

Village of Suffern, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2014

Village of Suffern, New York

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Suffern, New York ("Village") as of and for the year ended May 31, 2014, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' judgment, including the assessment of the risks of 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 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 Village'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.

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

Opinions

In our opinion, 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, 2014, and the respective changes in financial position and, the respective budgetary comparison for the General, Water and Sewer funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that Management's Discussion and Analysis, Schedule of Funding Progress – Other Post Employment Benefits and the Schedule of Funding Progress and the Schedule of Contributions for the Fire Service Awards Program 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State of America, which consisted of inquiries 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 combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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 respects, 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 August 7, 2015 on our consideration of the Village's internal control over financial reporting and 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 results 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's internal control over financial reporting and compliance.



O'Connor Davies, LLP
Harrison, New York
August 7, 2015

Village of Suffern, New York

Management's Discussion and Analysis May 31, 2014

Introduction

This discussion and analysis of the Village of Suffern, New York's financial statements provides an overview of the financial activities of the Village of Suffern for the fiscal year ended May 31, 2014. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section.

Financial Highlights for Fiscal Year 2014

- On the government-wide financial statements, the liabilities of the Village exceeded its assets at the close of fiscal year 2014 by \$1,799,872. Of this amount, the unrestricted net assets are a deficit of \$9,241,880. This deficit is primarily the result of deficits in the governmental funds, and pension obligations, compensated absences, other post-employment benefits (OPEB) and revenue anticipation notes that will be funded in future periods.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund deficits of \$4,291,092, a decrease of \$2,441,431 from fiscal year 2013. Exclusive of the Capital Projects Fund, the combined ending fund deficits were \$2,542,243.
- At the end of the current fiscal year the General Fund reported an ending fund deficit of \$1,036,164, which represents a decrease of \$918,926 from fiscal year 2013.
- During the current fiscal year, the Village retired \$575,000 of general obligation debt. The Village's total outstanding general obligation bonds payable at May 31, 2014 totaled \$6,040,000.

Overview of the Financial Statements

The Village's financial statements are composed of this Management 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: the Statement of Net Position and Statement of Activities.

The *Statement of Net Position* presents the Village's total assets 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 in future fiscal periods such as claims 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, culture and recreation, home and community services and interest.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets; liabilities, fund balance/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 the 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 - Most of the basic services provided by the Village are financed and accounted for through governmental funds. Governmental fund financial statements focus on current inflows and outflows of spendable resources as well as the available balances of these 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 flow of current financial resources measurement focus and the modified accrual basis of accounting.

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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village maintains four major funds: General Fund, Water Fund, Sewer Fund and the Capital Projects Fund. Major funds have their information presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The Special Purpose Fund and the Debt Service Fund are grouped together as non-major governmental funds.

A budgetary comparison statement is provided for the General, Water, and Sewer funds within the basic financial statements to demonstrate compliance with their 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. The Village maintains two types of fiduciary funds that are known as an Agency Fund and a Pension Trust Fund. Resources are held in these funds by the Village purely in a custodial capacity. The activity in these funds is limited to the receipt, temporary investment and remittance of resources to the appropriate individual, organization or government and the activities of the volunteer firefighters Length of Service Award Program (LOSAP).

The financial statements for the Fiduciary Funds can be found in the basic financial statements section of this report.

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 of 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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. In the case of the Village of Suffern, liabilities exceeded assets by \$1,847,864 at the end of fiscal year 2014.

The following table reflects the condensed Statement of Net Position:

Statement of Net Position

	May 31,	
	2014	2013
Current Assets	\$ 2,446,716	\$ 3,192,392
Capital Assets, net	14,506,401	12,317,390
Total Assets	16,953,117	15,509,782
Current Liabilities	6,864,540	5,450,586
Long-Term Liabilities	11,888,449	10,989,605
Total Liabilities	18,752,989	16,440,191
Net Position:		
Nonspendable	400	1,307,037
Net investment in capital assets	7,387,256	7,387,256
Restricted	54,752	347,240
Unrestricted	(9,242,280)	(9,971,942)
Total Net Position	\$ (1,799,872)	\$ (930,409)

The largest component of the Village's net position is its \$7,387,256 net investment in capital assets, which reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The restricted net positions of \$54,752 represent resources that are subject to external restrictions on their use. The restrictions are:

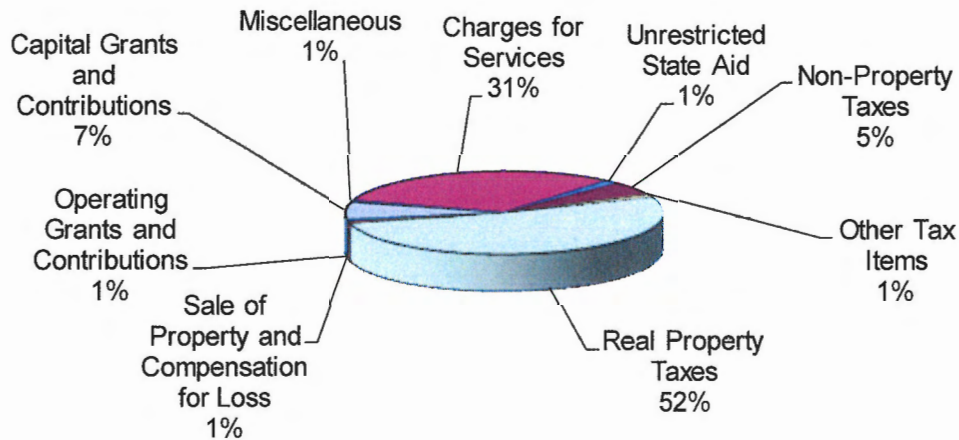
	May 31,	
	2014	2013
Debt Service	\$ 1,058	\$ 8,384
Law Enforcement	15,350	-
DARE	32,258	49,161
Special Purpose	6,086	289,695
Restricted Net Position	\$ 54,752	\$ 347,240

The remaining balance is an unrestricted net deficit of \$9,242,280.

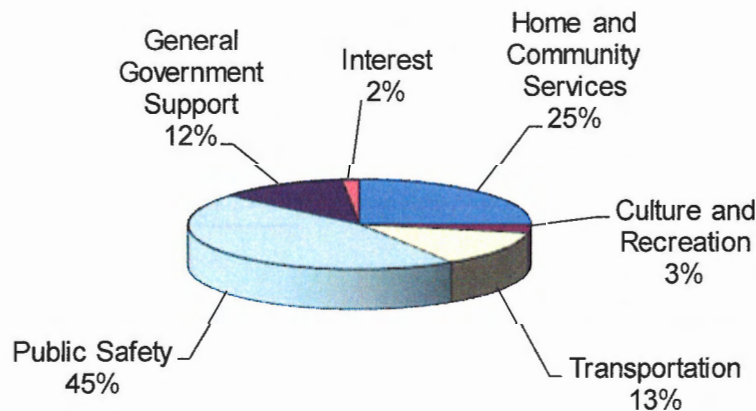
Changes in Net Position

	Year Ended May 31,	
	2014	2013
REVENUES		
Program Revenues		
Charges for Services	\$ 5,314,053	\$ 5,146,289
Operating Grants and Contributions	125,419	109,149
Capital Grants and Contributions	1,159,884	214,146
General Revenues		
Real Property Taxes	8,883,534	8,753,661
Other Tax Items	216,302	198,823
Non-Property Taxes	904,252	876,830
Unrestricted Use of Money and Property	1,612	3,408
Sale of Property and Compensation for Loss	132,713	439,833
Unrestricted State Aid	238,300	205,118
Miscellaneous	113,691	168,176
Total Revenues	<u>17,089,760</u>	<u>16,115,433</u>
PROGRAM EXPENSES		
General Government Support	2,180,101	1,473,074
Public Safety	8,190,747	7,886,777
Health	16,397	13,799
Transportation	2,337,161	2,074,517
Culture and Recreation	560,119	562,868
Home and Community Services	4,494,217	4,443,605
Interest	293,559	326,681
Total Expenses	<u>18,072,301</u>	<u>16,781,321</u>
Change in Net Position	(982,541)	(665,888)
Prior Period Adjustment	113,078	(2,570,664)
NET POSITION		
Beginning	<u>(930,409)</u>	<u>2,306,143</u>
Ending	<u>\$ (1,799,872)</u>	<u>\$ (930,409)</u>

Sources of Revenue for Fiscal Year 2014 Governmental Activities



Sources of Expenses for Fiscal Year 2014 Governmental Activities



Governmental Activities: Governmental activities decreased the Village's net position by \$1,030,533.

For the fiscal year ended May 31, 2014, revenues from governmental activities totaled \$17,089,760. Tax revenues of \$10,004,088 comprised of real property taxes, other tax items and non-property taxes represented the largest revenue source at 59%.

The largest components of governmental activities' expenses are public safety (45%), and home and community services (25%).

Financial Analysis of the Government's Funds

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

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, *unrestricted 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 of the end of the current fiscal year, the Village's governmental funds reported combined ending fund deficits of \$4,291,092, a decrease of \$2,441,431 in comparison with the prior year.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the total fund deficit of the General Fund was \$1,036,164.

Capital Asset and Debt Administration

Capital Assets: The Village's investment in capital assets for its governmental activities as of May 31, 2014, amounted to \$14,506,401 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment and infrastructure.

Capital Assets (Net of Depreciation)

	May 31,	
	2014	2013
Land	\$ 637,515	\$ 440,815
Construction-in-Progress	2,159,036	-
Buildings and Improvements	6,586,830	6,021,401
Machinery and Equipment	4,436,102	5,567,985
Infrastructure	686,918	287,189
Total	<u>\$ 14,506,401</u>	<u>\$ 12,317,390</u>

Additional information on the Village's capital assets can be found in Note 3 of this report.

Long-term Debt: At the end of the current fiscal year, the Village had total bonded indebtedness of \$6,040,000. The Village's general obligation bonded debt decreased by \$575,000 due to the Village's payment of principal. As required by New York State law all bonds issued by the Village are General Obligation bonds backed by the full faith and credit of the Village.

Additional information on the Village's long-term debt can be found in Note 3 of this report.

Requests for Information

This financial 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 Michael A. Genito, Treasurer, Village of Suffern, 61 Washington Avenue, Suffern, New York 10901.

