earned under contracts and grants when they are measureable and available.
Cause:	When closing the accounting records for the year, the Village did not consider all the possible revenues that should be accrued, were accrued. Further, collections of previously accrued revenues were posted as revenues in the current year.  RBT noted receivables of \$472,858 should be recorded. Further RBT noted \$310,877 in collections of prior year amounts which were reported in the incorrect fund and in the incorrect period.
Effect:	Revenues in a particular year may not relate to the grant expenditures incurred, causing a distortion of ending fund balances.  The Village's unadjusted financial statements did not accurately reflect its revenues in the appropriate period. There is also the potential for manipulation of financial results when accruals are not recorded on a consistent basis.
Recommendation:	RBT recommends that the Village implement a formal system for closing the accounting year, including a review of grant programs for amounts due, verifying that expenditures are grant eligible and reimbursable, and recording appropriate revenue accruals.

**Village of Nyack, New York  
Report to the Village Board**

**We consider the following to be a significant deficiency in internal control:**

Finding 2018-03:	<u>Property Tax Levy Calculation</u>
Condition:	The Village did not maintain documentation to support the property tax rate calculation and there was no verification of the calculation by anyone other than the preparer. The property taxes levied for the year ended May 31, 2018, were almost \$70,000 over the budgeted amount.
Criteria:	The Village should be preparing its property tax rate calculation using the final assessment roll. The calculation and supporting documentation should be retained and reconciled to its property tax billing register and to the budget for the fiscal year prior to sending those bills to Village residents.
Cause:	The Village did not verify that the billings reconciled to the budgeted property tax revenue.
Effect:	Without retaining documentation and proof of review, property taxes could be improperly levied. The amount that was over levied could be mis-used.
Recommendation:	The Village should implement procedures and deadlines for completing property tax levy reviews and reconciling the billing to the property tax warrant.

**Current Year Instances of Non-Compliance**

Finding 2018-04:	<u>Lack of Documentation: Debt*</u>
Condition:	The Village does not maintain complete and accurate records.
Criteria	The Village is required to maintain adequate supporting records of all transactions occurring within the fiscal year in order to properly record and support all financial records.
Cause:	The Village was unable to locate the following: a capital lease that was recorded for the parking authority, and any support for the covered payroll submitted to NYSLRS. Additionally, the Village was unable to locate documentation on certain bids submitted for capital projects and did not retain the contract awarded.
Effect:	The Village may be unable to substantiate conditions and dates of original debt issuance. The Village also cannot validate the terms and conditions of a lease entered into per their financial records leading to improper recording of a liability on the balance sheet. The covered payroll number submitted to the State Retirement System remains unsubstantiated and potentially inaccurate. Finally, the Village may be unable to validate inquiries for bids received per the NYS procurement policy that were submitted by vendors.
Recommendation:	We recommend that the Village maintain all original debt issuance documents and schedules, leases, and bids received and adopt and adhere to a filing policy. Guidance for local municipalities can be found in the New York State Archives publication, "Records Retention and Disposition Schedule MU-1". We also recommend that all balances submitted to other authorities be supported by schedules identifying the makeup of those balances for proper reporting and accuracy.



**Village of Nyack, New York  
Report to the Village Board**

Finding 2018-05:	<u><i>Budget Monitoring:</i></u>
Condition:	Numerous general fund expenditure balances excluded appropriations.
Criteria:	The Village is required to adopt an annual budget and approve subsequent modifications which provides the authority to approve expenditures.
Cause:	The Village did not monitor its spending and authorize increases in appropriations as needed, such that many appropriation lines were exceeded.
Effect:	The Village exceeded major category appropriations by nearly \$1,414,000 or 24% of its budgeted appropriations.
Recommendation:	The Village should review budget to actual comparisons on a timely basis (preferably at least monthly) authorizing budget modifications as necessary.

**We consider the following matters to be a control deficiency that is of lesser magnitude than a significant deficiency:**

*Bank Reconciliations\**

RBT noted various issues regarding the 2018 bank reconciliations. Reconciling items should be investigated and addressed (noted on the parking fund accounts). Deposits or payments were also being recorded that did not exist. We also noted reconciling items were on the General Fund bank reconciliation due to the Water Fund and Capital Projects Fund, but corresponding reconciling items were not shown on the reciprocal fund bank reconciliations. In addition, there were old outstanding checks on the bank reconciliations. Management should ensure that bank accounts are reconciled appropriately and accurately each month, including addressing items that do not clear on a timely basis.

