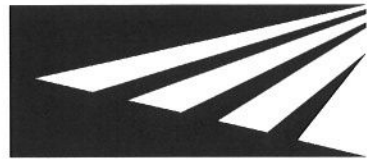


VILLAGE OF TARRYTOWN, NEW YORK
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
MAY 31, 2017
TOGETHER WITH AUDITOR'S REPORTS

VILLAGE OF TARRYTOWN, NEW YORK
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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Village of Tarrytown, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the remaining fund information and the fiduciary funds of the Village of Tarrytown, New York (the "Village"), as of and for the year ended May 31, 2017, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

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, the remaining fund information and the fiduciary funds of the Village of Tarrytown, New York, as of May 31, 2017, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NawrockiSmith

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for the retiree health plan, and pension schedules on pages 3 -13 and 51-60, respectively, 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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.

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 other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was 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 other supplementary 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 October 16, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Melville, New York
October 16, 2017

A handwritten signature in cursive script that reads "Nawrocki Smith" followed by the initials "UP".

VILLAGE OF TARRYTOWN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2017

The following is a discussion and analysis of the Village of Tarrytown, New York's (the "Village") financial performance for the fiscal year ended May 31, 2017. This section is a summary of the Village's financial activities based on currently known facts, decisions or conditions. It is also based on both the Village-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Village's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Village's governmental activities total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$10,746,403 (total net position). This consists of \$23,968,366 invested in capital assets, net of related debt, a restricted portion of \$10,595,710 and a deficit unrestricted portion of \$23,817,673.
- The Village's net position decreased \$2,235,654 compared to \$2,376,029 in 2016.
- The Village's total outstanding indebtedness increased \$6,234,474 as a result of a new year bond issuance, offset by current year debt service payments.
- Total Village's revenues from governmental activities decreased \$998,867 and expenses decreased \$1,139,242 from 2016.
- The Village's General Fund fund balance decreased \$519,138, compared to an increase of \$1,092,587 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: required supplementary information including management's discussion and analysis (this section), the basic financial statements and other supplementary information. The financial statements include two kinds of financial statements that present different views of the Village:

- The first two financial statements are *Village-wide financial statements* that provide both *short-term* and *long-term* information about the Village's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Village, reporting the Village's operations in *more detail* than the Village-wide financial statements.
- The *fund financial statements* tell how programs were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary fund financial statements* provide information about the financial relationships in which the Village acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Village's budget for the year.

Table A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the financial statements.

Table A-1: Major Features of the Village-Wide and Fund Financial Statements			
	Village-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Village (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary	Instances in which the Village administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) 	<ul style="list-style-type: none"> • Statement of Assets, Liabilities and Net Position • Statement of Changes in Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Village-Wide Financial Statements

The Village-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Village-wide financial statements report the Village's net position and how they have changed. Net position - the difference between the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the Village's financial health or *position*.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Village's overall health, you need to consider additional non-financial factors such as availability of Federal funding and the condition of buildings and other facilities.

In the Village-wide financial statements, the Village's activities are shown as *governmental activities*; most of the Village's basic services are included here. Property taxes, charges for services, operating grants and capital grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, focusing on its most significant or "major" funds - not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Village establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues (such as Federal grants).

The Village has two kinds of funds:

- *Governmental funds*: Most of the Village's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the Village-wide financial statements, reconciliations of the Village-wide and fund financial statements are provided which explain the relationship (or differences) between them.
- *Fiduciary funds*: The Village is the trustee or fiduciary, for assets that belong to others. The Village is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Village excludes these activities from the Village-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Financial Highlights:

Net position:

The Village's total assets and deferred outflows of resources on May 31, 2017 were approximately \$93.3 million, an increase of \$4.0 million over the prior year. Total liabilities and deferred inflows of resources were approximately \$82.5 million, an increase of \$6.2 million over the prior year. The result is a net position of \$10.7 million, a decrease of \$2.2 million over the prior year.

- Working capital of \$16.1 million as of May 31, 2017 compared with May 31, 2016 working capital of \$13.9 million. The increase in working capital is mainly the result of the increase in current assets being greater than the increase in current liabilities by approximately \$2.3 million.
- Net investment in capital assets decreased \$2,484,418 as result of current year capital asset additions exceeding depreciation expense, as well as the reduction of bonds and other debt that are directly related to those capital assets acquired by the Village offset by bond issuance in the current year.
- Net position decreased \$2,235,654 for the year ended May 31, 2017. Unrestricted net deficit was reduced \$4,557,983, as a result of current year expenses exceeding revenues by \$2,235,654, and as a result of the use of the Village's debt service reserve.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	<u>05/31/17</u>	<u>05/31/16</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 20,884,741	\$ 15,801,845	\$ 5,082,896	32.2
Capital assets, net	<u>68,397,008</u>	<u>66,754,479</u>	<u>1,642,529</u>	2.5
Total assets	<u>\$ 89,281,749</u>	<u>\$ 82,556,324</u>	<u>\$ 6,725,425</u>	8.1
Deferred outflows of resources	<u>\$ 4,009,437</u>	<u>\$ 6,728,408</u>	<u>\$ (2,718,971)</u>	(40.4)
Current liabilities	\$ 4,772,228	\$ 1,940,476	\$ 2,831,752	145.9
Noncurrent liabilities	<u>77,119,499</u>	<u>73,567,929</u>	<u>3,551,570</u>	4.8
Total liabilities	<u>\$ 81,891,727</u>	<u>\$ 75,508,405</u>	<u>\$ 6,383,322</u>	8.5
Deferred inflows of resources	<u>\$ 653,056</u>	<u>\$ 794,270</u>	<u>\$ (141,214)</u>	(17.8)
Net position:				
Net investment in capital assets	\$ 23,968,366	\$ 26,452,784	\$ (2,484,418)	(9.4)
Restricted	10,595,710	5,788,963	4,806,747	83.0
Unrestricted	<u>(23,817,673)</u>	<u>(19,259,690)</u>	<u>(4,557,983)</u>	(23.7)
Total net position	<u>\$ 10,746,403</u>	<u>\$ 12,982,057</u>	<u>\$ (2,235,654)</u>	(17.2)

Change in Net Position

The Village's program revenues for the year ended May 31, 2017 were \$10.1 million, a decrease of \$1.8 million from 2016, which is related to a decrease across all categories. General revenues of \$18.9 million is an increase of approximately \$791K over last year. Total revenues were \$29.1 million, which is a decrease of \$999K. Expenses decreased \$1.1 million as a result of decreases in most expense categories with the exception of culture and recreation and home and community services. This resulted in a negative change in net position for the year ended May 31, 2017 of approximately \$2.2 million. The table below outlines a comparison of revenues and expenses for the Village for the years ended May 31, 2017 and May 31, 2016.

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	<u>05/31/17</u>	<u>05/31/16</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services, fees, fines and forfeitures	\$ 9,621,025	\$ 10,264,239	\$ (643,214)	(6.3)
Operating grants and contributions	235,973	556,687	(320,714)	(57.6)
Capital grants and contributions	272,972	1,099,148	(826,176)	(75.2)
General revenues:				
Real property taxes	15,408,433	15,147,333	261,100	1.7
Other tax items	58,038	62,609	(4,571)	(7.3)
Non-property tax items	2,174,696	2,125,675	49,021	2.3
State aid - unrestricted	528,495	500,232	28,263	5.6
Use of money and property	131,846	32,123	99,723	310.4
Sale of property and compensation for loss	4,308	2,567	1,741	67.8
Miscellaneous	617,956	261,996	355,960	135.9
Total revenues	<u>29,053,742</u>	<u>30,052,609</u>	<u>(998,867)</u>	<u>(3.3)</u>
Expenses				
General government	4,969,508	6,222,138	(1,252,630)	(20.1)
Public safety	10,969,636	12,522,838	(1,553,202)	(12.4)
Health	10,920	13,017	(2,097)	(16.1)
Transportation	2,230,774	2,570,513	(339,739)	(13.2)
Economic opportunity and assistance	62,056	88,179	(26,123)	(29.6)
Culture and recreation	4,276,044	3,662,208	613,836	16.8
Home and community services	7,257,948	5,788,472	1,469,476	25.4
Debt service - interest	1,512,510	1,561,273	(48,763)	(3.1)
Total expenses	<u>31,289,396</u>	<u>32,428,638</u>	<u>(1,139,242)</u>	<u>(3.5)</u>
Decrease in net position	<u>\$ (2,235,654)</u>	<u>\$ (2,376,029)</u>	<u>\$ 140,375</u>	<u>5.9</u>