Village of Suffern, New YorkStatement of Net Position
May 31, 2014

ASSETS

Cash and equivalents	\$ 262,321
Receivables	
Accounts	375,144
Water rents	739,384
Sewer rents	659,867
State and Federal aid	380,989
Due from other governments	28,611
Prepaid expenses	400
Capital assets	
Not being depreciated	2,796,551
Being depreciated, net	<u>11,709,850</u>
Total Assets	<u>16,953,117</u>

LIABILITIES

Accounts payable	824,810
Accrued liabilities	112,292
Unearned revenues	96,065
Retainage payable	84,826
Bond anticipation notes payable - Capital projects	1,907,679
Bond anticipation notes payable - Judgments and claims	150,000
Revenue anticipation notes payable	3,300,000
Due to retirement systems	262,136
Accrued interest payable	126,732
Noncurrent liabilities	
Due within one year	788,169
Due in more than one year	<u>11,100,280</u>
Total Liabilities	<u>18,752,989</u>

NET POSITION

Net investment in capital assets	7,387,256
Restricted for	
Debt service	1,058
Law enforcement	15,350
DARE	32,258
Special purpose	6,086
Unrestricted	<u>(9,241,880)</u>
Total Net Position	<u>\$ (1,799,872)</u>

The notes to the financial statements are an integral part of this statement.

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Village of Suffern, New York

Statement of Activities
Year Ended May 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government support	\$ 2,180,101	\$ 87,046	\$ 11,155	\$ 1,029,124	\$ (1,052,776)
Public safety	8,190,747	581,737	-	-	(7,609,010)
Health	16,397	52,679	-	-	36,282
Transportation	2,337,161	15,205	112,677	-	(2,209,279)
Culture and recreation	560,119	58,846	699	-	(500,574)
Home and community services	4,494,217	4,518,540	888	130,085	155,296
Interest	293,559	-	-	675	(292,884)
Total Governmental Activities	\$ 18,072,301	\$ 5,314,053	\$ 125,419	\$ 1,159,884	(11,472,945)
General Revenues					
Real property taxes					8,883,534
Other tax items					
Payments in lieu of taxes					180,164
Interest and penalties on real property taxes					36,138
Non-property taxes					
Franchise fees					36,793
Non-property tax distribution from County					492,107
Utilities gross receipts taxes					375,352
Unrestricted use of money and property					1,612
Sale of property and compensation for loss					132,713
Unrestricted State aid					238,300
Miscellaneous					113,691
Total General Revenues					10,490,404
Change in Net Position					(982,541)
NET POSITION					
Beginning, as reported					(930,409)
Prior Period Adjustment					113,078
Net Position - Beginning, as restated					(817,331)
Ending					\$ (1,799,872)

The notes to the financial statements are an integral part of this statement.

Village of Suffern, New York

Balance Sheet
Governmental Funds
May 31, 2014

	General	Water	Sewer
ASSETS			
Cash and equivalents	\$ 66,165	\$ 54,118	\$ 8,137
Receivables			
Accounts	371,644	-	3,500
Water rents	-	739,384	-
Sewer rents	-	-	659,867
State and Federal aid	251,931	-	-
Due from other governments	28,611	-	-
Due from other funds	-	-	-
	<u>652,186</u>	<u>739,384</u>	<u>663,367</u>
Prepaid expenditures	400	-	-
Total Assets	<u>\$ 718,751</u>	<u>\$ 793,502</u>	<u>\$ 671,504</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 282,400	\$ 38,915	\$ 56,969
Accrued liabilities	98,025	7,483	6,784
Due to other funds	417,431	211,206	1,070,904
Unearned revenues	96,065	-	-
Retainage payable	84,826	-	-
Revenue anticipation notes payable	400,000	950,000	600,000
Bond anticipation notes payable	150,000	-	-
Due to retirement systems	226,168	19,347	16,621
Total Liabilities	<u>1,754,915</u>	<u>1,226,951</u>	<u>1,751,278</u>
Fund balances (deficits)			
Nonspendable	175,400	-	-
Restricted	47,608	-	-
Unassigned	(1,259,172)	(433,449)	(1,079,774)
Total Fund Balances (Deficits)	<u>(1,036,164)</u>	<u>(433,449)</u>	<u>(1,079,774)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 718,751</u>	<u>\$ 793,502</u>	<u>\$ 671,504</u>

The notes to the financial statements are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 125,361	\$ 8,540	\$ 262,321
-	-	375,144
-	-	739,384
-	-	659,867
129,058	-	380,989
-	-	28,611
1,700,937	5,944	1,706,881
1,829,995	5,944	3,890,876
		400
\$ 1,955,356	\$ 14,484	\$ 4,153,597
\$ 446,526	\$ -	\$ 824,810
-	-	112,292
-	7,340	1,706,881
-	-	96,065
-	-	84,826
1,350,000	-	3,300,000
1,907,679	-	2,057,679
-	-	262,136
3,704,205	7,340	8,444,689
-	-	175,400
-	7,144	54,752
(1,748,849)	-	(4,521,244)
(1,748,849)	7,144	(4,291,092)
\$ 1,955,356	\$ 14,484	\$ 4,153,597

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Village of Suffern, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government - Wide Statement of Net Position
May 31, 2014

Fund Balances - Total Governmental Funds	<u>\$ (4,291,092)</u>
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Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

<u>14,506,401</u>

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the funds.

Accrued interest payable

(126,732)

Bonds payable

(6,040,000)

Compensated absences

(1,151,675)

Retirement incentives and other pension obligations

(797,578)

Other post employment benefit obligations payable

<u>(3,899,196)</u>

<u>(12,015,181)</u>

Net Position of Governmental Activities

<u><u>\$ (1,799,872)</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Suffern, New York**Statement of Revenues, Expenditures and Changes in Fund Balances****Governmental Funds****Year Ended May 31, 2014**

	General	Water	Sewer
REVENUES			
Real property taxes	\$ 8,883,534	\$ -	\$ -
Other tax items	216,302	-	-
Non-property taxes	904,252	-	-
Departmental income	1,639,528	1,751,660	1,530,744
Use of money and property	36,900	282	58
Licenses and permits	70,097	-	-
Fines and forfeitures	151,465	-	-
Sale of property and compensation for loss	132,713	548	-
State aid	362,719	-	-
Federal aid	-	-	-
Miscellaneous	236,425	5,723	6,814
Total Revenues	12,633,935	1,758,213	1,537,616
EXPENDITURES			
Current			
General government support	1,257,818	-	-
Public safety	4,877,522	-	-
Health	9,600	-	-
Transportation	1,547,096	-	-
Culture and recreation	359,760	-	-
Home and community services	1,181,039	1,161,492	1,042,519
Employee benefits	3,350,829	396,882	264,992
Debt service			
Principal	-	-	-
Interest	26,858	9,999	12,117
Capital outlay	-	-	-
Total Expenditures	12,610,522	1,568,373	1,319,628
Excess (Deficiency) of Revenues Over Expenditures	23,413	189,840	217,988
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(942,339)	(159,507)	(394,548)
Total Other Financing Sources (Uses)	(942,339)	(159,507)	(394,548)
Net Change in Fund Balances	(918,926)	30,333	(176,560)
FUND BALANCES (DEFICITS)			
Beginning of Year	(117,238)	(463,782)	(903,214)
End of Year	\$ (1,036,164)	\$ (433,449)	\$ (1,079,774)

The notes to the financial statements are an integral part of this statement.

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 8,883,534
-	-	216,302
-	-	904,252
-	-	4,921,932
-	787	38,027
-	-	70,097
-	-	151,465
-	-	133,261
129,058	-	491,777
1,029,124	-	1,029,124
1,027	-	249,989
<u>1,159,209</u>	<u>787</u>	<u>17,089,760</u>
-	-	1,257,818
-	43,187	4,920,709
-	-	9,600
-	-	1,547,096
-	-	359,760
-	-	3,385,050
-	-	4,012,703
-	575,000	575,000
-	229,495	278,469
<u>3,184,986</u>	<u>-</u>	<u>3,184,986</u>
<u>3,184,986</u>	<u>847,682</u>	<u>19,531,191</u>
<u>(2,025,777)</u>	<u>(846,895)</u>	<u>(2,441,431)</u>
699,900	796,494	1,496,394
-	-	(1,496,394)
<u>699,900</u>	<u>796,494</u>	<u>-</u>
<u>(1,325,877)</u>	<u>(50,401)</u>	<u>(2,441,431)</u>
<u>(422,972)</u>	<u>57,545</u>	<u>(1,849,661)</u>
<u>\$ (1,748,849)</u>	<u>\$ 7,144</u>	<u>\$ (4,291,092)</u>

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Village of Suffern, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended May 31, 2014

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (2,441,431)</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlay expenditures	3,253,230
Depreciation expense	<u>(1,064,219)</u>
	<u>2,189,011</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal paid on bonds	<u>575,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	(15,090)
Compensated absences	(139,055)
Retirement incentives and other pension obligations	(465,110)
Other post employment benefit obligations payable	<u>(685,866)</u>
	<u>(1,305,121)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (982,541)</u></u>
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The notes to the financial statements are an integral part of this statement.

Village of Suffern, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General, Water and Sewer Funds
Year Ended May 31, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 8,887,592	\$ 8,887,592	\$ 8,883,534	\$ (4,058)
Other tax items	172,509	172,509	216,302	43,793
Non-property taxes	880,000	849,000	904,252	55,252
Departmental income	1,516,130	1,744,334	1,639,528	(104,806)
Use of money and property	9,600	40,600	36,900	(3,700)
Licenses and permits	421,000	421,000	70,097	(350,903)
Fines and forfeitures	362,000	362,000	151,465	(210,535)
Sale of property and compensation for loss	93,200	93,200	132,713	39,513
State aid	423,317	423,317	362,719	(60,598)
Miscellaneous	271,500	271,500	236,425	(35,075)
Total Revenues	13,036,848	13,265,052	12,633,935	(631,117)
EXPENDITURES				
Current				
General government support	1,196,755	1,196,754	1,257,818	(61,064)
Public safety	4,655,276	4,873,481	4,877,522	(4,041)
Health	9,600	9,600	9,600	-
Transportation	1,471,188	1,471,188	1,547,096	(75,908)
Culture and recreation	342,523	342,523	359,760	(17,237)
Home and community services	1,188,371	1,188,371	1,181,039	7,332
Employee benefits	3,321,953	3,296,346	3,350,829	(54,483)
Debt service				
Interest	29,054	29,054	26,858	2,196
Total Expenditures	12,214,720	12,407,317	12,610,522	(203,205)
Excess (Deficiency) of Revenues Over Expenditures	822,128	857,735	23,413	(834,322)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	50,000	50,000	-	(50,000)
Transfers in	35,597	35,597	-	(35,597)
Transfers out	(984,990)	(1,020,597)	(942,339)	78,258
Total Other Financing Uses	(899,393)	(935,000)	(942,339)	(7,339)
Net Change in Fund Balances	(77,265)	(77,265)	(918,926)	(841,661)
FUND BALANCES (DEFICITS)				
Beginning of Year	77,265	77,265	(117,238)	(194,503)
End of Year	\$ -	\$ -	\$ (1,036,164)	\$ (1,036,164)

The notes to the financial statements are an integral part of this statement.

