



**FINANCIAL STATEMENTS (REGULATORY BASIS)  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
May 31, 2015**

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**May 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Incorporated Village of Ocean Beach  
Ocean Beach, New York

### Report on Financial Statements

We have audited the accompanying financial statements (regulatory basis) of the Incorporated Village of Ocean Beach, as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the New York State Office of the State Comptroller. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, deferred inflows of resources and fund balances of each fund and account group of the Incorporated Village of Ocean Beach, as of May 31, 2015, and their respective revenues, expenditures, and other financing sources and uses for the year then ended, in accordance with the financial reporting provisions of the New York State Office of the State Comptroller described in Note 1.

## ***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of the financial reporting provisions of the New York State Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the New York State Office of the State Comptroller. Our opinion is not modified with respect to this matter.

## ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Ocean Beach's basic financial statements. The other supplementary information on pages 20 thru 26 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates 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 on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2015, on our consideration of the Incorporated Village of Ocean Beach's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Incorporated Village of Ocean Beach's internal control over financial reporting and compliance.

## ***Restriction of Use***

This report is intended solely for the information and use of the Board of Trustees and management of the Incorporated Village of Ocean Beach and the New York State Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

*Cullen & Danowski, LLP*

September 24, 2015

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
 May 31, 2015

	Governmental Funds				Total Governmental Funds
	General	Water	Sewer	Capital Projects	
<b>ASSETS</b>					
Cash					
Unrestricted	\$ 4,029,100	\$ 464,239	\$ 553,113	\$ 1,210,750	\$ 6,257,202
Restricted	76,179			691,555	767,734
Accounts receivable	185,185	1,500			186,685
Due from state and federal	21,381	80,761			102,142
Due from other governments	30,728		28,017		58,745
Due from other funds	198,319	12,906	16,028		227,253
Inventory	22,402				22,402
Service award program assets					-
General fixed assets					-
Amounts to be provided for long term debt					-
<b>Total Assets</b>	<b>\$ 4,563,294</b>	<b>\$ 559,406</b>	<b>\$ 597,158</b>	<b>\$ 1,902,305</b>	<b>\$ 7,622,163</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 92,933	\$ 10,124	\$ 23,502	\$ 211,714	\$ 338,273
Accrued liabilities	66,581				66,581
Due to other funds		69,562	102,142	55,507	227,211
Due to employees retirement system	35,028	5,490	5,490		46,008
Compensated absences					-
Other liabilities		13,500			13,500
Collections in advance	365,539				365,539
Bonds payable					-
Capital lease payable					-
<b>Total Liabilities</b>	<b>560,081</b>	<b>98,676</b>	<b>131,134</b>	<b>267,221</b>	<b>1,057,112</b>
<b>FUND BALANCE</b>					
Investment in general fixed assets					-
Nonspendable: Inventory	22,402				22,402
Restricted for:					
Retirement contribution	20,000				20,000
Debt service	56,179				56,179
Unspent bond proceeds				691,555	691,555
Assigned:					
Appropriated	300,000				300,000
Unappropriated:					
Fireworks fund	717				717
Storm damage	1,000,000				1,000,000
Tax certiorari settlements	38,395				38,395
Beach, parks, recreation facilities	158,017				158,017
Dune protection/flood erosion	67,228				67,228
Other fund balance	20,221	460,730	466,024	943,529	1,890,504
Unassigned: Fund balance	2,320,054				2,320,054
<b>Total Fund Balance</b>	<b>4,003,213</b>	<b>460,730</b>	<b>466,024</b>	<b>1,635,084</b>	<b>6,565,051</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,563,294</b>	<b>\$ 559,406</b>	<b>\$ 597,158</b>	<b>\$ 1,902,305</b>	<b>\$ 7,622,163</b>

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - (Continued)**  
 May 31, 2015