Table A-4: Sources of Revenues for Fiscal Year 2017

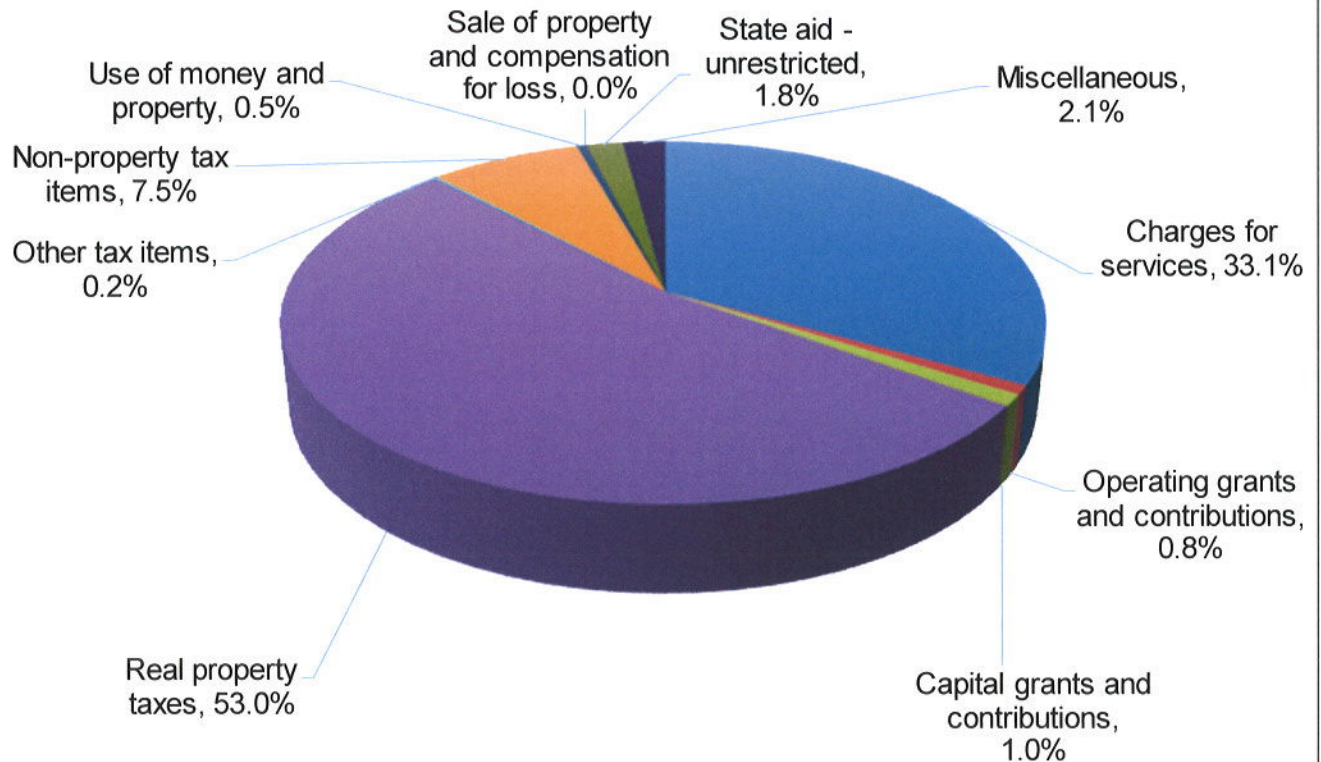


Table A-5: Sources of Revenues for Fiscal Year 2016

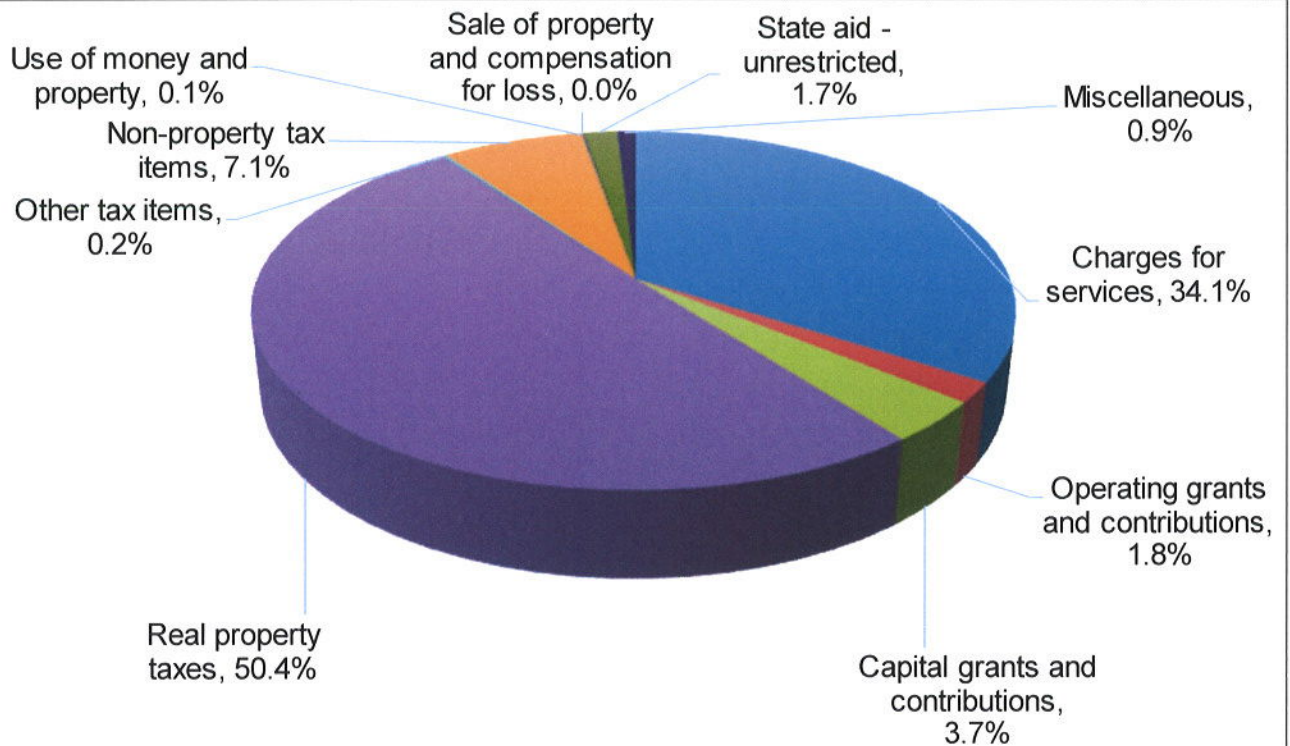


Table A-6: Expenses for Fiscal Year 2017

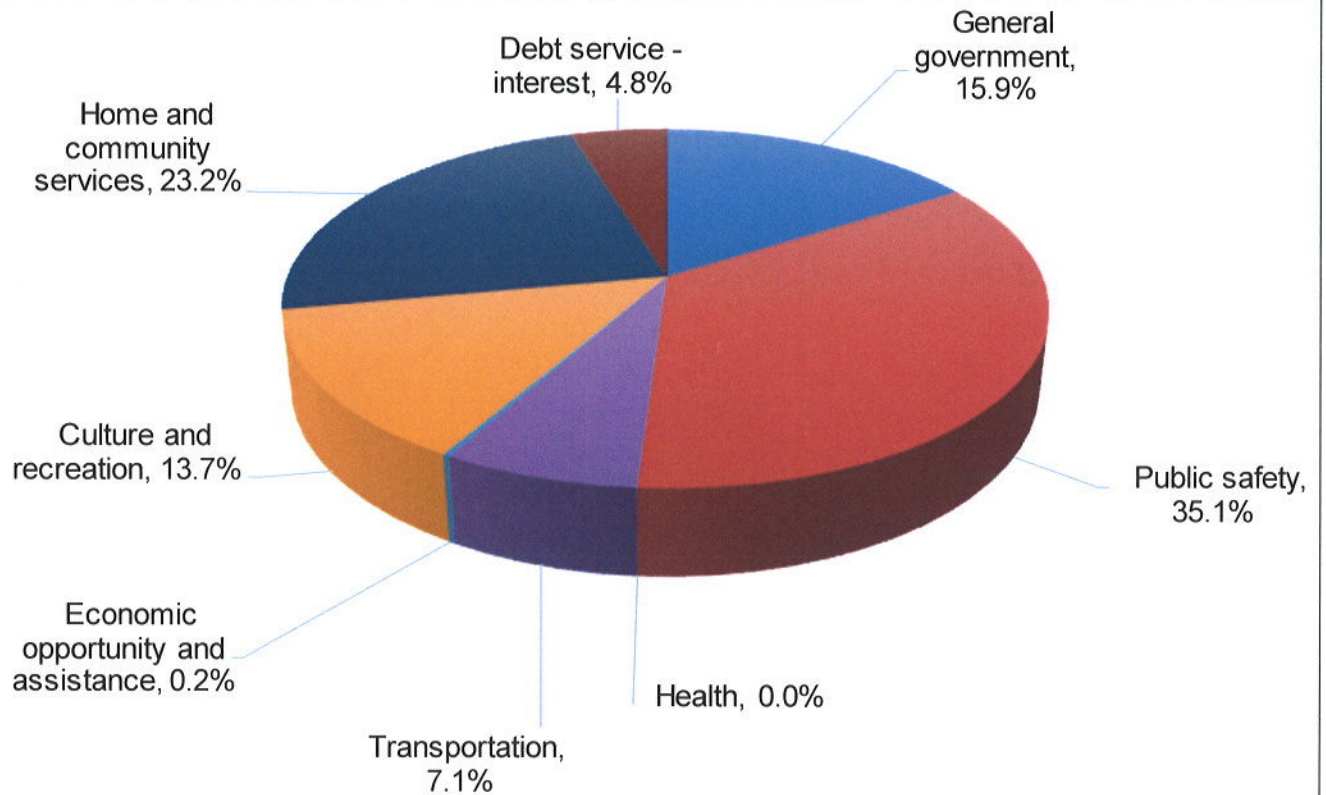
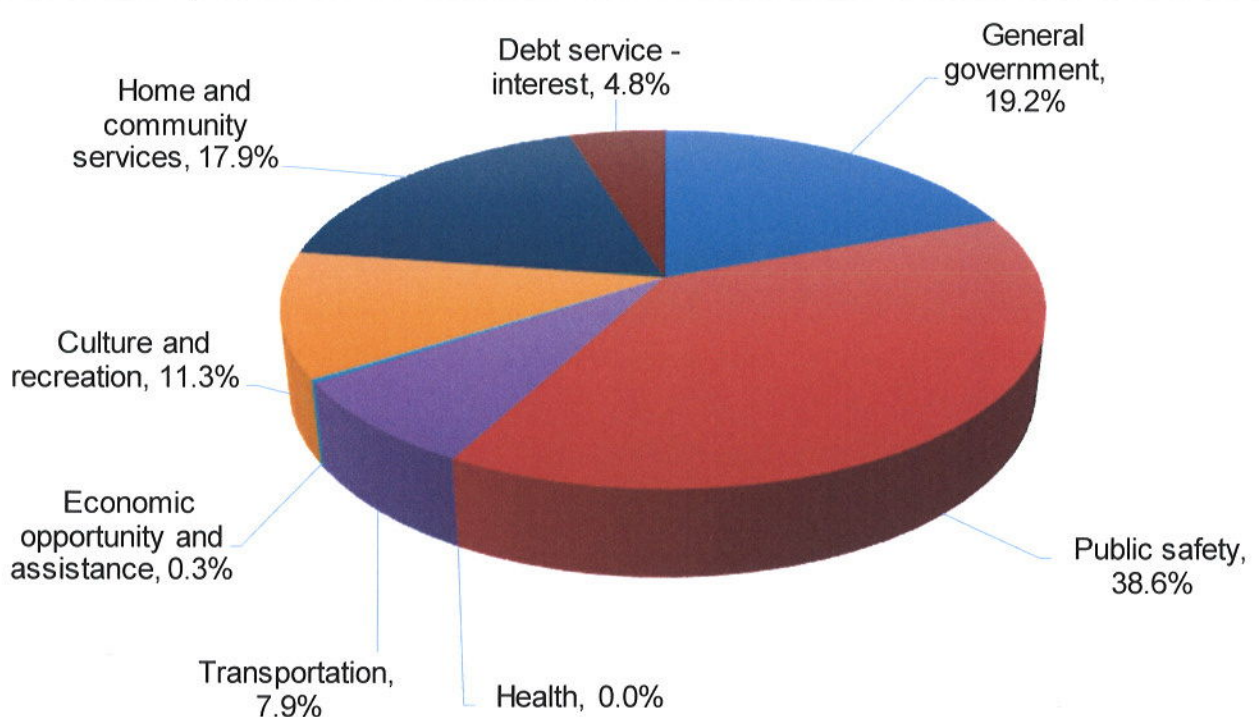