Water Fund				Sewer Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,782,746	1,782,746	1,751,660	(31,086)	1,653,077	1,653,077	1,530,744	(122,333)
700	700	282	(418)	400	400	58	(342)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
150	150	548	398	-	-	-	-
-	-	-	-	-	-	-	-
5,230	5,230	5,723	493	7,054	7,054	6,814	(240)
1,788,826	1,788,826	1,758,213	(30,613)	1,660,531	1,660,531	1,537,616	(122,915)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,272,874	1,272,874	1,161,492	111,382	1,032,412	1,032,412	1,042,519	(10,107)
352,228	352,228	396,882	(44,654)	258,051	258,051	264,992	(6,941)
5,539	5,539	9,999	(4,460)	7,654	7,654	12,117	(4,463)
1,630,641	1,630,641	1,568,373	62,268	1,298,117	1,298,117	1,319,628	(21,511)
158,185	158,185	189,840	31,655	362,414	362,414	217,988	(144,426)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(168,507)	(168,507)	(159,507)	9,000	(366,290)	(366,290)	(394,548)	(28,258)
(168,507)	(168,507)	(159,507)	9,000	(366,290)	(366,290)	(394,548)	(28,258)
(10,322)	(10,322)	30,333	40,655	(3,876)	(3,876)	(176,560)	(172,684)
10,322	10,322	(463,782)	(474,104)	3,876	3,876	(903,214)	(907,090)
\$ -	\$ -	\$ (433,449)	\$ (433,449)	\$ -	\$ -	\$ (1,079,774)	\$ (1,079,774)

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Village of Suffern, New York

Statement of Net Position

Fiduciary Funds

May 31, 2014

	Pension Trust Fund - Fire Service Awards Program	Agency Fund	Total
ASSETS			
Cash and equivalents	\$ -	\$ 49,991	\$ 49,991
Investments, at fair value			
Money market funds	15,100	-	15,100
Mutual funds	1,287,012	-	1,287,012
	1,302,112	-	1,302,112
Accounts Receivable	139,971	12,715	152,686
Total Assets	1,442,083	62,706	1,504,789
LIABILITIES			
Accounts Payable	8,878	51,223	60,101
Employee Payroll Deductions	-	11,483	11,483
Total Liabilities	8,878	62,706	71,584
NET POSITION			
Held in Trust for Pension Benefits (Schedule of funding progress for the plan is presented in the Required Supplementary Information)	\$ 1,433,205	\$ -	\$ 1,433,205

The notes to the financial statements are an integral part of this statement.

Village of Suffern, New York

Statement of Changes in Net Position - Fiduciary Funds
Pension Trust Fund - Fire Service Awards Program
Year Ended May 31, 2014

ADDITIONS

Pension contributions	\$ 139,971
Earnings on investments	48,027
Net change in fair value of investments	<u>(15,507)</u>
Total Additions	<u>172,491</u>

DEDUCTIONS

Pension benefits	78,891
Administrative costs	<u>11,341</u>
Total Deductions	<u>90,232</u>

Change in Net Position	82,259
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NET POSITION

Beginning of Year	<u>1,350,946</u>
End of Year	<u><u>\$ 1,433,205</u></u>

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Village of Suffern, New York ("Village") was established in 1896 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 Mayor serves as the chief executive officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Village's more significant accounting policies:

A. 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, there are no other entities which would be included in the financial statements.

The following organization is related to the Village:

The Village of Suffern Parking Authority ("Authority") is a public benefit corporation created to service and operate the Village's parking facilities. Members of the Authority are appointed by the Mayor for a specified term. While the Village does provide some accounting services, Authority members have complete responsibility for management of the Authority and accountability for fiscal matters. The Village is not liable for Authority bonds or notes.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole, except for interfund services provided and used. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Village in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Note 1 - Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The major special revenue funds of the Village are as follows:

Water Fund - The Water Fund is used to record the water utility operations of the Village which render services on a user charge basis to the general public. The major revenue of this fund is departmental income.

Sewer Fund - The Sewer Fund is used to record the sewer utility operations of the Village which render services on a user charge basis to the general public. The major revenue of this fund is departmental income.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The Village also reports the following non-major governmental funds.

Special Revenue Fund -

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Village in accordance with the terms of a trust agreement.

Debt Service Fund - The Debt Service Fund is provided to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others. These include Pension Trust and Agency Funds. The Pension Trust Fund accounts for the Village's Fire Service Awards Program. The Agency Fund is used to account for employee payroll tax withholdings and various other deposits that are payable to other jurisdictions or individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to retirement incentives and other pension obligations, compensated absences, net pension obligation and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Village's investment policies are governed by State statutes. The Village has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2014.

The Village was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Taxes Receivable - Property taxes attach as an enforceable lien on real property as of June 1st and are payable in June. The Village is responsible for the billing and collection of its taxes through November 1st of the tax year, at which time the responsibility for uncollected taxes is transferred to the County of Rockland, New York ("County"). On or about April 1st, the County remits to the Village the balance of all uncollected taxes. The County has the responsibility for conducting in-rem foreclosure proceedings.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government wide and fund financial statements. Prepaid expenses/expenditures consist of employee health insurance and other costs which have been satisfied prior to the end of the fiscal year, but represent items, which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the governmental funds are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventories - There are no inventory values presented in the balance sheets of the respective funds of the Village. Purchases of inventorable items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or

Note 1 - Summary of Significant Accounting Policies (Continued)

constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose to include certain items regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the Village are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-50
Machinery and equipment	5-20
Infrastructure	20-60

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned revenue consists of amounts received in advance.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues of \$96,065 for solid waste collection charges received in advance in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

As of May 31, 2014, no amounts were required to be reported as deferred outflows/inflows of resources.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation of service. The liability for such accumulated leave is reflected in the government-wide financial statement as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Position - Net position represent the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for debt service, law enforcement, DARE and special purpose. The balance is classified as unrestricted.

Fund Balances - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that

Note 1 - Summary of Significant Accounting Policies (Continued)

are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. In any, this classification includes certain amounts established and approved by the Board of Trustees.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted nor committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General, Water and Sewer funds. Encumbrances outstanding at year-end are generally reported as unassigned fund balance since they do not constitute expenditures or liabilities.

Note 1 - Summary of Significant Accounting Policies (Continued)

G. 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 those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is August 7, 2015.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes the proposed expenditures and the means of financing.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for General, Water, Sewer and Debt Service funds.
- f) Budgets for General, Water, Sewer and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted by the Board for the Special Purpose Fund.
- g) The Village Board has established legal control of the budget at the object level of expenditures. Transfers between appropriation accounts, at the object level, require approval by the Board of Trustees. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- h) Appropriations in General, Water, Sewer and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for the 2013-2014 fiscal year was \$22,306,619, which exceeded the actual levy by \$13,419,017.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Village in a particular year, beginning with the 2012 year. It expires on June 16, 2016.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board of Trustees first enacts, by a vote of at least sixty percent of the total voting power of the Village Board of Trustees, a local law to override such limit for such coming fiscal year.

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Prior Period Adjustments

During the 2014 year, it was determined that the retirement incentives and other pension obligations should have reflected as long-term liabilities on the government-wide financial statements. As a result, the opening fund balance attributable to the government-wide financial statements was decreased by \$332,468. Also during the 2014 year, it was determined that the accrued interest payable on the government-wide financial statements of net position was overstated. As a result, the opening fund balance attributable to the government-wide financial statements was increased by \$296,891. Also during the 2014 year, it was determined that the net pension trust obligation on the government-wide financial statements of net position was overstated. As a result, the opening fund balance attributable to the government-wide financial statements was increased by \$148,655.

Total prior period adjustments are summarized as follows:

Retirement Incentives and Other Pension Obligations	\$ (332,468)
Accrued Interest Payable	296,891
Net Pension Trust Obligation	<u>148,655</u>
Net Total Prior Period Adjustment	<u>\$ 113,078</u>

D. Fund Deficits

The General, Water and Sewer funds had unassigned deficits of \$1,313,697, \$433,449 and \$1,079,774, respectively as of May 31, 2014. The Village plans to address these deficits in the ensuing years.

E. Capital Projects Fund Deficit

The deficit in the Capital Projects Fund of \$1,748,849 arises in-part because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing. Other deficits, where no bond anticipation notes were issued or outstanding to the extent of the deficit, arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

Note 2 - Stewardship, Compliance and Accountability (Continued)

F. Excess of Actual Expenditures Over Budget

The following categories of expenditures exceeded their budgetary provision by the amounts indicated:

General Fund	
General Government Support	
Board of Trustees	\$ 23,299
Mayor	2,788
Clerk	3,134
Financial consultant	10,258
Village Attorney	6,976
Unallocated insurance	39,916
Municipal association dues	150
Judgments and claims	44,216
Public Safety	
Police Department	75,654
DARE	10,057
Transportation	
Street administration	2,897
Street maintenance	107,795
Snow removal	14,131
Street lighting	2,891
Culture and Recreation	
Parks and playgrounds	19,832
Historian	1,417
Home and Community Services	
Planning Board	31,683
Employee Benefits	
Police and fire retirement	58,193
Workers' compensation	111,947
Life insurance	8,637
Water Fund	
Employee Benefits	
State retirement	12,766
Social security	1,325
Workers' compensation	3,117
Hospital and medical insurance	27,829
Debt Service	
Revenue anticipation notes - Interest	5,473

Village of Suffern, New York

Notes to Financial Statements (Continued)

May 31, 2014

Note 2 - Stewardship, Compliance and Accountability (Continued)

Sewer Fund		
Home and Community Services		
Sewage treatment and disposal	\$	10,107
Employee Benefits		
Workers' compensation		1,667
Hospital and medical insurance		7,275
Debt Service		
Bond anticipation notes - Interest		85
Revenue anticipation notes - Interest		4,378
Transfers Out		
Debt Service Fund		28,258
Capital Projects Fund		
2005 Building Improvements	\$	40,978
Water Supply Improvements		46,260
Pavilion Pump Station		74,675
Road Improvements Contractual		33,914
Building Repairs Operational Center - 2009		38,530
Crosswalks		8,877
Water Tower Painting		16,000
Waste Water Plant Upgrades		29,257
Street Lighting		89,492
Fire Department Equipment		1,241
Hook and Ladder Fire Truck		7,544
Façade Improvement Program		45,073
Fire Equipment		5,195
Public Works Truck		14,999
Road Improvements		145,118
Various Equipment		535
Roof Hose Company - 2014		8,062
Police Vehicles - 2014		1,116
Old Projects		6,484

In addition, the General and Sewer Funds exceeded their entire budgets by \$124,947 and \$49,769, respectively.