**The following are management suggestions:**

*Trust & Agency Balances\**

During the course of the audit, RBT noted that there were several unidentifiable escrow balances in the Trust & Agency Fund. We recommend that management research these balances, determining the purpose for which the funds were received and whether the funds are returnable to the respective owners or to the Village.

*Journal Entries\**

RBT noted that the Village has minimal controls over the recording and review of journal entries. We recommend that the Village modify their software to restrict access to certain transactions to authorized individuals and institute a process of review over the pre-posted journal entries so that only approved journal entries are recorded in the software.

*Conflict of Interest\**

While the Village has a policy in place, they were unable to provide any copies of signed conflict of interest forms for governance. RBT will recommend that the Board fill out and sign conflict of interest forms on an annual basis.

*Payroll/HR*

The Village was unable to produce completed and signed copies of I-9 forms and W-4 forms for one employee during the audit. We recommend that all Village employees complete and submit all required forms for payroll and that the Village maintain these forms in the employee's respective personnel folder.

**Village of Nyack, New York  
Report to the Village Board**

Attorney Contract

The current Village Attorney, has a contract from 1997, however the Village is paying a different hourly rate from what is stated in the contract (contract - \$125/hour, Village paid \$150/hour). RBT recommends that the Village update his contract to accurately reflect the hourly rate due to the Village Attorney.

Quickbooks

RBT noted that the Parking Authority is using the 2012 version of QuickBooks, which is no longer supported by Intuit. We recommend updating the software to the current (2019) version.

Accounts Payable

During the year, the Parking Authority was not recording accounts payable as required. In addition, there are several audit entries for accounts payable for the General, Water, and Capital Projects Funds. We recommend recording Parking Authority accounts payable as invoices are received and develop a procedure to ensure invoices are recorded in the proper period.

Compensated Absences

RBT noticed several errors in the Compensated Absence calculation. Management had accrued more than the maximum allowed for one employee. Additionally, of the five employees tested, corrections were needed to three employees' balance calculations after RBT found the errors. We recommend that the Village review the compensated absence schedules rather than relying on the payroll timecard reports.

Item denoted by an "\*" remains unchanged or is similar to our 2017 letter and continue to be applicable.

This communication is intended solely for the information and use of the Village Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*RBT CPAs, LLP*



---

William Cochran, CPA  
Partner

# Village

# Of

# Nyack

*Incorporated February 27, 1883*

*9 North Broadway  
Nyack New York 10960-2697  
p. 845-358-0548  
f. 845-358-1480  
www.nyack-ny.gov*

## **Mayor**

*Donald Hammond*

## **Trustees**

*Elijah Reichlin-Melnick*

*Louise Parker*

*Marie Lorenzini*

*Donna Lightfoot Cooper*

---

## **Village Administrator**

*James C. Politi*

## **Village Clerk/Treasurer**

*Jennifer Hetling*

## **Village Attorney**

*Walter R. Sevastian*

March 12, 2019

RBT CPAs, LLP  
11 Racquet Road  
PO Box 10009  
Newburgh, NY 12552

Dear Sir:

On behalf of the Village of Nyack Board of Trustees I would like to thank you and your staff for your time, dedication and professionalism in conducting the audit of our fiscal year end May 31, 2018. Please accept this letter as our official response to the Schedule of Findings, Questioned Costs and Corrective Action Plan.

### *Finding 2017-01 – Capital Assets*

The Village plans to track all new purchases and deletions of capital assets and record depreciation accordingly. It is a long-term goal of the Village to hire an outside firm to do a complete inventory of all assets. This listing could then be maintained by Village staff.

---

### *Finding 2017-02 – Accruals of Receivables and Payables*

The Village understands that accruals are required to be made under generally accepted accounting principles. We have been working to adjust this issue and make the necessary accruals as needed

### *Finding 2017-03 – Property Tax Levy Calculation*

The Village was aware of this issue and has since corrected it. It appears that this may have been an isolated incident and will not happen in future years. The Village has also involved the Town in the calculation of the tax register since they maintain the assessment files.

### *Finding 2017-04 – Lack of Documentation: Debt*

The Village is aware of the mentioned finding and is working to locate all prior year debt issuance documents in order to complete the files. The Village is working on organizing old records and maintaining files in a more organized manner. Going forward, the Village will take

special care to ensure that new debt records as well as capital project bidding support is maintained accurately in files that are readily accessible.

*Finding 2017-06 – Budget Monitoring*

The Village is aware of this issue and has since corrected it my monitoring expenditures and making the necessary budget adjustments.

Again, we thank the audit team for their thorough audit and subsequent recommendations.