Table A-7: Expenses for Fiscal Year 2016



Governmental Activities

Revenues for the Village's governmental activities were consistent with the Village-wide operating results. Governmental expenditures exceed Village-wide expenditures due principally to payment for capital assets and long-term debt.

The primary program activities of the Village included:

- Police enforcement
- Fire protection
- Street maintenance
- Street lighting
- Snow removal
- Recreational activities
- Code enforcement
- Refuse disposal
- Sewage treatment
- Zoning

Substantially all of the Village's revenues are generated through real property taxes, charges for services, non-property tax items, operating grants and capital grants.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

Variances between years for the fund financial statements are not the same as variances between years for the Village-wide financial statements. The Village's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt.

The Village's fund financial statements show the following variations year over year:

- General Fund total assets decreased \$496,444. The decrease was generally due to a decrease in cash and due from other governments due to the timing of payments received for New York State and county aid.
- General Fund total liabilities increased \$22,694 due to an increase in unearned revenue and parking permits paid in advance offset by a decrease in due to employees' retirement system.
- General Fund reported an excess of revenues over expenditures, before other financing sources (uses), of \$423,657. Total change in fund balance including all sources was a negative \$519,138, compared to an increase of \$1,092,587 in the previous year.
- General Fund revenues decreased \$582,286, mainly due a decrease in licenses and permits revenue, offset by increases in real property taxes and miscellaneous sources.
- General Fund expenditures decreased \$1,313,048, primarily due to decreases in general government, public safety, and transportation, offset by an increase in culture and recreation.

- General Fund other financing uses were \$942,795 as a result of budgeted transfers out to the Water Fund and Library Fund offset by budget transfers in from the Water Fund and a premium on bond issued.
- Water Fund total assets increased \$840,714 as a result of increases in cash and due from other funds.
- Water Fund total liabilities increased \$440,473 as a result of increases in accounts payable and due to other funds.
- Water Fund departmental revenue increased \$757,778, primarily due to increased metered sales.
- Water Fund expenditures increased \$550,508, primarily due to an increase in home and community services

As of May 31, 2017, the Village's governmental funds had a combined fund balance of \$19,267,739, which is an increase of \$5,063,273 from the previous year. Fund balances for the Village's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	<u>05/31/17</u>	<u>05/31/16</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 8,099,133	\$ 8,618,271	\$ (519,138)	(6.0)
Water Fund	316,171	(84,070)	400,241	476.1
Capital Projects Fund	9,429,291	4,362,411	5,066,880	116.1
Sewer Fund	341,923	264,422	77,501	29.3
Library Fund	146,803	164,580	(17,777)	(10.8)
Special Purpose Fund	<u>934,418</u>	<u>878,852</u>	<u>55,566</u>	6.3
Total fund balances	<u>\$ 19,267,739</u>	<u>\$ 14,204,466</u>	<u>\$ 5,063,273</u>	35.6

General Fund Budgetary Highlights

Reference is made to the budget vs. actual schedules on pages 51 - 53 which presents budget and actual results for the Village's General Fund, Water Fund, and Library Fund.

- Actual revenues (before appropriations of fund balance) in the General Fund were more than budgeted revenues by \$668,154 primarily due to greater than expected revenues related to departmental income, fines and forfeitures, licenses and permits and State and local aid.
- Actual expenditures in the General Fund were less than budgeted by \$205,309 primarily due to less than anticipated spending in all of the Village's functional categories with the exception of culture and recreation and home and community services.
- Actual revenues in the Water Fund were less than budget by \$335,639 primarily due to departmental income coming in under budget.
- Actual expenditures in the Water Fund were more than anticipated by \$262,525 due to more than budgeted spending on home and community services.
- Actual revenues in the Library Fund were less than budget by \$4,293 primarily due to miscellaneous sources coming in under budget.
- Actual expenditures in the Library Fund were less than anticipated by \$85,723 due to more than budgeted spending on home and community services and culture and recreation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of May 31, 2017, the Village had invested \$68,397,008, net of depreciation, in a broad range of capital assets, including land, buildings and building improvements, machinery and equipment, infrastructure and construction-in-progress.

Table A-9: Capital Assets (net of depreciation)				
	<u>05/31/17</u>	<u>05/31/16</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 15,743,487	\$ 15,743,487	\$ -	-
Buildings and building improvements	18,263,031	17,566,073	696,958	4.0
Machinery and equipment	3,730,230	3,830,914	(100,684)	(2.6)
Infrastructure	25,761,643	25,546,601	215,042	0.8
Construction-in-progress	4,898,617	4,067,404	831,213	20.4
Totals	<u>\$ 68,397,008</u>	<u>\$ 66,754,479</u>	<u>\$ 1,642,529</u>	2.5

Long-Term Liabilities

As of May 31, 2017, the Village had total outstanding long-term liabilities of \$80,022,238.

The Village's current outstanding bonded indebtedness was \$55,261,994 as of May 31, 2017. During the 2016-17 fiscal year, the Village issued a new public improvement serial bond in the amount of \$8,587,236. The Village currently has eight outstanding bonds, maturing at various times through the year ending May 31, 2038.

Pursuant to New York State Local Finance Law §104, the Village's outstanding long-term debt must be no more than 7% of the five-year average full valuation of real property. This is also known as the "constitutional debt limit". At May 31, 2017, the Village had exhausted 2.0% of its limit.

In accordance with GASB Statement No. 68, the Village has accrued \$3,760,415 for their proportionate share of the New York State Local Retirement Systems net pension liability. The Village makes a yearly payment for their proportionate share of the pension's funds expense. The Village has accrued a \$19.4 million obligation for other post-employment benefits in accordance with GASB Statement No. 45 on the Village-wide financial statements. See Note 11, in the notes to financial statements for more detailed information.

Table A-10: Long-Term Liabilities				
	<u>05/31/17</u>	<u>05/31/16</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 55,261,994	\$ 49,027,520	\$ 6,234,474	12.7
Net pension liability	3,760,415	5,849,782	(2,089,367)	(35.7)
Other post-employment benefits	19,380,000	16,980,000	2,400,000	14.1
Compensated absences	1,619,829	1,710,627	(90,798)	(5.3)
Totals	<u>\$ 80,022,238</u>	<u>\$ 73,567,929</u>	<u>\$ 6,454,309</u>	8.8

FACTORS BEARING ON THE FUTURE OF THE VILLAGE

At the time these financial statements were prepared and audited, the Village was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a Village in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- Changes in accounting principles which are set to be implemented in subsequent years will force the Village to recognize the full obligation due under other post-employment benefit arrangements. This could adversely affect the Village's Statement of Net Position by increasing the amount reported for total liabilities.
- The possibility of New York State allowing for the establishment of other post-employment benefit reserve funds is being discussed in the legislature. This would allow for the Village to set aside monies to meet other post-employment retirement benefits such as health insurance. The establishment of that reserve would increase the Village's ability to plan for the future.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Village's citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Attention: Village Treasurer
Village of Tarrytown, New York
One Depot Plaza
Tarrytown, New York 10591
(914) 631-7873

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2017

ASSETS

Current assets:	
Cash:	
Unrestricted	\$ 7,916,979
Receivables:	
Accounts receivable	303,357
Taxes	83,008
Water rents	761,452
Due from other governments	902,027
Due from fiduciary funds	55,000
Prepaid expenses	267,208
Noncurrent assets:	
Restricted cash	10,595,710
Capital assets:	
Non-depreciable capital assets	20,642,104
Depreciable capital assets, net	47,754,904
Total assets	<u>89,281,749</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge from refunding bonds	237,642
Pension related	<u>3,771,795</u>
Total deferred outflows of resources	<u>4,009,437</u>

LIABILITIES

Current liabilities:	
Payables:	
Accounts payable	694,706
Accrued expenses	113,415
Due to employees' retirement system	323,098
Interest payable	252,487
Unearned revenues	485,783
Noncurrent liabilities due within one year:	
Bonds payable, net	2,902,739
Noncurrent liabilities due in more than one year:	
Bonds payable, net	52,359,255
Net pension liability - proportionate share	3,760,415
Other post-employment benefits	19,380,000
Compensated absences	1,619,829
Total liabilities	<u>81,891,727</u>

DEFERRED INFLOWS OF RESOURCES

Pension related	<u>653,056</u>
Total deferred inflows of resources	<u>653,056</u>

NET POSITION

Net investment in capital assets	13,372,656
Restricted:	
Capital Projects	9,429,291
Water Fund	254,893
Library Fund	31,280
Sewer Fund	1,394
Special Purpose Fund	878,852
Unrestricted	<u>(13,221,963)</u>
Total net position	<u>\$ 10,746,403</u>