Note 3 - Detailed Notes on All Funds

A. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2014 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ -	\$ 417,431
Water	-	211,206
Sewer	-	1,070,904
Capital Projects	1,700,937	-
Non-Major Governmental	5,944	7,340
	<u>\$ 1,706,881</u>	<u>\$ 1,706,881</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

B. Capital Assets

Changes in the Village's capital assets are as follows:

<u>Class</u>	<u>Balance June 1, 2013</u>	<u>Additions</u>	<u>Balance May 31, 2014</u>
Capital Assets, not being depreciated:			
Land	\$ 440,815	\$ 196,700	\$ 637,515
Construction-in-process	1,377,518	781,518	2,159,036
Total Capital Assets, not being depreciated	<u>\$ 1,818,333</u>	<u>\$ 978,218</u>	<u>\$ 2,796,551</u>
Capital Assets, being depreciated:			
Buildings and improvements	\$ 12,606,517	\$ 948,776	\$ 13,555,293
Machinery and equipment	14,380,796	900,207	15,281,003
Infrastructure	324,906	426,029	750,935
Total Capital Assets, being depreciated	<u>27,312,219</u>	<u>2,275,012</u>	<u>29,587,231</u>
Less Accumulated Depreciation for:			
Buildings and improvements	6,585,116	383,347	6,968,463
Machinery and equipment	10,190,329	654,572	10,844,901
Infrastructure	37,717	26,300	64,017
Total Accumulated Depreciation	<u>16,813,162</u>	<u>1,064,219</u>	<u>17,877,381</u>
Total Capital Assets, being depreciated, net	<u>\$ 10,499,057</u>	<u>\$ 1,210,793</u>	<u>\$ 11,709,850</u>
Capital Assets, net	<u>\$ 12,317,390</u>	<u>\$ 2,189,011</u>	<u>\$ 14,506,401</u>

Note 3 - Detailed Notes on All Funds (Continued)

Depreciation expense was charged to the Village's functions and programs as follows:

General Government Support	\$ 50,063
Public Safety	442,947
Transportation	215,012
Culture and Recreation	16,226
Home and Community Service	<u>339,971</u>
Total Depreciation Expense	<u>\$ 1,064,219</u>

C. Accrued Liabilities

Accrued liabilities at May 31, 2014 were as follows:

	Fund			
	General	Water	Sewer	Total
Payroll and Employee Benefits	<u>\$ 98,025</u>	<u>\$ 7,483</u>	<u>\$ 6,784</u>	<u>\$ 112,292</u>

D. Employee Pension Plans

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The Systems are non-contributory except for employees in tier 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plans' year ended March 31, 2014 are as follows:

	Tier/Plan	Rate
ERS	1 75I	28.5 %
	2 75I	26.0
	3 A14	20.8
	4 A15	20.8
	5 A15	16.7
	6 A15	11.3

Note 3 - Detailed Notes on All Funds (Continued)

PFRS	2 375I	20.3
	2 384D	28.4
	5 384D	27.1

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2014	\$ 509,871	\$ 773,193
2013	615,992	650,000
2012	369,209	627,112

These contributions were equal to 100% of the actuarially required contributions for each respective fiscal year.

The current PFRS contribution was charged to the General Fund. The current ERS contribution for the Village was charged to the funds identified below:

<u>Fund</u>	<u>Amount</u>
General	\$ 335,367
Water	94,766
Sewer	<u>79,738</u>
	<u>\$ 509,871</u>

E. Pension Trust - Fire Service Awards Program

The Village, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Awards Program ("Program") for volunteer firefighters. This Program is a single employer defined benefit plan. Active volunteer firefighters, upon attainment of age 18, and upon earning a year of service credit, under the Suffern Fire Department Program Point System, during a calendar year, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 65 or the participant's age after earning a year of service credit), shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$20 for each year of service credit, up to a maximum monthly service award of \$500 for 25 or more years of earned service credits. The Program also provides disability and death benefits. The trustees of the Program, who are the members of the Village's Board, are authorized to invest the funds in authorized investment vehicles. Separate financial statements are not issued by the Program.

Note 3 - Detailed Notes on All Funds (Continued)

Current membership in the Program is comprised of the following:

Group	December 31, 2013
Retirees and beneficiaries currently receiving benefits	17
Terminated members entitled to but not yet receiving benefits	17
Active - nonvested	45
Active - vested	50

The Village is required to contribute the amounts necessary to finance the plan as actuarially determined using the attained age normal frozen initial liability cost method. The asset valuation method is fair value. The assumed investment rate of return is 6.0% and there are no cost of living adjustments.

Contributions made to the Program for the current and two preceding years were as follows:

2014	\$ 139,971
2013	136,934
2012	139,964

These contributions were equal to 100% of the actuarial required amounts. These contributions were charged to the General Fund - Fire Department budget line.

F. Short-Term Non-Capital Borrowings – Revenue and Bond Anticipation Notes

The schedule below details the changes in short-term non-capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2013	New Issues	Redemptions	Balance May 31, 2014
Revenue anticipation note	2013	-	- %	\$ 1,350,000	\$ -	\$ 1,350,000	\$ -
Revenue anticipation note	2014	07/11/14	2.07	-	1,350,000	-	1,350,000
Revenue anticipation note	2014	07/11/14	3.05	-	600,000	-	600,000
Bond anticipation note							
Legal Settlement	2012	10/24/14	2.07	200,000	-	50,000	150,000
				<u>\$ 1,550,000</u>	<u>\$ 1,950,000</u>	<u>\$ 1,400,000</u>	<u>\$ 2,100,000</u>

Interest expenditures of \$9,851 were recorded in the fund financial statements in the Water and Sewer Funds. Interest expense of \$4,375 was recorded in the government-wide financial statements for governmental activities.

Notes to Financial Statements (Continued)
May 31, 2014**Note 3 - Detailed Notes on All Funds (Continued)****G. Short-Term Capital Borrowings – Bond Anticipation Notes**

The schedule below details the changes in short-term capital borrowings:

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance at June 1, 2013	New Issues	Redemptions	Balance at May 31, 2014
Bond anticipation note							
Various equipment and curb repaving	2009	-	- %	\$ 42,568	\$ -	\$ 42,568	\$ -
Building improvements	2009	-	-	93,300	-	93,300	-
Road repairs and firehouse	2010	-	-	58,750	-	58,750	-
Fire truck	2010	10/31/14	2.06	315,000	-	157,500	157,500
Water tower painting	2010	09/19/14	2.32	71,025	-	23,675	47,350
Sewer digestive cover	2011	12/05/14	2.05	487,500	-	162,500	325,000
Utility truck	2012	04/10/15	1.50	25,000	-	6,250	18,750
Equipment fire/police	2012	04/10/15	1.50	479,000	-	119,750	359,250
Road improvements	2013	01/23/15	2.31	438,600	-	-	438,600
Well 4 and well 1 modifications	2013	01/23/15	2.31	62,000	-	-	62,000
Various	2014	12/19/14	2.10	-	449,229	-	449,229
Sewer study	2014	12/19/14	2.10	-	50,000	-	50,000
				<u>\$ 2,072,743</u>	<u>\$ 499,229</u>	<u>\$ 664,293</u>	<u>\$ 1,907,679</u>

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2013	New Issues	Redemptions	Balance May 31, 2014
Revenue anticipation note Lonergan Avenue Project	2014	07/03/14	2.25 %	\$ -	\$ 1,350,000	\$ -	\$ 1,350,000

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are accounted for in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$39,123 were recorded in the fund financial statements in the funds identified below. Interest expense of \$38,097 was recorded in the government-wide financial statements for governmental activities.

Fund	Amount
General	\$ 26,858
Water	4,526
Sewer	7,739
	<u>\$ 39,123</u>

Note 3 - Detailed Notes on All Funds (Continued)

H. Long-Term Liabilities

The following table summarizes changes in the Village's long-term indebtedness for the year ended May 31, 2014:

	Balance June 1, 2013	Prior Period Adjustment	Balance June 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2014	Due Within One Year
Bonds payable	\$ 6,615,000	\$ -	\$ 6,615,000	\$ -	\$ 575,000	\$ 6,040,000	\$ 600,000
Retirement Incentives and Other Pension Obligations	-	332,468	332,468	495,366	30,256	797,578	73,169
Compensated absences	1,012,620	-	1,012,620	240,055	101,000	1,151,675	115,000
Net pension obligation	148,655	(148,655)	-	-	-	-	-
Other post employment benefit obligation payable	3,213,330	-	3,213,330	1,375,806	689,940	3,899,196	-
	<u>\$ 10,989,605</u>	<u>\$ 183,813</u>	<u>\$ 11,173,418</u>	<u>\$ 2,111,227</u>	<u>\$ 1,396,196</u>	<u>\$ 11,888,449</u>	<u>\$ 788,169</u>

Each governmental fund's liability for compensated absences, net pension obligation and other post employment benefit obligations is liquidated by the respective fund. The Village's indebtedness for bonds is satisfied by the Debt Service Fund, which is funded primarily from the General, Water and Sewer Funds.

Bonds Payable

Bonds payable at May 31, 2014 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2014
Various General, Water and Sewer Improvements	2002	1,988,000	October, 2014	3.25-4.00 %	\$ 205,000
Various General and Water Improvements	2007	3,450,000	August, 2022	3.75-4.20	2,320,000
Various General, Water and Sewer Improvements	2012	3,857,000	January, 2032	2.50-4.00	3,515,000
					<u>\$ 6,040,000</u>

Interest expenditures of \$229,495 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$251,087 was recorded in the government-wide financial statements for governmental activities.

Retirement Incentives and Other Pension Obligations

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rates as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The Village has elected to amortize the maximum allowable ERS contribution for fiscal years 2012, 2013 and 2014. In 2012 the total amount amortized under this option was \$202,690, including interest of \$36,225. In 2013 the total amount amortized under this

Note 3 - Detailed Notes on All Funds (Continued)

option was \$211,050, including interest of \$31,020. In 2014 the total amount amortized under this option was \$600,740, including interest of \$105,374. In the current year \$30,256 was paid for this obligation. The balance due at December 31, 2014 was \$797,578.

The current year payments were charged to General Fund retirement expenditures.