Yours truly,



Jennifer Hetling  
Village Clerk/Treasurer



James Politi  
Village Administrator

**Exhibit B - Certain Written Communications Between  
Management and Our Firm**



LIMITED LIABILITY PARTNERSHIP  
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

November 20, 2018

Board of Trustees  
Village of Nyack  
9 N. Broadway  
Nyack, NY 10960

Attention: Don Hammond, Mayor

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the financial statements of Village of Nyack's (the "Village"), governmental activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information as of and for the year ended May 31, 2018, which collectively comprise the basic financial statements. You have also requested that we report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

We will also perform an audit of the following financial statements to be issued by Village of Nyack:

- Parking Authority

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

### **The Responsibilities of the Auditor**

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 material misstatement of the financial statements, whether due to fraud or error. 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.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the Village'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. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements and supplemental schedules that we have identified during the audit.

We will also communicate to the Board of Trustees (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the Village (the primary government) and that are to be included as part of our audit are listed here.

- \* General Fund
- \* Non-Current Government Liabilities
- \* Water Fund
- \* Capital Projects Fund
- \* Community Development Fund
- \* Agency Fund

The component units whose financial statements you have told us will be included in the basic financial statements are listed here:

- \* Village of Nyack Housing Authority
- \* Village of Nyack Parking Authority

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards identified above. Our report on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; consistent with requirements of the standards identified above.

#### **Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- (a) For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- (b) To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that they will not date the evaluation of subsequent events earlier than the date of the management representation letter referred to below;
- (c) For 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;
- (d) For report distribution; and
- (e) To provide us with:
  - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - (2) Additional information that we may request from management for the purpose of the audit; and
  - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and those charged with governance written confirmation concerning representations made to us in connection with the audit including among other items:

- (a) That management has fulfilled its responsibilities as set out in the terms of this letter; and
- (b) That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Village complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Village involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements or compliance. Management is also responsible for informing us its knowledge of of any allegations of fraud affecting the Village received in communications from employees, former employees, regulators, analysts or others.

Management is responsible for the preparation of the supplementary information. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Trustees is responsible for informing us of its views about the risks of fraud within the Village, and its knowledge of any fraud or suspected fraud affecting the Village.

Our association with an official statement is a matter for which separate arrangements will be necessary. The Village agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the Village seeks such consent, we will be under no obligation to grant such consent or approval.

Village of Nyack agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Village agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Because RBT CPAs, LLP ("the Firm") will rely on the Village of Nyack and its management and Board of Trustees to discharge the foregoing responsibilities, the Village of Nyack holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Village of Nyack's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

#### **Records and Assistance**

If circumstances arise relating to the condition of the Village's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which, in our professional judgment, prevent us from completing the audit, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Village's books and records. The Village will determine that all such data, if necessary, will be so reflected. Accordingly, the Village will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Village personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Jennifer Hetling, Treasurer. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.



### **Non-Attest Services to be Performed**

In connection with our audit, you have requested us to perform certain non-audit services:

- (a) Draft the Village's annual financial statement for management's review and approval.

The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Village, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The Village has agreed that Jennifer Hetling, Treasurer possesses suitable skill, knowledge or experience and that the individual understands the financial statement preparation services to be performed sufficiently to oversee them. Accordingly, the management of the Village agrees to the following:

- a. The Village has designated Jennifer Hetling, Treasurer as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services.;
- b. Jennifer Hetling, Treasurer will assume all management responsibilities for subject matter and scope of the financial statement preparation.;
- c. The Village will evaluate the adequacy and results of the services performed.;
- d. The Village accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the Village's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

### **Other Relevant Information**

RBT CPAs, LLP may mention the Village's name and provide a general description of the engagement in RBT CPAs, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report has been provided to you for your information.

### **Fees, Costs, and Access to Workpapers**

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. We propose that our fee for this audit engagement will be \$18,000 for the year ended May 31, 2018. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from Village personnel;
- b. Timely responses to our inquiries;
- c. Timely completion and delivery of client assistance requests;
- d. Timely communication of all significant accounting and financial reporting matters;
- e. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

It is agreed by the Village of Nyack and RBT CPAs, LLP that, should you hire any of our professionals assigned to this project within eighteen months of this assignment, you will be billed 100 percent of their current annual salary. This additional fee is being charged to offset recruitment, training and development expenses we would incur to replace this person.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

In the event we are requested or authorized by the Village of Nyack, or are required by government regulation, subpoena, or other legal process, to produce our documents or our personnel as witnesses with respect to our engagement for Village of Nyack, the Village will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of the Firm. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of the Firm audit personnel and at a location designated by our firm.