The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	
Expenses				
Functions and programs:				
Primary government -				
General government	\$ 4,969,508	\$ 34,443	\$ 39,844	\$ (3,490,900)
Public safety	10,969,636	108,757	125,810	(6,300,860)
Health	10,920	-	-	(10,920)
Transportation	2,230,774	20,407	23,606	(1,354,745)
Economic opportunity and assistance	62,056	-	-	(62,056)
Culture and recreation	4,276,044	36,953	42,747	(2,689,706)
Home and community services	7,257,948	35,413	40,965	(5,737,729)
Debt service - interest	1,512,510	-	-	(1,512,510)
Total primary government	\$ 31,289,396	\$ 235,973	\$ 272,972	(21,159,426)
General revenues:				
Real property taxes				15,408,433
Other tax items				58,038
Non-property tax items				2,174,696
State aid - unrestricted				528,495
Use of money and property				131,846
Sale of property and compensation for loss				4,308
Miscellaneous				617,956
Total general revenues				18,923,772
Change in net position				(2,235,654)
Total net position, beginning of year				12,982,057
Total net position, end of year				\$ 10,746,403

The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
MAY 31, 2017

	Major Funds				
	Special Revenue Fund		Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Water Fund			
ASSETS					
Cash:					
Unrestricted	\$ 6,945,846	\$ 246,442	\$ 206,980	\$ 517,711	\$ 7,916,979
Restricted	-	254,893	9,429,291	911,526	10,595,710
Receivables:					
Accounts receivable	292,438	-	3,074	7,845	303,357
Taxes	83,008	-	-	-	83,008
Water rents	-	761,452	-	-	761,452
Due from state and federal	16,397	-	-	-	16,397
Due from other governments	885,630	-	-	-	885,630
Due from other funds	231,036	338,964	85,000	6,862	661,862
Advances to other funds	338,964	-	-	-	338,964
Due from fiduciary funds	55,000	-	-	-	55,000
Prepaid expenses	267,208	-	-	-	267,208
Total assets	\$ 9,115,527	\$ 1,601,751	\$ 9,724,345	\$ 1,443,944	\$ 21,885,567
LIABILITIES					
Payables:					
Accounts payable	\$ 134,011	\$ 263,546	\$ 295,054	\$ 2,095	\$ 694,706
Accrued expenses	113,415	-	-	-	113,415
Due to employees' retirement system	283,185	21,208	-	18,705	323,098
Due to other funds	-	661,862	-	-	661,862
Advances from other funds	-	338,964	-	-	338,964
Unearned revenues	485,783	-	-	-	485,783
Total liabilities	1,016,394	1,285,580	295,054	20,800	2,617,828
FUND BALANCE					
Fund balance:					
Nonspendable	606,172	-	-	-	606,172
Restricted	-	254,893	9,429,291	911,526	10,595,710
Assigned	1,215,432	61,278	-	511,618	1,788,328
Unassigned	6,277,529	-	-	-	6,277,529
Total fund balance	8,099,133	316,171	9,429,291	1,423,144	19,267,739
Total liabilities and fund balance	\$ 9,115,527	\$ 1,601,751	\$ 9,724,345	\$ 1,443,944	\$ 21,885,567

The accompanying notes are an integral
part of this balance sheet.

VILLAGE OF TARRYTOWN, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2017

Total Fund Balance - Governmental Funds	\$ 19,267,739
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 20,642,104	
Depreciable	76,501,807	
Accumulated depreciation	(28,746,903)	68,397,008

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable, net	(55,261,994)	
Other post-employment benefits	(19,380,000)	
Compensated absences	(1,619,829)	(76,261,823)

Governmental funds do not report the effect of losses on refunding bonds whereas these amounts are deferred and amortized in the Statement of Activities.

Deferred charge on refunding bond	237,642
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Pension related items are not reported in the fund financial statements since they are not related to current financial resources. The pension related items included in the governmental activities consist of the following:

Net pension liability - proportionate share	(3,760,415)	
Deferred outflows of resources	3,771,795	
Deferred inflows of resources	(653,056)	(641,676)

Interest payable applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

	(252,487)
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Net Position - Governmental Activities	\$ 10,746,403
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VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2017

	Major Funds				
		Special Revenue Fund			
	General Fund	Water Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 15,408,433	\$ -	\$ -	\$ -	\$ 15,408,433
Other tax items	58,038	-	-	-	58,038
Non-property tax items	2,174,696	-	-	-	2,174,696
Departmental income	2,050,001	5,245,821	-	125,550	7,421,372
Intergovernmental revenue	316,066	-	-	687,412	1,003,478
Fines and forfeitures	592,382	-	-	-	592,382
Use of money and property	131,372	-	-	474	131,846
Licenses and permits	806,859	-	-	-	806,859
State and local aid	528,495	-	272,972	-	801,467
Federal aid	32,907	-	-	-	32,907
Sale of property and compensation for loss	4,308	-	-	-	4,308
Miscellaneous	307,423	38,331	11,210	260,992	617,956
Total revenues	22,410,980	5,284,152	284,182	1,074,428	29,053,742
EXPENDITURES					
Current -					
General government	3,268,794	39,669	-	31,020	3,339,483
Public safety	5,822,752	-	-	-	5,822,752
Health	10,920	-	-	-	10,920
Transportation	1,265,035	-	-	-	1,265,035
Economic opportunity and assistance	62,056	-	-	-	62,056
Culture and recreation	1,286,365	-	-	1,240,890	2,527,255
Home and community services	1,135,139	3,848,040	-	13,500	4,996,679
Employee benefits	6,063,014	372,325	-	409,665	6,845,004
Capital outlay	-	-	3,804,538	-	3,804,538
Debt service -					
Principal	1,955,959	537,061	-	21,980	2,515,000
Interest	1,117,289	480,384	-	27,277	1,624,950
Total expenditures	21,987,323	5,277,479	3,804,538	1,744,332	32,813,672
Excess (deficiency) of revenues over (under) expenditures	423,657	6,673	(3,520,356)	(669,904)	(3,759,930)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bond	-	-	8,587,236	-	8,587,236
Premium on issuance of bond	146,363	89,604	-	-	235,967
Interfund transfers in	35,000	338,964	-	785,194	1,159,158
Interfund transfers out	(1,124,158)	(35,000)	-	-	(1,159,158)
Total other financing sources (uses)	(942,795)	393,568	8,587,236	785,194	8,823,203
Change in fund balance	(519,138)	400,241	5,066,880	115,290	5,063,273
Fund balance (deficit), beginning of year	8,618,271	(84,070)	4,362,411	1,307,854	14,204,466
Fund balance, end of year	\$ 8,099,133	\$ 316,171	\$ 9,429,291	\$ 1,423,144	\$ 19,267,739

The accompanying notes are an integral part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2017

Net Change in Fund Balance - Governmental Funds \$ 5,063,273

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. The amount by which capital outlay exceeds depreciation expense in the current period is:

Capital outlay, net	\$ 3,900,620	
Depreciation expense	<u>(2,258,091)</u>	1,642,529

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Proceeds from issuance of bond	(8,587,236)	
Premium on issuance of bond	(235,967)	
Repayment of bond principal	<u>2,515,000</u>	(6,308,203)

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:

Other post-employment benefits	(2,400,000)	
Compensated absences	90,798	
Amortization of deferred charge from refunding bond	(51,899)	
Amortization of bond premium	73,729	
Accrued interest costs	<u>90,610</u>	(2,196,762)

Decreases in the proportionate share of the net pension liability reported in the Statement of Activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Pension related		<u>(436,491)</u>
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Net Change in Net Position - Governmental Activities \$ (2,235,654)

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
FIDUCIARY FUNDS
MAY 31, 2017

	Agency Funds	Combined Pension Trusts
	<hr/>	<hr/>
ASSETS		
Cash	\$ 386,053	\$ 45,428
Investments:		
U.S. equities	-	467,245
International equities	-	408,222
Taxable fixed income	-	914,689
Mixed and other assets	-	461,006
Mutual funds	-	545,262
	<hr/>	<hr/>
Total assets	<u>\$ 386,053</u>	<u>\$ 2,841,852</u>
LIABILITIES		
Accounts payable	\$ 10,369	\$ -
Due to governmental funds	55,000	-
Other liabilities	320,684	-
	<hr/>	<hr/>
Total liabilities	<u>\$ 386,053</u>	<u>-</u>
NET POSITION		
Restricted for:		
Combined Pension Trusts		<u>2,841,852</u>
Total net position		<u>2,841,852</u>
Total liabilities and net position		<u>\$ 2,841,852</u>

The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS - COMBINED PENSION TRUSTS
MAY 31, 2017

ADDITIONS

Employer contributions	\$ 238,596
Investment income and dividends, net	146,503
Net investment realized/unrealized gains	<u>21,696</u>

Total additions	<u>406,795</u>
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DEDUCTIONS

Benefits paid to participants and beneficiaries	165,306
Trustee expenses	2,905
Changes in benefits payable	11,747
Administrative fees	<u>4,664</u>

Total deductions	<u>184,622</u>
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Change in net position	222,173
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Net position held in trust for retiree benefits, beginning of year	<u>2,619,679</u>
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Net position held in trust for retiree benefits, end of year	<u><u>\$ 2,841,852</u></u>
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The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2017

1. Summary of significant accounting policies

The financial statements of the Village of Tarrytown, New York (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below.

A. Financial reporting entity

The Village of Tarrytown, New York, which was established in 1870 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 of the overall operation of the Village. The Mayor serves as Chief Executive Officer and the Treasurer serves as Chief Fiscal Officer. The Mayor and the Board of Trustees appoint the Village Treasurer. The Mayor, with ratification by the Board of Trustees, annually appoints the principal department heads.

The Village provides a full range of municipal services including general support, public safety, health, transportation, economic opportunity and assistance, culture and recreation, and home and community service.