Payments to Maturity

The annual requirements to amortize all outstanding bonds at May 31, 2014, including interest payments of \$1,881,217 are as follows:

Year Ending May 31,	Bonds Payable		Retirement Incentives and Other Pension Obligations		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 600,000	\$ 208,645	\$ 73,169	\$ 28,279	\$ 673,169	\$ 236,924
2016	400,000	191,270	75,758	25,690	475,758	216,960
2017	405,000	177,695	78,439	23,009	483,439	200,704
2018	420,000	163,845	81,216	20,232	501,216	184,077
2019	420,000	149,406	84,091	17,357	504,091	166,763
2020-2024	2,040,000	513,572	404,905	40,692	2,444,905	554,264
2025-2029	1,035,000	263,125	-	-	1,035,000	263,125
2030-2032	720,000	58,400	-	-	720,000	58,400
	<u>\$ 6,040,000</u>	<u>\$ 1,725,958</u>	<u>\$ 797,578</u>	<u>\$ 155,259</u>	<u>\$ 6,837,578</u>	<u>\$ 1,881,217</u>

The above general obligation bonds and notes are direct obligations of the Village for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Village.

Compensated Absences

Pursuant to collective bargaining agreements and the Board of Trustees, employees of the Village are permitted to accumulate varying amounts of sick leave. Police officers may accumulate up to 180 days, and upon retirement, may be paid for one half of the amount accumulated at current salary levels. Employees covered under the United Federation of Police Officers, representing police department radio dispatchers, record clerks and typists, may accumulate up to 130 days, and upon separation of service, may be paid one half of the amount accumulated at current salary levels. Other Village employees may accumulate a maximum of 200 days. Upon retirement, those employees with 35 or more years of service will be compensated for one half of the accumulated days, to a maximum of 90 days. Employees with less than 35 years of service will be compensated for one quarter of the accumulated days, to a maximum of 50 days. With the exception of police, all employees, upon separation of service, are compensated for unused vacation leave. The value of the compensated absences has been reflected in the government -wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

I. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers.

Transfers Out	Transfers In		Total
	Capital Projects Fund	Non-Major Governmental Funds	
General Fund	\$ 414,175	\$ 528,164	\$ 942,339
Water Fund	123,225	36,282	159,507
Sewer Fund	162,500	232,048	394,548
	<u>\$ 699,900</u>	<u>\$ 796,494</u>	<u>\$ 1,496,394</u>

Transfers are used to 1) move funds from the operating funds to the Capital Projects Fund to finance various projects and 2) move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due.

Other Post Employment Benefit Obligations

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post-employment health care benefits is shared between the Village and the retired employee. Substantially all of the Village's full-time employees may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as an expenditure/expense as claims are paid.

The Village's annual other post-employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Village is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post-retirement benefits are as follows:

<u>Year Ended May 31,</u>	<u>Pre-65 Medical</u>	<u>Post-65 Medical</u>
2016	8.00	8.00
2017	7.50	7.50
2018	7.00	7.00
2019	6.50	6.50
2020	6.00	6.00
2021	5.50	5.50
2022+	5.00	5.00

The amortization basis is the level dollar method with an open amortization approach with 25 years remaining in the amortization period. The actuarial assumptions include a 4.0% investment rate of return. The Village currently has no assets set aside for the purpose of paying post-employment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of May 31, 2014 was as follows:

Active Employees	70
Retired Employees	<u>59</u>
	<u>129</u>

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component	
Actuarial Accrued Liability as of June 1, 2013	\$ 23,702,741
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 23,702,741</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 7,011,283</u>
UAAL as a Percentage of Covered Payroll	<u>338%</u>
Annual Required Contribution	\$ 1,350,099
Interest on Net OPEB Obligation	25,707
Adjustments to Annual Required Contribution	<u>-</u>
Annual OPEB Cost	1,375,806
Contributions Made	<u>(689,940)</u>
Increase in Net OPEB Obligation	685,866
Net OPEB Obligation - Beginning of Year	<u>3,213,330</u>
Net OPEB Obligation - End of Year	<u>\$ 3,899,196</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 1,375,806	50.1 %	\$ 3,899,196
2013	1,328,774	51.6	3,213,330
2012	1,283,840	51.6	2,570,664

J. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Law Enforcement - the component of net position that has been established pursuant to State authorization for unexpended forfeitures of seized crime properties restricted to use for law enforcement purposes.

Restricted for DARE - the component of net position that has been established pursuant to State authorization for unexpended gifts and donations restricted to use for the Village's drug awareness program.

Restricted for Special Purpose - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net invested in capital assets".

K. Fund Balances

	General Fund	Water Fund	Sewer Fund	Capital Projects Fund	Other Governmental Fund	Total
Nonspendable						
Prepaid expenditures	\$ 400	\$ -	\$ -	\$ -	\$ -	\$ 400
Long term receivable	175,000	-	-	-	-	175,000
Total Nonspendable	175,400	-	-	-	-	175,400
Restricted						
Law enforcement	15,350	-	-	-	-	15,350
DARE	32,258	-	-	-	-	32,258
Debt service	-	-	-	-	1,058	1,058
Parklands	-	-	-	-	6,086	6,086
Total Restricted	47,608	-	-	-	7,144	54,752
Unassigned						
Purchases on order						
General government support	853	-	-	-	-	853
Public safety	74,533	-	-	-	-	74,533
Transportation	19,627	-	-	-	-	19,627
Culture and recreation	15,800	-	-	-	-	15,800
Home and community services	-	25,295	12,020	-	-	37,315
	110,813	25,295	12,020	-	-	148,128
Other	(1,369,985)	(458,744)	(1,091,794)	(1,748,849)	-	(4,669,372)
Total Unassigned	(1,259,172)	(433,449)	(1,079,774)	(1,748,849)	-	(4,521,244)
Total Fund Balances (Deficits)	\$ (1,036,164)	\$ (433,449)	\$ (1,079,774)	\$ (1,748,849)	\$ 7,144	\$ (4,291,092)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described below.

Prepaid expenditures has been established to account for payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Note 3 - Detailed Notes on All Funds (Continued)

Long-term receivable represents fund set aside to indicate that certain amounts will not be collected in sufficient time to satisfy liabilities of the current period. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The Restricted for Parklands has been established pursuant to New York State Law. These funds may be used only for recreational purposes.

Purchases on order are unassigned and represent the Village's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the General, Water, Sewer and Capital Projects Funds represents the deficit balances in those funds.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Village, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the Village if adversely settled.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Village if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of the possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year in which the payment is made.

B. Contingencies

The Village participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the Village's compliance with applicable grant requirements 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.

C. Risk Management

The Village purchases various insurance coverages to reduce its exposure to loss. The Village maintains workers' compensation and general liability policies of \$100,000 per occurrence and \$500,000 in the aggregate for workers' compensation and \$1 million per occurrence and \$3 million in the aggregate for general liability. The Village also has an umbrella policy which provides an additional \$5 million in coverage. The Village purchases conventional medical insurance coverage.

Note 5 - Subsequent Event

The Village, on November 20, 2014, issued a \$1,196,000 bond anticipation note for various purposes. The note matures on November 20, 2015 and bears interest at a rate of 2.25% per annum.

The Village, on October 24, 2014, issued a \$100,000 bond anticipation note for the payment of an award in a proceeding brought under the Religious Land Use and Institutional Persons Act. The note matures on October 23, 2015 and bears interest at a rate of 2.07% per annum.

The Village, on December 5, 2014, issued a \$162,500 bond anticipation note for the replacement of a secondary digestive cover at the Wastewater Treatment Plant. The note matures on December 4, 2015 and bears interest at a rate of 2.40% per annum.

The Village, on September 19, 2014, issued a \$23,675 bond anticipation note for the improvements to Village water towers. The note matures on September 18, 2015 and bears interest at a rate of 1.85% per annum.

The Village, on January 1, 2015 dissolved the Suffern Parking Authority and absorbed its operations within the General Fund.

The Village, on April 10, 2015 issued a \$252,000 bond anticipation note for various capital projects. The note matures on April 8, 2016 and bears interest at a rate of 2.20% per annum.

The Village, on December 18, 2014, issued an \$874,679 bond anticipation note for various capital projects. The note matures on November 20, 2015 and bears interest at a rate of 2.00% per annum.

The Village, on February 27, 2015, issued a \$345,000 revenue anticipation note for the receipt of certain revenues. The note matures on February 26, 2016 and bears interest at a rate of 3.125% per annum.

The Village, on February 27, 2015, issued a \$600,000 budget note to provide funds for expenditures for which insufficient or no provisions has been made in the annual budget. The note matures on February 26, 2016 and bears interest at a rate of 3.000% per annum

The Village, on February 27, 2015, issued a \$600,000 budget note to finance a deficiency arising from revenues being less than the amount estimated in the annual budget. The note matures on February 26, 2016 and bears interest at a rate of 3.000% per annum

Village of Suffern, New York

Required Supplementary Information - Schedule of Funding Progress
Other Post Employment Benefits
Last Two Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2012	\$ -	\$ 23,702,741	\$ 23,702,741	- %	\$ 7,011,283	338.07 %
June 1, 2012	-	22,951,390	22,951,390	-	7,468,167	307.32

Village of Suffern, New York

Supplementary Information - Schedule of Funding Progress
Pension Trust Fund - Fire Service Awards Program
Last Six Fiscal Years

<u>Actuarial Valuation Date December 31,</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>
2008	\$ 757,989	\$ 1,095,669	\$ 337,680	69.18 %
2009	936,278	1,284,453	348,175	72.89
2010	985,612	1,372,560	386,948	71.81
2011	1,062,251	1,476,940	414,689	71.92
2012	1,237,231	1,534,208	296,977	80.64
2013	1,303,202	1,604,282	301,080	81.23

Village of Suffern, New York**Supplementary Information - Schedule of Contributions
Pension Trust Fund - Fire Service Awards Program
Last Six Fiscal Years**

<u>Year Ended May 31,</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
2009	\$ 131,392	\$ 131,392	100.00 %
2010	132,290	132,290	100.00
2011	140,196	140,196	100.00
2012	139,964	139,964	100.00
2013	136,934	136,934	100.00
2014	139,971	139,971	100.00

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Village of Suffern, New York

General Fund
Balance Sheet
May 31, 2014

ASSETS

Cash and equivalents	\$ 66,165
Receivables	
Accounts	371,644
State and Federal aid	251,931
Due from other governments	28,611
	<u>652,186</u>
Prepaid expenditures	<u>400</u>
Total Assets	<u>\$ 718,751</u>