#### **Claim Resolution**

Village of Nyack and RBT CPAs, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by RBT CPAs, LLP or the date of this arrangement letter if no report has been issued. Village of Nyack waives any claim for punitive damages. RBT CPAs, LLP's liability for all claims, damages and costs of Village of Nyack arising from this engagement is limited to the amount of fees paid by Village of Nyack to RBT CPAs, LLP for the services rendered under this arrangement letter.

#### **Information Security - Miscellaneous Terms**

RBT CPAs, LLP is committed to the safe and confidential treatment of Village of Nyack's proprietary information. RBT CPAs, LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. Village of Nyack agrees that it will not provide RBT CPAs, LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Village of Nyack information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

RBT CPAs, LLP may terminate this relationship immediately in its sole discretion if RBT CPAs, LLP determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or RBT CPAs, LLP's client acceptance or retention standards, or if Village of Nyack is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, Village of Nyack or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

### Reporting

We will issue a written report upon completion of our audit of Village of Nyack's financial statements. Our report will be addressed to the Board of Trustees of Village of Nyack. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on Village of Nyack's financial statements, we will also issue the following types of reports:

- a. Report on internal control related to the financial statements. The report will describe the scope of testing of internal control and the results of our tests of internal control;
- b. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements ;

This letter constitutes the complete and exclusive statement of agreement between RBT CPAs, LLP and Village of Nyack, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

### Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities. We appreciate your business.

Sincerely,

*RBT CPAs, LLP*



William H. Cochran, CPA  
Partner

Confirmed on behalf of the addressee:



Don Hammond, Mayor

12/20/18  
Date

# Village

# Of

# Nyack

*Incorporated February 27, 1883*

*9 North Broadway  
Nyack New York 10960-2697  
p. 845-358-0548  
f. 845-358-1480  
www.nyack-ny.gov*

*Mayor*

*Donald Hammond*

*Trustees*

*Elijah Reichlin-Melnick*

*Louise Parker*

*Marie Lorenzini*

*Donna Lightfoot Cooper*

*Village Administrator*

*James C. Politi*

*Village Clerk/Treasurer*

*Jennifer Heiling*

*Village Attorney*

*Walter R. Sevastian*

February 28, 2019

RBT CPAs, LLP  
11 Racquet Road  
P.O. Box 10009  
Newburgh, NY 12552-0009

This representation letter is provided in connection with your audit of the basic financial statements of the Village of Nyack, New York (the Village) as of and for the year ended May 31, 2018 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of February 28, 2019:

### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 20, 2018, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP, except for the omission described at item 11.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with the primary government having accountability for the Water Fund, component units for which the Village of Nyack is accountable, other organizations for which the nature and significance of their relationship with Village of Nyack are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, joint ventures in which Village of Nyack has an interest, and jointly governed organizations in which Village of Nyack participates, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements and for which U.S GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have identified for you all of our funds and government functions. . Net position components (invested in capital assets, net of related debt; restricted and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance
11. We have informed you of all uncorrected misstatements, including the omission of the calculation of the other postemployment benefits liability and expense.

*Information Provided*

12. We have provided you with:
  - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have disclosed to you all information that we are aware of regarding allegations of fraud, or suspected fraud, affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
16. We have disclosed to you all information that we are aware of regarding any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

20. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Village's ability to record, process, summarize, and report financial data.
21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

*Supplementary Information*

22. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
23. With respect to the management's discussion and analysis, schedule of funding progress - postemployment benefits, schedule of proportionate share of net pension liability and related ratios, schedule of employer contributions, and budgetary comparison information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

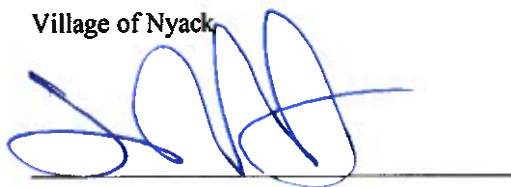
*Compliance Considerations*

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

24. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
25. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Village.
26. Has identified and disclosed to the auditor all instances, if any, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
27. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
28. Has identified and disclosed to the auditor all instances, if any, that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
29. Is responsible for 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.
30. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

31. Has taken timely and appropriate steps to remedy any fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
32. Has a process to track the status of audit findings and recommendations.
33. Has identified for the auditor any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
34. Has provided views on the auditor's reported findings, conclusions, and recommendations, if any, as well as management's planned corrective actions, for the report.
35. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Village of Nyack



---

Village Administrator



---

Village Treasurer/Village Clerk