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

B. Basis of presentation

1. Village-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These financial statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific (when applicable).

The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate financial statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Village records its transactions in the fund types described below:

- a. Governmental funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (the sources, uses and balances of current financial resources). The following are the Village's governmental fund types:

Major Funds:

General Fund - the principal operating fund which includes all operations not required to be recorded in other funds.

Special Revenue Fund - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Fund is utilized:

Water Fund - used to account for water utility operations, which renders services on a user charge basis to the general public.

Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or resurfacing of major capital facilities and equipment.

Non-Major Funds:

Sewer Fund - The Sewer Fund is used to account for the activities of the sewer operations of the Village, which renders service on a user charge basis to the general public.

Library Fund - The Library Fund is used to account for the activities of the Village's Public Library.

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.

- b. Fiduciary funds - used to account for assets held by the local government in a trustee or custodial capacity:

Agency Funds - used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

Combined Pension Trust Funds - These funds are used to account for trust arrangements in which principal and income benefit a Length of Service Award Program. The fund is governed by Article 11-A of the New York State General Municipal Law.

C. Measurement focus and basis of accounting

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows of resources, liabilities and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Modified accrual basis - the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, installment purchase debt, other post-employment benefits, amortized retirement costs, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Material revenues that are accrued include real property taxes, State and Federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made and the resources are available.

Accrual basis - the Village-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

D. Property taxes

Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in two installments due in June and December. The Village has the responsibility for the billing and collection of its own taxes.

E. Interfund transactions

Interfund transactions have been eliminated from the Village-wide financial statements. In the fund financial statements, interfund transactions include:

1. Interfund revenues

Interfund revenues represent amounts charged for services or facilities provided by one fund to another fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of the fund receiving the service.

2. Operating transfers

Other transactions between funds include loans and transfers of resources to service debt, residual equity transfers to close out completed capital projects and to allocate certain indirect expenses. The fund financial statements reflect such transfers as operating transfers.

F. Cash and cash equivalents

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months from the date acquired by the Village.

G. Receivables

Receivables include amounts due from New York State and other governments or entities for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred. All receivables are deemed collectable; therefore no allowance account has been established.

H. Restricted assets

Certain assets are classified as restricted assets because their use is restricted by contractual agreements and/or regulations.

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

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Village-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$5,000	Straight line	15-40 years
Machinery and equipment	\$5,000	Straight line	5-10 years
Infrastructure	\$5,000	Straight line	40 years

J. Deferred outflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 that time.

K. Deferred inflows of resources/unearned revenues

Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measureable and available criteria for recognition in the current period. Unearned revenues arise when the Village receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to the resources, the deferred inflow/unearned revenue is removed and revenues are recorded.

L. Long-term obligations

The liabilities for long-term obligations consisting of general long-term debt, proportionate share of the net pension liability, other post-employment benefit obligations and compensated absences are recognized in the Village-wide financial statements. Bond premiums, discounts and any prepaid bond insurance costs are deferred and amortized over the life of the bonds using the straight line method, and bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, long-term obligations are not reported as liabilities. The debt proceeds (when applicable) are reported as other financing sources and payment of principal and interest are reported as expenditures when paid.

M. Compensated absences

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations in the Village-wide financial statements. The current portion of this debt is estimated based on historical trends. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Vested vacation and sick leave is recorded in governmental funds as a fund liability and expenditures, if payable from current resources.

N. Post-employment benefits

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors that meet the requirements within the Village's policies. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. The liability for other post-employment benefits is recorded as a long-term obligation in the Village-wide financial statements.

O. Net position

In the Village-wide financial statements, there can be three classes of net position:

1. Net investment in capital assets: consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted: consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted: is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund financial statements

In the fund financial statements, there can be five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes advances and prepaid expenditures recorded in the General Fund of \$338,964 and \$267,208, respectively.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Village has established the following restricted fund balance:

Capital Projects

Capital projects funds are used to account for and report financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets, and accordingly the Village has reflected its fund balance as such. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments

Debt Service

According to General Municipal Law §6-1, the Debt Service reserve must be established for the purpose of retiring the outstanding debt service payments on the general obligation bonds used to originally purchase the property. The funding of the reserve is from the proceeds of the sale of property or capital improvement.

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, i.e. the Board. The Village Board of Trustees is the decision-making authority that can, by Board resolution, commit fund balance. The Village has no committed fund balances as of May 31, 2017.

4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization agreements. The intent can be expressed by the Board or through the Board delegating this responsibility to the Village administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund. The Village reported amounts appropriated for the subsequent year and amounts appropriated for special purposes of \$834,845 and \$380,587, respectively, for the year ended May 31, 2017, within assigned fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the Village. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

Fund balances for all governmental funds as of May 31, 2017 were distributed as follows:

	General	Water	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid expenditures	\$ 267,208	\$ -	\$ -	\$ -	\$ 267,208
Advances	338,964	-	-	-	338,964
	606,172	-	-	-	606,172
Restricted:					
Capital projects	-	-	9,429,291	-	9,429,291
Debt service	-	254,893	-	911,526	1,166,419
Total restricted	-	254,893	9,429,291	911,526	10,595,710
Assigned:					
Encumbrances	-	19,837	-	793	20,630
Designated for special purpose	380,587	41,441	-	510,825	932,853
Designated for subsequent year's expenditures	834,845	-	-	-	834,845
Total assigned	1,215,432	61,278	-	511,618	1,788,328
Unassigned	6,277,529	-	-	-	6,277,529
	<u>\$ 8,099,133</u>	<u>\$ 316,171</u>	<u>\$ 9,429,291</u>	<u>\$ 1,423,144</u>	<u>\$ 19,267,739</u>

Net position and fund balance flow assumptions

Sometimes the Village will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned 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. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Insurance

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Village maintains insurance policies in amounts and on terms generally standard for municipalities to insure against these liabilities. These insurance policies limit the overall exposure to Village assets by providing a third party insurer to assume the risk and liabilities relating to claims. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities and useful lives of long-lived assets.

2. Explanation of certain differences between fund financial statements and Village-wide financial statements

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the Village-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the Village's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet.

B. Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) and the Statement of Activities fall into one of four broad categories. The categories are shown below:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension differences

Pension differences occur as a result of changes in the Village’s proportion of the collective net pension liability and differences between the Village’s contributions and its proportionate share of the total contributions to the pension systems.

3. **Stewardship, compliance and accountability**

A. Budgetary data

1. Budget policies

- 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, and Library Funds.
- f. Budgets for General, Water, and Library 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 Sewer or Special Purpose Funds.
- g. The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Trustees. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- h. Appropriations in General, Water and Library Funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappointed in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

2. Budget basis of accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

4. **Cash and cash equivalents and investments - custodial credit, concentration of credit and interest rate risks**

The Village's investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. The Village Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of May 31, 2017:

- Level 1 - U.S. Government equities, international equities, fixed income, mixed and other assets, and mutual funds totaling \$2,796,424 fluctuate in value in response to changes in interest rates and credit risk.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Custodial credit risk - deposits/investments: Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

GASB 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 with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name

Fund	Bank Balance	Carrying Amount	
General Fund	\$ 6,932,269	\$ 6,945,846	Insured (FDIC)/Collateralized
Water Fund	501,487	501,335	Insured (FDIC)
Capital Projects Fund	9,636,271	9,636,271	Insured (FDIC)
Sewer Fund	327,982	327,892	Insured (FDIC)
Library Fund	166,927	166,927	Insured (FDIC)
Special Purpose Fund	934,418	934,418	Insured (FDIC)
Agency Funds	2,354,429	431,481	Insured (FDIC)
	<u>\$ 20,853,783</u>	<u>\$ 18,944,170</u>	

Credit risk: State law limits investments to those authorized by State statutes. The Village has a written investment policy.

Interest-rate risk: Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid potential loss.

Concentration of credit risk: Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer. Pooled investments are permissible investments and are excluded from this regulation, which is what the Village's portfolio is made up of.

5. Receivables

A. Accounts and taxes receivable

As of May 31, 2017, there was \$303,357 and \$83,008 in general accounts receivable and taxes receivable outstanding, respectively. The majority of the balances outstanding pertain to hotel tax, fines and fees and utility fees owed to the Village.

B. Due from other governments

As of May 31, 2017, there was \$885,630 due from other governments which consisted of amounts due from Westchester County and the Town of Greenburgh.

6. Interfund balances and activity

Interfund receivable and payable balances as of May 31, 2017 primarily represent payment of grant and capital expenditures that will be reimbursed subsequent to year end. Balances at year end are stated as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 625,000	\$ -	\$ 35,000	\$ 1,124,158
Water Fund	338,964	1,000,826	338,964	35,000
Capital Projects Fund	85,000	-	-	-
Non-Major Governmental Funds	6,862	-	785,194	-
Agency Funds	-	55,000	-	-
Totals	<u>\$ 1,055,826</u>	<u>\$ 1,055,826</u>	<u>\$ 1,159,158</u>	<u>\$ 1,159,158</u>

7. Capital assets

Capital asset balances and activity for the year ended May 31, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 15,743,487	\$ -	\$ -	\$ 15,743,487
Construction-in-progress	4,067,404	2,305,498	(1,474,285)	4,898,617
Total non-depreciable assets	<u>19,810,891</u>	<u>2,305,498</u>	<u>(1,474,285)</u>	<u>20,642,104</u>
Capital assets that are depreciated:				
Buildings and building improvements	25,547,660	-	1,474,285	27,021,945
Machinery and equipment	13,448,362	648,609	-	14,096,971
Infrastructure	34,436,378	946,513	-	35,382,891
Total depreciable assets	<u>73,432,400</u>	<u>1,595,122</u>	<u>1,474,285</u>	<u>76,501,807</u>
Less accumulated depreciation:				
Buildings and building improvements	7,981,587	777,327	-	8,758,914
Machinery and equipment	9,617,448	749,293	-	10,366,741
Infrastructure	8,889,777	731,471	-	9,621,248
Total accumulated depreciation	<u>26,488,812</u>	<u>2,258,091</u>	<u>-</u>	<u>28,746,903</u>
Total capital assets, net	<u>\$ 66,754,479</u>	<u>\$ 1,642,529</u>	<u>\$ -</u>	<u>\$ 68,397,008</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 329,599
Public safety	1,040,726
Transportation	195,277
Culture and recreation	353,614
Home and community services	338,875
	<u>\$ 2,258,091</u>

8. Long-term debt

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 48,659,010	\$ 8,587,236	\$ 2,515,000	\$ 54,731,246	\$ 2,829,010
Premium on bonds payable	368,510	235,967	73,729	530,748	73,729
Bonds payable, net	49,027,520	8,823,203	2,588,729	55,261,994	2,902,739
Net pension liability	5,849,782	-	2,089,367	3,760,415	-
Other post-employment benefits	16,980,000	3,670,000	1,270,000	19,380,000	-
Compensated absences	1,710,627	-	90,798	1,619,829	-
Total long-term liabilities	<u>\$ 73,567,929</u>	<u>\$ 12,493,203</u>	<u>\$ 6,038,894</u>	<u>\$ 80,022,238</u>	<u>\$ 2,902,739</u>

General obligation bonds - the Village borrows money in order to acquire land or equipment or to construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government.