LIABILITIES AND FUND DEFICIT

Liabilities	
Accounts payable	\$ 282,400
Accrued liabilities	98,025
Due to other funds	417,431
Unearned revenues	96,065
Retainage payable	84,826
Revenue anticipation notes payable	400,000
Bond anticipation notes payable	150,000
Due to retirement systems	226,168
Total Liabilities	<u>1,754,915</u>
Fund deficit	
Nonspendable	175,400
Restricted	47,608
Unassigned	<u>(1,259,172)</u>
Total Fund Balance	<u>(1,036,164)</u>
Total Liabilities and Fund Balance	<u>\$ 718,751</u>

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Village of Suffern, New York

General Fund
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 8,887,592	\$ 8,887,592	\$ 8,883,534	\$ (4,058)
Other tax items	172,509	172,509	216,302	43,793
Non-property taxes	880,000	849,000	904,252	55,252
Departmental income	1,516,130	1,744,334	1,639,528	(104,806)
Use of money and property	9,600	40,600	36,900	(3,700)
Licenses and permits	421,000	421,000	70,097	(350,903)
Fines and forfeitures	362,000	362,000	151,465	(210,535)
Sale of property and compensation for loss	93,200	93,200	132,713	39,513
State aid	423,317	423,317	362,719	(60,598)
Miscellaneous	271,500	271,500	236,425	(35,075)
Total Revenues	13,036,848	13,265,052	12,633,935	(631,117)
EXPENDITURES				
Current				
General government support	1,196,755	1,196,754	1,257,818	(61,064)
Public safety	4,655,276	4,873,481	4,877,522	(4,041)
Health	9,600	9,600	9,600	-
Transportation	1,471,188	1,471,188	1,547,096	(75,908)
Culture and recreation	342,523	342,523	359,760	(17,237)
Home and community services	1,188,371	1,188,371	1,181,039	7,332
Employee benefits	3,321,953	3,296,346	3,350,829	(54,483)
Debt service				
Interest	29,054	29,054	26,858	2,196
Total Expenditures	12,214,720	12,407,317	12,610,522	(203,205)
Excess (Deficiency) of Revenues Over Expenditures	822,128	857,735	23,413	(834,322)
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	50,000	50,000	-	(50,000)
Transfers in	35,597	35,597	-	(35,597)
Transfers out	(984,990)	(1,020,597)	(942,339)	78,258
Total Other Financing Uses	(899,393)	(935,000)	(942,339)	(7,339)
Net Change in Fund Balance	(77,265)	(77,265)	(918,926)	(841,661)
FUND BALANCE (DEFICIT)				
Beginning of Year	77,265	77,265	(117,238)	(194,503)
End of Year	\$ -	\$ -	\$ (1,036,164)	\$ (1,036,164)

Village of Suffern, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	<u>\$ 8,887,592</u>	<u>\$ 8,887,592</u>	<u>\$ 8,883,534</u>	<u>\$ (4,058)</u>
OTHER TAX ITEMS				
Payments in lieu of taxes	155,509	155,509	180,164	24,655
Interest and penalties on real property taxes	<u>17,000</u>	<u>17,000</u>	<u>36,138</u>	<u>19,138</u>
	<u>172,509</u>	<u>172,509</u>	<u>216,302</u>	<u>43,793</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	450,000	450,000	492,107	42,107
Franchise fees and Utilities gross receipts taxes	<u>430,000</u>	<u>399,000</u>	<u>412,145</u>	<u>13,145</u>
	<u>880,000</u>	<u>849,000</u>	<u>904,252</u>	<u>55,252</u>
DEPARTMENTAL INCOME				
Inspection fees	79,000	79,000	52,045	(26,955)
Certificate of occupancy fees	20,000	20,000	18,750	(1,250)
Police services	10,000	223,204	269,596	46,392
Other public safety	98,000	98,000	20,954	(77,046)
Vital statistics fees	55,000	55,000	52,679	(2,321)
Public works	-	15,000	15,205	205
Zoning fees	5,000	5,000	2,570	(2,430)
Planning board fees	22,000	22,000	12,158	(9,842)
Pool fees	56,000	56,000	46,727	(9,273)
Other culture and recreation fees	3,000	3,000	10,949	7,949
Snow removal	11,000	11,000	-	(11,000)
Refuse and garbage charges	<u>1,157,130</u>	<u>1,157,130</u>	<u>1,137,895</u>	<u>(19,235)</u>
	<u>1,516,130</u>	<u>1,744,334</u>	<u>1,639,528</u>	<u>(104,806)</u>

USE OF MONEY AND PROPERTY

Earnings on investments	9,000	9,000	1,612	(7,388)
Rental of real property	600	31,600	35,288	3,688
	<u>9,600</u>	<u>40,600</u>	<u>36,900</u>	<u>(3,700)</u>

LICENSES AND PERMITS

Business and occupational licenses	2,000	2,000	1,170	(830)
Building permits	419,000	419,000	68,927	(350,073)
	<u>421,000</u>	<u>421,000</u>	<u>70,097</u>	<u>(350,903)</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>362,000</u>	<u>362,000</u>	<u>151,465</u>	<u>(210,535)</u>
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	10,000	10,000	30,951	20,951
Sale of recyclables	1,200	1,200	7,584	6,384
Insurance recoveries	52,000	52,000	58,178	6,178
Other compensation for loss	30,000	30,000	36,000	6,000
	<u>93,200</u>	<u>93,200</u>	<u>132,713</u>	<u>39,513</u>

STATE AID

Per capita	86,717	86,717	96,963	10,246
Mortgage tax	110,000	110,000	141,337	31,337
Other transportation	12,000	12,000	-	(12,000)
Youth programs	2,600	2,600	587	(2,013)
Consolidated Highway Improvement Program	90,000	90,000	112,677	22,677
Emergency management assistance	100,000	100,000	-	(100,000)
Other	22,000	22,000	11,155	(10,845)
	<u>423,317</u>	<u>423,317</u>	<u>362,719</u>	<u>(60,598)</u>

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Village of Suffern, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
MISCELLANEOUS				
Refund of prior year's expenditures	\$ 5,000	\$ 5,000	\$ 3,836	\$ (1,164)
Gifts and donations	57,000	57,000	70,976	13,976
Parking Authority reimbursements	123,500	123,500	51,758	(71,742)
Other	86,000	86,000	109,855	23,855
	<u>271,500</u>	<u>271,500</u>	<u>236,425</u>	<u>(35,075)</u>
TOTAL REVENUES	<u>13,036,848</u>	<u>13,265,052</u>	<u>12,633,935</u>	<u>(631,117)</u>
OTHER FINANCING SOURCES				
Bond anticipation notes issued	50,000	50,000	-	(50,000)
Transfers in				
Capital Projects Fund	<u>35,597</u>	<u>35,597</u>	<u>-</u>	<u>(35,597)</u>
TOTAL OTHER FINANCING SOURCES	<u>85,597</u>	<u>85,597</u>	<u>-</u>	<u>(85,597)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 13,122,445</u>	<u>\$ 13,350,649</u>	<u>\$ 12,633,935</u>	<u>\$ (716,714)</u>

Village of Suffern, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
GENERAL GOVERNMENT SUPPORT				
Board of Trustees	\$ 43,500	\$ 43,500	\$ 66,799	\$ (23,299)
Village Justice	231,474	231,473	222,065	9,408
Mayor	30,000	30,000	32,788	(2,788)
Auditor	22,000	22,000	21,908	92
Treasurer	131,791	131,791	127,714	4,077
Clerk	152,727	152,727	155,861	(3,134)
Financial consultant	7,000	7,000	17,258	(10,258)
Assessment	12,753	12,753	12,752	1
Village Attorney	79,409	79,409	86,385	(6,976)
Shared services	166,205	166,205	161,310	4,895
Unallocated insurance	199,000	199,000	238,916	(39,916)
Municipal association dues	4,696	4,696	4,846	(150)
Judgments and claims	65,000	65,000	109,216	(44,216)
Metropolitan commuter transportation mobility tax	28,000	28,000	-	28,000
Contingency	23,200	23,200	-	23,200
	<u>1,196,755</u>	<u>1,196,754</u>	<u>1,257,818</u>	<u>(61,064)</u>
PUBLIC SAFETY				
Police Department	3,999,617	4,217,821	4,293,475	(75,654)
Fire Department	395,582	395,583	335,414	60,169
DARE	32,000	32,000	42,057	(10,057)
Safety inspection	228,077	228,077	206,576	21,501
	<u>4,655,276</u>	<u>4,873,481</u>	<u>4,877,522</u>	<u>(4,041)</u>
HEALTH				
Registrar of Vital Statistics	9,600	9,600	9,600	-

TRANSPORTATION

Street administration	32,093	32,093	34,990	(2,897)
Street maintenance	1,040,892	1,040,892	1,148,687	(107,795)
Snow removal	89,173	89,173	103,304	(14,131)
Street lighting	210,530	210,530	213,421	(2,891)
Parking	98,500	98,500	46,694	51,806
	<u>1,471,188</u>	<u>1,471,188</u>	<u>1,547,096</u>	<u>(75,908)</u>

CULTURE AND RECREATION

Parks and playgrounds	258,148	258,148	277,980	(19,832)
Youth recreation	80,197	80,197	76,185	4,012
Historian	4,178	4,178	5,595	(1,417)
	<u>342,523</u>	<u>342,523</u>	<u>359,760</u>	<u>(17,237)</u>

HOME AND COMMUNITY SERVICES

Zoning Board	7,419	7,419	5,715	1,704
Planning Board	23,822	23,822	55,505	(31,683)
Refuse and garbage	1,157,130	1,157,130	1,119,819	37,311
	<u>1,188,371</u>	<u>1,188,371</u>	<u>1,181,039</u>	<u>7,332</u>

EMPLOYEE BENEFITS

State retirement	300,000	300,000	284,334	15,666
Police and fire retirement	715,000	715,000	773,193	(58,193)
Social security	402,835	402,835	378,729	24,106
Workers' compensation benefits	291,000	291,000	402,947	(111,947)
Life insurance	37,448	37,448	46,085	(8,637)
Unemployment benefits	4,670	4,670	3,601	1,069
Hospital and medical insurance	1,571,000	1,545,393	1,461,940	83,453
	<u>3,321,953</u>	<u>3,296,346</u>	<u>3,350,829</u>	<u>(54,483)</u>