During the year ended May 31, 2017, the Village issued public improvement serial bonds in the principal amount of \$8,587,236. This bond bears interest at 3.00%, and will fully mature during the year ending May 31, 2037.

The following is a summary of bonds payable:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 5/31/2017
Public improvement serial bonds	11/1/2008	11/1/2028	3.25 - 5.00%	\$ 1,660,000
Public improvement refunding serial bonds	9/15/2010	9/15/2020	4.00%	2,210,000
Public improvement serial bonds	5/15/2013	5/15/2032	2.00 - 3.00%	5,135,000
Public improvement serial bonds	10/15/2013	10/15/2037	2.00 - 4.25%	25,140,000
Public improvement refunding serial bonds	3/15/2014	3/15/2025	2.00 - 2.25%	3,880,000
Public improvement serial bonds	4/1/2014	4/1/2032	2.50 - 3.50%	1,055,000
Public improvement serial bonds	6/15/2015	6/15/2035	2.00 - 3.50%	7,064,010
Public improvement serial bonds	6/15/2016	6/15/2036	3.00%	8,587,236
				<u>\$ 54,731,246</u>

The following table summarizes the Village's future bonded debt service requirements:

Year Ended May 31,	Principal	Interest	Total
2018	\$ 2,829,010	\$ 1,739,623	\$ 4,568,633
2019	3,222,236	1,643,790	4,866,026
2020	3,255,000	1,550,034	4,805,034
2021	3,185,000	1,455,013	4,640,013
2022	2,660,000	1,372,259	4,032,259
2023-2027	12,490,000	5,790,381	18,280,381
2028-2032	13,055,000	3,825,650	16,880,650
2033-2038	14,035,000	1,544,059	15,579,059
	<u>\$ 54,731,246</u>	<u>\$ 18,920,809</u>	<u>\$ 73,652,055</u>

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 1,624,950
Less interest accrued in the prior year	(343,097)
Plus interest accrued in the current year	252,487
Amortization of premiums and deferred charges	<u>(21,830)</u>
Interest expense	<u>\$ 1,512,510</u>

Other long-term debt - in addition to the above long-term debt, the Village had the following non-current liabilities:

Other post-employment benefits - represents the amortized portion of the annual required contribution for the Village's cost of health benefits for retirees.

Compensated absences - represents the value of earned and unused portion of the liability for compensated absences.

The liability for compensated absences is liquidated through the General Fund.

9. Pension Plans

Plan description

The Village of Tarrytown, New York participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State and Local Police and Fire Retirement System ("NYSPFRS") which are collectively referred to as New York State and Local Retirement System (the "System"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) NYSERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (NYSERS) or January 9, 2010 (NYSPFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYSPFRS</u>
2017	\$ 772,510	\$ 1,046,328
2016	1,015,139	938,617
2015	889,833	1,226,808

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At May 31, 2017, the Village reported a liability of \$1,515,010 for NYSERS and \$2,245,405 for NYSPFRS for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2016. Update procedures were used to roll forward the pension liability to March 31, 2017. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

	<u>NYSERS</u>	<u>NYSPFRS</u>
Actuarial valuation date	April 1, 2016	April 1, 2016
Net pension liability	\$ 1,515,010	\$ 2,245,405
Village's portion of the Plans' total net position liability	0.016124%	0.108335%

For the year ended May 31, 2017, the Village recognized pension expense of \$977,463 for NYSERS and \$1,419,294 for NYSPFRS. At May 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources - NYSERS</u>	<u>Deferred Outflows of Resources - NYSPFRS</u>	<u>Deferred Inflows of Resources - NYSERS</u>	<u>Deferred Inflows of Resources - NYSPFRS</u>
Differences between expected experience and actual experience	\$ 37,965	\$ 294,558	\$ (230,063)	\$ (387,956)
Changes of assumptions	517,583	1,106,216	-	-
Net difference between projected and actual earnings on pension plan investments	302,609	335,348	-	-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	352,426	366,518	(35,037)	-
Employer contributions made subsequent to the measurement date	<u>194,768</u>	<u>263,804</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,405,351</u>	<u>\$ 2,366,444</u>	<u>\$ (265,100)</u>	<u>\$ (387,956)</u>

Deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>NYSERS</u>	<u>NYSPFRS</u>
<u>For the year ended:</u>		
2018	\$ 396,391	\$ 543,769
2019	396,391	543,769
2020	337,747	518,739
2021	(185,046)	27,623
2022	-	80,784

Actuarial assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

	<u>NYSERS</u>	<u>NYSPPFRS</u>
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Interest rate	7.00%	7.00%
Salary scale	3.80%	4.50%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.50%	2.50%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

<u>NYSERS and NYSPPFRS</u>		
<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return strategies	2.00%	4.00%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Domestic equity	36.00%	4.55%
Inflation-indexed bonds	4.00%	1.50%
International equity	14.00%	6.35%
Opportunistic portfolio	3.00%	5.89%
Private equity	10.00%	7.75%
Real assets	3.00%	5.54%
Real estate	10.00%	5.80%
	<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<u>NYSERS</u>	<u>1% Decrease (6.00%)</u>	<u>Current assumption (7.00%)</u>	<u>1% Increase (8.00%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 4,838,642	\$ 1,515,010	\$ (1,295,115)

<u>NYSPFRS</u>	<u>1% Decrease (6.00%)</u>	<u>Current assumption (7.00%)</u>	<u>1% Increase (8.00%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 6,365,592	\$ 2,245,405	\$ (1,210,424)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of April 1, 2016, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSPFRS</u>	<u>Total</u>
Employers' total pension liability	\$ 177,400,586	\$ 31,670,483	\$ 209,071,069
Plan net position	<u>168,004,363</u>	<u>29,597,830</u>	<u>197,602,193</u>
Employers' net pension liability	<u>\$ 9,396,223</u>	<u>\$ 2,072,653</u>	<u>\$ 11,468,876</u>
Ratio of plan net position to the Employers' total pension liability	94.70%	93.46%	94.51%

10. Length of Service Award Programs (collectively, “LOSAP” or “Programs”)

Ambulance Corps Service Awards Program

Program Description

The Village sponsors a defined benefit LOSAP effective January 1, 2003 for active ambulance corps of the Village. The Program provides municipally-funded deferred compensation to ambulance corps to facilitate the recruitment and retention of active ambulance corps. The Village is the Sponsor of the Program and the Program Administrator.

Funding policy

The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program is non-contributory. The Village is required to contribute the total amount sufficient to cover the normal cost of the plan.

Participation, vesting and service credit

In a defined benefit LOSAP, participating volunteers begin to be paid a Service Award upon attainment of the Program's Entitlement Age. An eligible Program Participant is defined by the Program Sponsor to be an active ambulance corps member who is at least 18 years of age and has earned one year of Service Award Program Service Credit. The amount of the service award paid to a participant is based upon the number of years of Service Credit the volunteer earned under the Program for performing active ambulance corps activities.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for five years of service or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 65. An active ambulance corps member earns a year of Service Award Program Service Credit for each calendar year after the establishment of the Program in which he or she accumulates fifty points. Points are granted for the performance of certain ambulance corps in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Award Program Service Credit for five years of active ambulance corps services rendered prior to the establishment of the Program as an active ambulance corps member of the Village.

Benefits

A Participant's Service Award benefit is paid as a continuous monthly payment life annuity. The amount payable each month equals \$20 for each year of service credit. The maximum number of years of Service Credit a Participant may earn under the Program is 20 years. Currently, there are no forms of payment of a volunteer's earned Service Award under the program.

Except in the Case of Pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Program credit and to thereby increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the participant was an active ambulance corps member at the time of death, the minimum death benefit is the lump sum equal to the present value of the accrued benefit. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

Fiduciary investment and control

After the end of each calendar year, the Village prepares and certifies a list of names of all persons who were active volunteer members of the ambulance corps during the year indicating which volunteers earned fifty points. The certified list is delivered to the Board of Trustees for their review and approval. The Village must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Trustees. The Board of Trustees has retained Penflex, Inc. ("Penflex") to assist in the administration of the Program.

Based on the certified calendar year volunteer ambulance corps listings, Penflex determines and certifies in writing to the Board of Trustees the amount of the Service Award to be paid to the Participant or to a Participant's designated beneficiary. The person(s) authorized by the Board of Trustees then authorizes, in writing, the custodian of the Village's LOSAP Trust Fund to pay the Service Award. No Service Award benefit payment is made without the written certification from Penflex and the written directive from an authorized representative of the Board of Trustees.

Penflex bills the Village for the services it provides. Penflex's invoices are authorized for payment by the Board of Trustees in the same manner as any other invoice presented to the Village for payment. The Village pays Penflex invoices from its General Fund.