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Village of Suffern, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended May 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
DEBT SERVICE				
Interest				
Bond anticipation notes	<u>\$ 29,054</u>	<u>\$ 29,054</u>	<u>\$ 26,858</u>	<u>\$ 2,196</u>
 TOTAL EXPENDITURES	 <u>12,214,720</u>	 <u>12,407,317</u>	 <u>12,610,522</u>	 <u>(203,205)</u>
OTHER FINANCING USES				
Transfers out				
Debt Service Fund	556,422	556,422	528,164	28,258
Capital Projects Fund	<u>428,568</u>	<u>464,175</u>	<u>414,175</u>	<u>50,000</u>
 TOTAL OTHER FINANCING USES	 <u>984,990</u>	 <u>1,020,597</u>	 <u>942,339</u>	 <u>78,258</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 <u><u>\$ 13,199,710</u></u>	 <u><u>\$ 13,427,914</u></u>	 <u><u>\$ 13,552,861</u></u>	 <u><u>\$ (124,947)</u></u>

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Village of Suffern, New York

Water Fund
Balance Sheet
May 31, 2014

ASSETS

Cash and equivalents	\$ 54,118
Receivables	
Water rents	<u>739,384</u>
Total Assets	<u><u>\$ 793,502</u></u>

LIABILITIES AND FUND DEFICIT

Liabilities	
Accounts payable	\$ 38,915
Accrued liabilities	7,483
Revenue anticipation notes payable	950,000
Due to other funds	211,206
Due to retirement systems	<u>19,347</u>
Total Liabilities	1,226,951
Fund deficit	
Unassigned	<u>(433,449)</u>
Total Liabilities and Fund Deficit	<u><u>\$ 793,502</u></u>

Village of Suffern, New York**Water Fund****Schedule of Revenues, Expenditures and Changes**

in Fund Balance - Budget and Actual

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income	\$ 1,782,746	\$ 1,782,746	\$ 1,751,660	\$ (31,086)
Use of money and property	700	700	282	(418)
Sale of property and compen- sation for loss	150	150	548	398
Miscellaneous	5,230	5,230	5,723	493
Total Revenues	1,788,826	1,788,826	1,758,213	(30,613)
EXPENDITURES				
Current				
Home and community services	1,272,874	1,272,874	1,161,492	111,382
Employee benefits	352,228	352,228	396,882	(44,654)
Debt service				
Interest	5,539	5,539	9,999	(4,460)
Total Expenditures	1,630,641	1,630,641	1,568,373	62,268
Excess of Revenues Over Expenditures	158,185	158,185	189,840	31,655
OTHER FINANCING USES				
Transfers out	(168,507)	(168,507)	(159,507)	9,000
Net Change in Fund Balance	(10,322)	(10,322)	30,333	40,655
FUND BALANCE (DEFICIT)				
Beginning of Year	10,322	10,322	(463,782)	(474,104)
End of Year	\$ -	\$ -	\$ (433,449)	\$ (433,449)

Village of Suffern, New York

Water Fund

Schedule of Revenues Compared to Budget

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
DEPARTMENTAL INCOME				
Metered water sales	\$ 1,755,746	\$ 1,755,746	\$ 1,729,221	\$ (26,525)
Water service charges	15,000	15,000	3,150	(11,850)
Interest and penalties on water rents	12,000	12,000	19,289	7,289
	<u>1,782,746</u>	<u>1,782,746</u>	<u>1,751,660</u>	<u>(31,086)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	<u>700</u>	<u>700</u>	<u>282</u>	<u>(418)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Minor sales	<u>150</u>	<u>150</u>	<u>548</u>	<u>398</u>
MISCELLANEOUS				
Other	<u>5,230</u>	<u>5,230</u>	<u>5,723</u>	<u>493</u>
TOTAL REVENUES	<u>\$ 1,788,826</u>	<u>\$ 1,788,826</u>	<u>\$ 1,758,213</u>	<u>\$ (30,613)</u>

Village of Suffern, New York

Water Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
HOME AND COMMUNITY SERVICES				
Water administration	\$ 362,079	\$ 362,079	\$ 291,613	\$ 70,466
Source of supply, power and pumping	786,095	783,193	780,923	2,270
Transmission and distribution	124,700	127,602	88,956	38,646
	<u>1,272,874</u>	<u>1,272,874</u>	<u>1,161,492</u>	<u>111,382</u>
EMPLOYEE BENEFITS				
State retirement	82,000	82,000	94,766	(12,766)
Social security	41,017	41,017	42,342	(1,325)
Workers' compensation benefits	37,800	37,800	40,917	(3,117)
Hospital and medical insurance	189,311	189,311	217,140	(27,829)
Life insurance	2,100	2,100	1,717	383
	<u>352,228</u>	<u>352,228</u>	<u>396,882</u>	<u>(44,654)</u>
DEBT SERVICE				
Interest				
Bond anticipation notes	5,539	5,539	4,526	1,013
Revenue anticipation notes	-	-	5,473	(5,473)
	<u>5,539</u>	<u>5,539</u>	<u>9,999</u>	<u>(4,460)</u>
TOTAL EXPENDITURES	<u>1,630,641</u>	<u>1,630,641</u>	<u>1,568,373</u>	<u>62,268</u>
OTHER FINANCING USES				
Transfers out				
Debt Service Fund	36,282	36,282	36,282	-
Capital Projects Fund	132,225	132,225	123,225	9,000
TOTAL OTHER FINANCING USES	<u>168,507</u>	<u>168,507</u>	<u>159,507</u>	<u>9,000</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,799,148</u>	<u>\$ 1,799,148</u>	<u>\$ 1,727,880</u>	<u>\$ 71,268</u>

Village of Suffern, New York

Sewer Fund
Balance Sheet
May 31, 2014

ASSETS

Cash and equivalents	\$ 8,137
Receivables	
Accounts	3,500
Sewer rents	<u>659,867</u>
	<u>663,367</u>
Total Assets	<u><u>\$ 671,504</u></u>

LIABILITIES AND FUND DEFICIT

Liabilities	
Accounts payable	\$ 56,969
Accrued liabilities	6,784
Revenue anticipation notes payable	600,000
Due to other funds	1,070,904
Due to retirement systems	<u>16,621</u>
Total Liabilities	1,751,278
Fund deficit	
Unassigned	<u>(1,079,774)</u>
Total Liabilities and Fund Deficit	<u><u>\$ 671,504</u></u>

Village of Suffern, New York

Sewer Fund

Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Departmental income				
Sewer fees	\$ 1,652,077	\$ 1,652,077	\$ 1,530,585	\$ (121,492)
Penalties	1,000	1,000	159	(841)
	1,653,077	1,653,077	1,530,744	(122,333)
Use of money and property	400	400	58	(342)
Miscellaneous	7,054	7,054	6,814	(240)
Total Revenues	1,660,531	1,660,531	1,537,616	(122,915)
EXPENDITURES				
Current				
Home and community services	1,032,412	1,032,412	1,042,519	(10,107)
Employee benefits	258,051	258,051	264,992	(6,941)
Debt service				
Interest	7,654	7,654	12,117	(4,463)
Total Expenditures	1,298,117	1,298,117	1,319,628	(21,511)
Excess of Revenues Over Expenditures	362,414	362,414	217,988	(144,426)
OTHER FINANCING SOURCES USES				
Transfers out	(366,290)	(366,290)	(394,548)	(28,258)
Net Change in Fund Balance	(3,876)	(3,876)	(176,560)	(172,684)
FUND BALANCE (DEFICIT)				
Beginning of Year	3,876	3,876	(903,214)	(907,090)
End of Year	\$ -	\$ -	\$ (1,079,774)	\$ (1,079,774)

Village of Suffern, New York

Sewer Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended May 31, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
HOME AND COMMUNITY SERVICES				
Sewage treatment and disposal	\$ 1,032,412	\$ 1,032,412	\$ 1,042,519	\$ (10,107)
EMPLOYEE BENEFITS				
State retirement	80,500	80,500	79,738	762
Social security	24,155	24,155	23,186	969
Workers' compensation benefits	20,500	20,500	22,167	(1,667)
Hospital and medical insurance	131,250	131,250	138,525	(7,275)
Life insurance	1,646	1,646	1,376	270
	<u>258,051</u>	<u>258,051</u>	<u>264,992</u>	<u>(6,941)</u>
DEBT SERVICE				
Interest				
Bond anticipation notes	7,654	7,654	7,739	(85)
Revenue anticipation notes	-	-	4,378	(4,378)
	<u>7,654</u>	<u>7,654</u>	<u>12,117</u>	<u>(4,463)</u>
TOTAL EXPENDITURES	<u>1,298,117</u>	<u>1,298,117</u>	<u>1,319,628</u>	<u>(21,511)</u>
OTHER FINANCING USES				
Transfers out				
Debt Service Fund	203,790	203,790	232,048	(28,258)
Capital Projects Fund	162,500	162,500	162,500	-
TOTAL OTHER FINANCING USES	<u>366,290</u>	<u>366,290</u>	<u>394,548</u>	<u>(28,258)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 1,664,407</u>	<u>\$ 1,664,407</u>	<u>\$ 1,714,176</u>	<u>\$ (49,769)</u>

Village of Suffern, New York

Capital Projects Fund

Balance Sheet

May 31, 2014

ASSETS

Cash and equivalents	\$ 125,361
Receivables	
State and Federal aid	129,058
Due from other funds	<u>1,700,937</u>
	<u>1,829,995</u>
Total Assets	<u><u>\$ 1,955,356</u></u>

LIABILITIES AND FUND DEFICIT

Liabilities

Accounts payable	\$ 446,526
Revenue anticipation notes payable	1,350,000
Bond anticipation notes payable	<u>1,907,679</u>
Total Liabilities	3,704,205
Fund deficit	
Unassigned	<u>(1,748,849)</u>
Total Liabilities and Fund Deficit	<u><u>\$ 1,955,356</u></u>

Village of Suffern, New York

Capital Projects Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended May 31, 2014

REVENUES

State aid	\$ 129,058
Federal aid	1,029,124
Miscellaneous	<u>1,027</u>
Total Revenues	1,159,209

EXPENDITURES

Capital outlay	<u>3,184,986</u>
Deficiency of Revenues Over Expenditures	(2,025,777)

OTHER FINANCING SOURCES

Transfers in	<u>699,900</u>
Net Change in Fund Balance	(1,325,877)

FUND DEFICIT

Beginning of Year	<u>(422,972)</u>
End of Year	<u><u>\$ (1,748,849)</u></u>

Village of Suffern, New York

Capital Projects Fund
Project-Length Schedule
Inception of Project Through May 31, 2014