Authority to invest the Program assets is vested to the Program Trustee. Program assets are invested in accordance with a statutory prudent rule and in accordance with a written investment policy statement adopted by the Board of Trustees.

The Board of Trustees is required to retain an actuary to determine the amount of the Village's contributions to the plan. The actuary retained by the Village for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated July 19, 2017.

Program financial condition -

Actuarial present value of vested benefits	\$	608,062
Net assets available for benefit	\$	608,062

Receipts and disbursements -

Program net assets, beginning of year		\$	575,974
Changes during the year:			
Plan contributions	\$	31,210	
Investment income earned		30,749	
Benefits paid		(23,686)	
Trustee expenses		(2,905)	
Administrative fees		(3,280)	
			32,088
Program net assets, end of year		\$	608,062

Contributions -

Amount of sponsor's contribution recommended by actuary	\$	27,373
Amount of sponsor's actual contribution	\$	31,210

Funding methodology and actuarial assumptions

Normal costs -

The actuarial valuation methodology used by the actuary to determine the Sponsor's contribution is the attained age normal frozen initial liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment	6.00%
Mortality Tables used for:	
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability
Amortization Method	Level Dollar, open
Pre-entitlement Age Mortality Table	None
Post-entitlement Age Mortality Table	RP-2014 Mortality Table projected with Scale MP2016 to 2020, blended 60% male 40% female
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Pre-entitlement age withdrawal	None
Pre-entitlement age service credit accruals	100%

Firefighter Service Awards Program

Program Description

The Village sponsors a defined benefit LOSAP effective January 1, 2003 for active volunteer firefighters of the Village. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is the Sponsor of the Program and the Program Administrator.

Funding policy

The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program is non-contributory. The Village is required to contribute the total amount sufficient to cover the normal cost of the plan.

Participation, vesting and service credit

In a defined benefit LOSAP, participating volunteers begin to be paid a Service Award upon attainment of the Program's Entitlement Age. An eligible Program Participant is defined by the Program Sponsor to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Award Program Service Credit. The amount of the service award paid to a participant is based upon the number of years of Service Credit the volunteer earned under the Program for performing active volunteer firefighter activities.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for five years of service or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 60. An active volunteer firefighter earns a year of Service Award Program Service Credit for each calendar year after the establishment of the Program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Award Program Service Credit for five years of active volunteer firefighting rendered prior to the establishment of the Program as an active volunteer firefighter of the Village.

Benefits

A Participant's Service Award benefit is paid as a continuous monthly payment life annuity. The amount payable each month equals \$20 for each year of service credit. The maximum number of years of Service Credit a Participant may earn under the Program in 20 years. Currently, there are no forms of payment of a volunteer's earned Service Award under the program.

Except in the Case of Pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Program credit and to thereby increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the participant was an active volunteer firefighter at the time of death, the minimum death benefit is the lump sum equal to the present value of the accrued benefit. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

Fiduciary investment and control

After the end of each calendar year, the Village prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year indicating which volunteers earned fifty points. The certified list is delivered to the Board of Trustees for their review and approval. The Village must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Trustees. The Board of Trustees has retained Penflex, Inc. ("Penflex") to assist in the administration of the Program.

Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Board of Trustees the amount of the Service Award to be paid to the Participant or to a Participant's designated beneficiary. The person(s) authorized by the Board of Trustees then authorizes, in writing, the custodian of the Village's LOSAP Trust Fund to pay the Service Award. No Service Award benefit payment is made without the written certification from Penflex and the written directive from an authorized representative of the Board of Trustees.

Penflex bills the Village for the services it provides. Penflex's invoices are authorized for payment by the Board of Trustees in the same manner as any other invoice presented to the Village for payment. The Village pays Penflex invoices from its General Fund.

Authority to invest the Program assets is vested to the Program Trustee. Program assets are invested in accordance with a statutory prudent rule and in accordance with a written investment policy statement adopted by the Board of Trustees.

The Board of Trustees is required to retain an actuary to determine the amount of the Village's contributions to the plan. The actuary retained by the Village for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated June 2, 2017.

Program financial condition -

Actuarial present value of vested benefits	\$ 2,318,633
Net assets available for benefit	\$ 2,245,871

Receipts and disbursements -

Program net assets, beginning of year	\$ 2,077,482
Changes during the year:	
Plan contributions	\$ 207,386
Investment income earned	115,754
Benefits paid	(141,620)
Changes in benefits payable	(11,747)
Administrative fees	(1,384)
	168,389
Program net assets, end of year	\$ 2,245,871

Contributions -

Amount of sponsor's contribution recommended by actuary	\$ 172,463
Amount of sponsor's actual contribution	\$ 207,386

Funding methodology and actuarial assumptions

Normal costs -

The actuarial valuation methodology used by the actuary to determine the Sponsor's contribution is the attained age normal frozen initial liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment	5.50%
Mortality Tables used for:	
Actuarial Cost Method	Attained Age Normal Frozen Initial Liability
Amortization Method	Level Dollar, open
Pre-entitlement Age Mortality Table	None
Post-entitlement Age Mortality Table	RP-2014 Male Mortality Table
Remaining Amortization Period	-0- Years
Asset Valuation Method	Fair Market Value
Pre-entitlement age withdrawal	None
Pre-entitlement age service credit accruals	100%

11. Post-employment benefits

Plan description and annual other post-employment benefits ("OPEB") cost

The Village provides post-employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Village's contractual agreements.

The Village has implemented GASB Standards for Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. This required the Village to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 66 retired employees receive health benefits from the Village. The Village pays 100% of retiree cost and between 85% and 100% of dependent coverage.

The Village recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended May 31, 2017, the Village recognized \$1,270,000 for its share of insurance premiums for currently enrolled retirees.

The Village has obtained an actuarial valuation report as of June 1, 2016 which indicates that the total liability for other post-employment benefits was \$43,630,000.

The Village's annual OPEB cost (expense) for its plan is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

	For the Year Ended May 31, 2017
Annual required contribution	\$ 3,910,000
Interest on net OPEB obligation	760,000
Adjustment to annual required contribution	<u>(1,000,000)</u>
Annual OPEB cost	3,670,000
Contributions made	<u>(1,270,000)</u>
Increase in net OPEB obligation	2,400,000
Net OPEB obligation, beginning of year	<u>16,980,000</u>
Net OPEB obligation, end of year	<u><u>\$ 19,380,000</u></u>

Funded status and funding progress

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
05/31/17	\$ 3,670,000	34.6%	\$ 19,380,000
05/31/16	3,570,000	30.0%	16,980,000
05/31/15	3,440,000	27.9%	14,480,000

As of June 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$43,630,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$43,630,000. The covered payroll (annual payroll of active employees covered by the plan) was \$10,610,000 and the ratio of the UAAL to the covered payroll was 411.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 1, 2016 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5% initially, reduced by decrements of 0.50% to an ultimate rate of 5.0% after 10 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level dollar amortization method over a period of 30 years. The remaining amortization period at May 31, 2017 was 21 years.

12. Commitments and contingencies

A. Risk management and litigation

In common with other municipalities, the Village receives numerous notices of claims. Although the eventual outcome of the claims cannot presently be determined, it is the opinion of the Village and Village Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have a material adverse effect on the financial condition of the Village, in view of the Village's ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law. The Village is insured for workers' compensation insurance and disability insurance.

B. Government grants

The Village receives grants which are subject to audit by agencies of the federal government, New York State and local governments. Such audits may result in disallowances and a request for a return of funds. Based on past experience, the Village Administration believes disallowances, if any, would be immaterial.

C. Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012-2013 through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2% or the rate of inflation (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller recently set the allowable levy growth factor for local governments for fiscal years beginning January 1, 2016, at 0.16% (before exemptions). Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

13. Future accounting standards

The Village has adopted all current statements of GASB that are applicable. The following are changes in accounting standards that will be implemented when required:

GASB has issued Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions, which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73, which addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from actuarial standards, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 83, Certain Asset Retirement Obligations, which addresses the accounting and financial reporting for certain asset retirement obligations ("AROs"). The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2020.

GASB has issued Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during implementation and application of certain GASB statements, including: blending component units, goodwill, fair value measurement, and post-employment benefits. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 86, Certain Debt Extinguishment Issues, which addresses the aim to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 87, Leases, which addresses improving accounting and financial reporting for leases by governments. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2021.

The Village will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

14. Subsequent events

The Village has evaluated subsequent events occurring after the Statement of Net Position through the date of October 16, 2017, which is the date the financial statements were available to be issued. Based on this evaluation, the Village has determined that no subsequent events have occurred, which require disclosure in the financial statements.

**VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2017**

	Adopted Budget	Revised Budget	Actual	Year-End Encumbrances	Variance
REVENUES					
Real property taxes	\$ 15,408,536	\$ 15,408,536	\$ 15,408,433		\$ (103)
Other tax items	73,200	73,200	58,038		(15,162)
Non-property tax items	2,147,500	2,147,500	2,174,696		27,196
Departmental income	1,902,900	1,902,900	2,050,001		147,101
Intergovernmental revenue	314,815	314,815	316,066		1,251
Fines and forfeitures	480,000	480,000	592,382		112,382
Use of money and property	214,450	214,450	131,372		(83,078)
Licenses and permits	478,500	478,500	806,859		328,359
State and local aid	376,625	376,625	528,495		151,870
Federal aid	-	-	32,907		32,907
Sale of property and compensation for loss	7,500	7,500	4,308		(3,192)
Miscellaneous	338,800	338,800	307,423		(31,377)
Total revenues	21,742,826	21,742,826	22,410,980		668,154
EXPENDITURES					
Current -					
General government	3,335,874	3,335,874	3,268,794	\$ -	67,080
Public safety	6,045,076	6,045,076	5,822,752	-	222,324
Health	11,800	11,800	10,920	-	880
Transportation	1,374,514	1,374,514	1,265,035	-	109,479
Economic opportunity and assistance	70,842	70,842	62,056	-	8,786
Culture and recreation	995,844	995,844	1,286,365	-	(290,521)
Home and community services	1,087,769	1,087,769	1,135,139	-	(47,370)
Employee benefits	6,200,564	6,200,564	6,063,014	-	137,550
Debt service -					
Principal	1,953,823	1,953,823	1,955,959	-	(2,136)
Interest	1,116,526	1,116,526	1,117,289	-	(763)
Total expenditures	22,192,632	22,192,632	21,987,323	\$ -	205,309
Excess (deficiency) of revenues over (under) expenditures	(449,806)	(449,806)	423,657		873,463
OTHER FINANCING USES					
Premium on issuance of bond	-	-	146,363		146,363
Interfund transfers in	535,000	535,000	35,000		(500,000)
Interfund transfers out	(885,194)	(885,194)	(1,124,158)		(238,964)
Total other financing uses	(350,194)	(350,194)	(942,795)		(592,601)
Change in fund balance	(800,000)	(800,000)	(519,138)		\$ 280,862
Fund balance, beginning of year	8,618,271	8,618,271	8,618,271		
Fund balance, end of year	\$ 7,818,271	\$ 7,818,271	\$ 8,099,133		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER FUND
FOR THE YEAR ENDED MAY 31, 2017

	Adopted Budget	Revised Budget	Actual	Year-End Encumbrances	Variance
REVENUES					
Departmental income	\$ 5,603,791	\$ 5,603,791	\$ 5,245,821		\$ (357,970)
Miscellaneous	16,000	16,000	38,331		22,331
Total revenues	5,619,791	5,619,791	5,284,152		(335,639)
EXPENDITURES					
Current -					
General government	65,737	65,737	39,669	\$ -	26,068
Home and community services	3,575,432	3,575,432	3,848,040	19,837	(292,445)
Employee benefits	373,265	373,265	372,325	-	940
Debt service -					
Principal	539,207	539,207	537,061	-	2,146
Interest	481,150	481,150	480,384	-	766
Total expenditures	5,034,791	5,034,791	5,277,479	\$ 19,837	(262,525)
Excess of revenues over expenditures	585,000	585,000	6,673		(598,164)
OTHER FINANCING SOURCES					
Premium on issuance of bond	-	-	89,604		89,604
Interfund transfers in	-	-	338,964		338,964
Interfund transfers out	(585,000)	(585,000)	(35,000)		550,000
Total other financing sources	(585,000)	(585,000)	393,568		978,568
Change in fund balance	-	-	400,241		\$ 380,404
Fund balance, beginning of year	(84,070)	(84,070)	(84,070)		
Fund balance, end of year	\$ (84,070)	\$ (84,070)	\$ 316,171		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
FOR THE YEAR ENDED MAY 31, 2017

	Adopted Budget	Revised Budget	Actual	Year-End Encumbrances	Variance
REVENUES					
Departmental income	\$ 38,000	\$ 38,000	\$ 36,988		\$ (1,012)
Intergovernmental revenue	687,412	687,412	687,412		-
Miscellaneous	54,087	54,087	50,806		(3,281)
Total revenues	779,499	779,499	775,206		(4,293)
EXPENDITURES					
Current -					
General government	64,819	64,819	31,020	\$ -	33,799
Culture and recreation	1,139,671	1,139,671	1,092,916	793	45,962
Employee benefits	415,642	415,642	409,665	-	5,977
Debt service -					
Principal	21,970	21,970	21,980	-	(10)
Interest	22,591	22,591	22,596	-	(5)
Total expenditures	1,664,693	1,664,693	1,578,177	\$ 793	85,723
Deficiency of revenues under expenditures	(885,194)	(885,194)	(802,971)		81,430
OTHER FINANCING SOURCES					
Interfund transfers in	-	-	785,194		785,194
Total other financing sources	-	-	785,194		785,194
Change in fund balance	(885,194)	(885,194)	(17,777)		\$ 866,624
Fund balance, beginning of year	164,580	164,580	164,580		
Fund balance, end of year	\$ (720,614)	\$ (720,614)	\$ 146,803		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

REQUIRED
SUPPLEMENTARY
INFORMATION

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF FUNDING PROGRESS AND CONTRIBUTIONS
FOR THE AMBULANCE SERVICE AWARDS PROGRAM
FOR THE YEAR ENDED MAY 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Required Contribution	Percentage Contributed
12/31/2016	\$ 608,062	\$ 562,323	\$ (45,739)	108.1%	\$ 27,373	100.0%
12/31/2015	575,974	523,969	(52,005)	109.9%	31,210	100.0%
12/31/2014	575,479	500,664	(74,815)	114.9%	22,074	100.0%

REQUIRED
SUPPLEMENTARY
INFORMATION

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF FUNDING PROGRESS AND CONTRIBUTIONS
FOR THE FIRE SERVICE AWARDS PROGRAM
FOR THE YEAR ENDED MAY 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Required Contribution	Percentage Contributed
1/1/2017	\$ 2,245,871	\$ 2,681,327	\$ 435,456	83.8%	\$ 172,463	100.0%
1/1/2016	2,077,482	2,475,187	397,705	83.9%	188,182	100.0%
1/1/2015	2,099,623	2,266,395	166,772	92.6%	207,386	100.0%

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED MAY 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/1/2016	\$ -	\$ 43,630,000	\$ 43,630,000	0.0%	\$ 10,610,000	411.2%
6/1/2015	-	41,760,000	41,760,000	0.0%	10,420,000	400.8%
6/1/2014	-	39,980,000	39,980,000	0.0%	9,700,000	412.2%

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYNEXS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009	**2008
Village's proportionate share of the net pension liability	0.01612%	0.01720%	0.01582%	0.01582%	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	\$ 1,515	\$ 2,761	\$ 534	\$ 715	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered payroll	\$ 4,934	\$ 5,003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of covered payroll	30.71%	55.18%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.68%	97.95%	97.20%	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSPERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009	**2008
Village's proportionate share of the net pension liability	0.10833%	0.10434%	0.10311%	0.10311%	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	\$ 2,245	\$ 3,089	\$ 284	\$ 429	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered payroll	\$ 4,587	\$ 4,587	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of covered payroll	48.95%	67.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	93.46%	90.24%	99.03%	98.48%	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	**2014	**2013	**2012	**2011	**2010	**2009	**2008
Contractually required contribution	\$ 773	\$ 1,015	\$ 890	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	773	1,015	890	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered-employee payroll	\$ 4,934	\$ 5,003	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.66%	20.29%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

**Note to Required Supplementary Information

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS - NYSPFRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	**2014	**2013	**2012	**2011	**2010	**2009	**2008
Contractually required contribution	\$ 1,046	\$ 939	\$ 1,227	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	1,046	939	1,227	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered-employee payroll	\$ 4,587	\$ 4,587	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	22.81%	20.46%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

**Note to Required Supplementary Information

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER
SUPPLEMENTARY
INFORMATION

VILLAGE OF TARRYTOWN, NEW YORK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
MAY 31, 2017

	Sewer Fund	Library Fund	Special Purpose Fund	Total Non-Major Governmental Funds
ASSETS				
Cash:				
Unrestricted	\$ 326,498	\$ 135,647	\$ 55,566	\$ 517,711
Restricted	1,394	31,280	878,852	911,526
Receivables:				
Accounts receivable	7,169	676	-	7,845
Due from other funds	6,862	-	-	6,862
Total assets	<u>\$ 341,923</u>	<u>\$ 167,603</u>	<u>\$ 934,418</u>	<u>\$ 1,443,944</u>
LIABILITIES				
Payables:				
Accounts payable	\$ -	\$ 2,095	\$ -	\$ 2,095
Due to employees' retirement system	-	18,705	-	18,705
Total liabilities	<u>-</u>	<u>20,800</u>	<u>-</u>	<u>20,800</u>
FUND BALANCE				
Fund balance:				
Restricted	1,394	31,280	878,852	911,526
Assigned	340,529	115,523	55,566	511,618
Unassigned	-	-	-	-
Total fund balance	<u>341,923</u>	<u>146,803</u>	<u>934,418</u>	<u>1,423,144</u>
Total liabilities and fund balance	<u>\$ 341,923</u>	<u>\$ 167,603</u>	<u>\$ 934,418</u>	<u>\$ 1,443,944</u>

**OTHER
SUPPLEMENTARY
INFORMATION**

VILLAGE OF TARRYTOWN, NEW YORK
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2017

	Sewer Fund	Library Fund	Special Purpose Fund	Total Non-Major Governmental Funds
REVENUES				
Departmental income	\$ 88,562	\$ 36,988	\$ -	\$ 125,550
Intergovernmental revenue	-	687,412	-	687,412
Use of money and property	-	-	474	474
Miscellaneous	7,120	50,806	203,066	260,992
Total revenues	95,682	775,206	203,540	1,074,428
EXPENDITURES				
Current -				
General government	-	31,020	-	31,020
Culture and recreation	-	1,092,916	147,974	1,240,890
Home and community services	13,500	-	-	13,500
Employee benefits	-	409,665	-	409,665
Debt service -				
Principal	-	21,980	-	21,980
Interest	4,681	22,596	-	27,277
Total expenditures	18,181	1,578,177	147,974	1,744,332
Excess (deficiency) of revenues over (under) expenditures	77,501	(802,971)	55,566	(669,904)
OTHER FINANCING SOURCES				
Interfund transfers in	-	785,194	-	785,194
Total other financing sources	-	785,194	-	785,194
Change in fund balance	77,501	(17,777)	55,566	115,290
Fund balance, beginning of year	264,422	164,580	878,852	1,307,854
Fund balance, end of year	\$ 341,923	\$ 146,803	\$ 934,418	\$ 1,423,144



INDEPENDENT AUDITOR'S 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

To the Board of Trustees of the
Village of Tarrytown, 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, the remaining fund information and the fiduciary funds of the Village of Tarrytown, New York (the "Village"), as of and for the year ended May 31, 2017, and the related notes to financial statements which collectively comprise the Village's financial statements, and have issued our report thereon dated October 16, 2017.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

NawrockiSmith

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 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*.

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

Melville, New York
October 16, 2017

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.