Project	Authorization	Expenditures and Transfers	Unexpended Balance
Downtown Revitalization	\$ 1,139,939	\$ 1,139,939	\$ -
Water Department Improvements	287,600	270,000	17,600
2005 Building Improvements	119,450	160,428	(40,978)
Street Maintenance Equipment	72,725	65,622	7,103
Recreation Improvements	97,025	95,856	1,169
Water Supply Improvements	135,000	181,260	(46,260)
2006 Infra Red Heating System	35,000	19,713	15,287
Pavilion Pump Station	157,262	231,937	(74,675)
Flat Roof for Hook and Ladder	40,000	38,584	1,416
Street Drainage	20,000	7,633	12,367
Centrifuge Scroll Assembly	60,000	53,963	6,037
Sewer Line Flusher	220,000	219,799	201
Land Purchase	375,000	361,719	13,281
Road Improvements	220,000	195,558	24,442
Variable Frequency Drive for Well #3	20,000	7,585	12,415
Ultra Violet Lift Pump Purchase	11,898	11,898	-
Fire Department Cabinets	15,000	14,496	504
Road Improvements Contractual	2,970,000	3,003,914	(33,914)
Meter Reading System Upgrade	280,000	274,290	5,710
Leaf Vacuum	45,000	30,238	14,762
Ramapo Avenue Curb Repaving	145,000	68,158	76,842
Building Repairs Operational Center - 2009	350,000	388,530	(38,530)
Fire Equipment	35,300	34,852	448
Generator Street Department	10,000	-	10,000
Police Car	30,000	29,337	663
Water Fund Equipment	23,700	21,254	2,446
Crosswalks	129,687	138,564	(8,877)
Equipment Street Sweeper	148,000	148,000	-
Water Tower Painting	94,700	110,700	(16,000)
Fire Department Equipment	40,350	39,152	1,198
Waste Water Plant Upgrades	-	29,257	(29,257)
Fire Truck Pumper	630,000	615,448	14,552
Street Lighting	-	89,492	(89,492)
Fire Department Equipment	133,300	134,541	(1,241)
Police Car	32,784	32,534	250
Pumps Sewer Department	190,000	190,000	-
Utility Truck Box	50,000	49,374	626
Sewer Plant Improvements	2,500,000	2,057,344	442,656
Hook and Ladder Fire Truck	950,000	957,544	(7,544)
Digester Cover	487,401	487,401	-
Façade Improvement Program	160,000	205,073	(45,073)
Fire Equipment	83,755	88,950	(5,195)
Police Car	33,812	31,683	2,129
Snow Removal Equipment	11,000	11,000	-
Public Works Truck	100,000	114,999	(14,999)
Road Improvements	250,000	395,118	(145,118)
Equipment Utility Truck	25,000	24,421	579
Various Equipment	67,480	68,015	(535)
Automobile	30,000	28,830	1,170
Street Garage Roof	110,000	102,528	7,472
Roll-off Truck	95,000	95,000	-
Roadway Improvements	95,000	89,413	5,587
VFD Well No. 4	12,000	10,929	1,071
Well No. 1 Pump Modification	50,000	6,500	43,500
Police Car Digital Cameras	41,120	40,861	259
Lonergan Avenue Project	1,350,000	1,055,690	294,310
Fire Equipment - 2014	73,229	69,309	3,920
Roof Hose Company - 2014	60,000	68,062	(8,062)
Sewer Study - 2014	50,000	45,710	4,290
Police Vehicles - 2014	37,000	38,116	(1,116)
Road Improvements - 2014	279,000	276,979	2,021
Lafayette Theatre Drainage - 2014	10,000	-	10,000
Dona Hallett Park - 2014	25,607	-	25,607
Old Projects	-	6,484	(6,484)
Totals	\$ 15,350,124	\$ 14,879,584	\$ 470,540

Total Revenues	Fund Balance (Deficit) at May 31, 2014	Bond Anticipation Notes Outstanding at May 31, 2014
\$ 1,124,938	\$ (15,001)	\$ -
270,000	-	-
119,450	(40,978)	-
65,622	-	-
95,856	-	-
135,000	(46,260)	-
30,763	11,050	-
157,817	(74,320)	-
40,000	1,416	-
7,633	-	-
50,410	(3,553)	-
218,585	(1,214)	-
375,000	13,281	-
220,000	24,442	-
7,585	-	-
11,898	-	-
20,000	5,504	-
3,145,119	141,205	-
280,000	5,710	-
265	(29,973)	-
145,000	76,842	-
367,400	(21,130)	-
35,200	348	-
10,080	10,080	-
29,992	655	-
5,800	(15,454)	-
68,953	(69,611)	-
100,000	(48,000)	-
57,350	(53,350)	47,350
-	(39,152)	-
-	(29,257)	-
472,000	(143,448)	157,500
50,360	(39,132)	-
133,300	(1,241)	-
32,534	-	-
190,000	-	-
49,374	-	-
2,500,000	442,656	-
950,000	(7,544)	-
162,500	(324,901)	325,000
204,420	(653)	-
20,936	(68,014)	62,873
8,564	(23,119)	25,380
2,750	(8,250)	8,258
25,000	(89,999)	75,064
62,500	(332,618)	187,660
6,250	(18,171)	18,765
-	(68,015)	67,480
-	(28,830)	30,000
-	(102,528)	110,000
-	(95,000)	95,000
-	(89,413)	95,000
-	(10,929)	12,000
-	(6,500)	50,000
-	(40,861)	41,120
1,029,124	(26,566)	-
-	(69,309)	73,229
-	(68,062)	60,000
-	(45,710)	50,000
-	(38,116)	37,000
-	(276,979)	279,000
10,000	10,000	-
25,607	25,607	-
-	(6,484)	-
<u>\$ 13,130,735</u>	<u>\$ (1,748,849)</u>	<u>\$ 1,907,679</u>

Village of Suffern, New York

Combining Balance Sheet
Non-Major Governmental Funds
May 31, 2014

	Special Purpose Fund	Debt Service Fund	Total
ASSETS			
Cash and equivalents	\$ 142	\$ 8,398	\$ 8,540
Receivables			
Due from other funds	5,944	-	5,944
Total Assets	<u>\$ 6,086</u>	<u>\$ 8,398</u>	<u>\$ 14,484</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Due to other funds	\$ -	\$ 7,340	\$ 7,340
FUND BALANCES			
Restricted	6,086	1,058	7,144
Total Liabilities and Fund Balances	<u>\$ 6,086</u>	<u>\$ 8,398</u>	<u>\$ 14,484</u>

Village of Suffern, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances
Non-Major Governmental Funds
Year Ended May 31, 2014

	Special Purpose Fund	Debt Service Fund	Total
REVENUES			
Use of money and property	\$ 112	\$ 675	\$ 787
EXPENDITURES			
Current			
Culture and recreation	43,187	-	43,187
Debt service			
Principal	-	575,000	575,000
Interest	-	229,495	229,495
Total Expenditures	43,187	804,495	847,682
Deficiency of Revenues Over Expenditures	(43,075)	(803,820)	(846,895)
OTHER FINANCING SOURCES			
Transfers in	-	796,494	796,494
Net Change in Fund Balances	(43,075)	(7,326)	(50,401)
FUND BALANCES			
Beginning of Year	49,161	8,384	57,545
End of Year	\$ 6,086	\$ 1,058	\$ 7,144

Village of Suffern, New York

Special Purpose Fund
Balance Sheet
May 31, 2014

ASSETS

Cash and equivalents	\$	142
Due from other funds		<u>5,944</u>
Total Assets	\$	<u><u>6,086</u></u>

FUND BALANCE

Restricted	\$	<u><u>6,086</u></u>
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Village of Suffern, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Year Ended May 31, 2014

REVENUES

Use of money and property	\$ 112
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EXPENDITURES

Current

Culture and recreation	<u>43,187</u>
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Deficiency of Expenditures Over Revenues	(43,075)
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FUND BALANCE

Beginning of Year	<u>49,161</u>
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End of Year	<u><u>\$ 6,086</u></u>
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Village of Suffern, New York

Debt Service Fund

Balance Sheet

May 31, 2014

ASSETS

Cash and equivalents	\$ 8,398
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LIABILITIES AND FUND BALANCE

Liabilities

Due to other funds	\$ 7,340
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FUND BALANCE

Restricted	1,058
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Total Liabilities and Fund Balance	\$ 8,398
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Village of Suffern, New York

Debt Service Fund

Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Year Ended May 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 675</u>	<u>\$ 675</u>
EXPENDITURES				
Serial bonds				
Principal	575,000	575,000	575,000	-
Interest	<u>229,495</u>	<u>229,495</u>	<u>229,495</u>	<u>-</u>
Total Expenditures	<u>804,495</u>	<u>804,495</u>	<u>804,495</u>	<u>-</u>
Deficiency of Revenues Over Expenditures	(804,495)	(804,495)	(803,820)	675
OTHER FINANCING SOURCES				
Transfers in	<u>804,495</u>	<u>804,495</u>	<u>796,494</u>	<u>(8,001)</u>
Net Change in Fund Balance	-	-	(7,326)	(7,326)
FUND BALANCE				
Beginning of Year	<u>-</u>	<u>-</u>	<u>8,384</u>	<u>8,384</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,058</u></u>	<u><u>\$ 1,058</u></u>

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Suffern, New York ("Village") as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 7, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 *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 Village'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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Village in a separate letter.

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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "O'Connor Davies, LLP".

O'Connor Davies, LLP

Harrison, New York

August 7, 2015

**Report on Compliance For Each Major Federal Program and Report on
Internal Control Over Compliance**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Village of Suffern, New York's ("Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2014. The Village's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2014.

Report on Internal Control Over Compliance

Management of the Village 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 the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 OMB Circular A-133, 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 the Village'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 important 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
August 7, 2015

Village of Suffern, New York

Schedule of Expenditures of Federal Awards
Year Ended May 31, 2014

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Homeland Security</u>		
Indirect Program - Passed through the New York State Division of Homeland Security and Emergency Services		
Hazard Mitigation Grant	97.039	<u>\$ 1,029,124</u>

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

Village of Suffern, New York

Notes to Schedule of Expenditures of Federal Awards
May 31, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Village of Suffern ("Village") under programs of the federal government for the year ended May 31, 2014. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profits Organizations*. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position of the Village.

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 OMB Circular A-133, *Cost Principles for State, Local and Indian Tribal Governments*, which established principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

Village of Suffern, New York

Summary Schedule of Prior Audit Findings
Year Ended May 31, 2014

None

Village of Suffern, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weaknesses?

____ Yes X No

____ Yes X None reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

Internal Control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?

____ Yes X No

____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133

____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

97.039

Hazard Mitigation Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X Yes ____ No

Village of Suffern, New York

Schedule of Findings and Questioned Costs (Continued)
Year Ended May 31, 2014

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