	Total Governmental Funds	Fiduciary	Account Groups		Total
		Trust and Agency	General Fixed Assets	General Long-Term Debt	
<b>ASSETS</b>					
Cash					
Unrestricted	\$ 6,257,202	\$ 8,297	\$	\$	\$ 6,265,499
Restricted	767,734				767,734
Accounts receivable	186,685				186,685
Due from state and federal	102,142				102,142
Due from other governments	58,745				58,745
Due from other funds	227,253				227,253
Inventory	22,402				22,402
Service award program assets		529,660			529,660
General fixed assets			12,143,956		12,143,956
Amounts to be provided for long term debt				2,567,665	2,567,665
<b>Total Assets</b>	<b>\$ 7,622,163</b>	<b>\$ 537,957</b>	<b>\$ 12,143,956</b>	<b>\$ 2,567,665</b>	<b>\$ 22,871,741</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 338,273	\$	\$	\$	\$ 338,273
Accrued liabilities	66,581				66,581
Due to other funds	227,211	42			227,253
Due to employees retirement system	46,008				46,008
Compensated absences				34,114	34,114
Other liabilities	13,500	537,915			551,415
Collections in advance	365,539				365,539
Bonds payable				2,355,000	2,355,000
Capital lease payable				178,551	178,551
<b>Total Liabilities</b>	<b>1,057,112</b>	<b>537,957</b>	<b>-</b>	<b>2,567,665</b>	<b>4,162,734</b>
<b>FUND BALANCE</b>					
Investment in general fixed assets			12,143,956		12,143,956
Nonspendable: Inventory	22,402				22,402
Restricted for:					
Retirement contribution	20,000				20,000
Debt service	56,179				56,179
Unspent bond proceeds	691,555				691,555
Assigned:					
Appropriated	300,000				300,000
Unappropriated:					
Fireworks fund	717				717
Storm damage	1,000,000				1,000,000
Tax certiorari settlements	38,395				38,395
Beach, parks, recreation facilities	158,017				158,017
Dune protection/flood erosion	67,228				67,228
Other fund balance	1,890,504				1,890,504
Unassigned: Fund balance	2,320,054				2,320,054
<b>Total Fund Balance</b>	<b>6,565,051</b>	<b>-</b>	<b>12,143,956</b>	<b>-</b>	<b>18,709,007</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 7,622,163</b>	<b>\$ 537,957</b>	<b>\$ 12,143,956</b>	<b>\$ 2,567,665</b>	<b>\$ 22,871,741</b>

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
For The Year Ended May 31, 2015

	Governmental Funds				Total Governmental Funds
	General	Water	Sewer	Capital Projects	
<b>REVENUES</b>					
Real property taxes	\$ 2,957,552	\$ 239,974	\$ 267,234	\$	\$ 3,464,760
Other tax items	447,310				447,310
Non-property tax items	15,274				15,274
Departmental income	330,105	402,742	401,900		1,134,747
Intergovernmental income	557,661				557,661
Use of money and property	928,998	284	403		929,685
Licenses and permits	247,627				247,627
Fines and forfeitures	66,995				66,995
Sale of property and compensation for loss	14,646				14,646
Miscellaneous	23,364		28,017		51,381
State aid	35,583			51,985	87,568
Federal aid	122,521				122,521
<b>Total Revenues</b>	<b>5,747,636</b>	<b>643,000</b>	<b>697,554</b>	<b>51,985</b>	<b>7,140,175</b>
<b>EXPENDITURES</b>					
General government support	1,446,684	39,873			1,486,557
Public safety	1,310,741				1,310,741
Health	4,429				4,429
Transportation	265,038			96,535	361,573
Culture and recreation	453,829			875,628	1,329,457
Home and community services	464,968	232,805	671,728	352,732	1,722,233
Employee benefits	810,228	149,452	164,708		1,124,388
Debt service					
Principal	129,505	85,000			214,505
Interest	29,169	29,325			58,494
<b>Total Expenditures</b>	<b>4,914,591</b>	<b>536,455</b>	<b>836,436</b>	<b>1,324,895</b>	<b>7,612,377</b>
Excess (Deficiency) of Revenues Over Expenditures	833,045	106,545	(138,882)	(1,272,910)	(472,202)
<b>OTHER SOURCES AND USES</b>					
Operating transfers in			-	750,000	750,000
Operating transfers out	(350,000)	(200,000)	(200,000)		(750,000)
<b>Total Other Sources and Uses</b>	<b>(350,000)</b>	<b>(200,000)</b>	<b>(200,000)</b>	<b>750,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>483,045</b>	<b>(93,455)</b>	<b>(338,882)</b>	<b>(522,910)</b>	<b>(472,202)</b>
Fund Balance - Beginning of year	3,520,168	554,185	804,906	2,157,994	7,037,253
Fund Balance - End of year	<u>\$ 4,003,213</u>	<u>\$ 460,730</u>	<u>\$ 466,024</u>	<u>\$ 1,635,084</u>	<u>\$ 6,565,051</u>

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Incorporated Village of Ocean Beach (Village), as of and for the year ended May 31, 2015, have been prepared in accordance with the financial reporting provisions of the New York State Office of the State Comptroller, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing GAAP for governmental units. The financial statements of the Village have been prepared using only the modified accrual basis of accounting. This method differs from GAAP, which requires the preparation of additional financial statements using the accrual basis of accounting. The accrual basis financial statements require the capitalization and depreciation of property and equipment and the recording of long-term liabilities. Under the modified accrual basis of accounting, property and equipment are recorded as an expenditure when purchased and the proceeds of long-term debt are reported as other financing sources and the payment of long-term debt and other long-term liabilities are recognized to the extent that the liabilities mature during the year. In addition, GAAP requires the financial statements to be prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB 34 financial statements require the presentation of government-wide financial statements and management's discussion and analysis. The accounting practices used to prepare these financial statements do not require compliance with GASB 34.

The significant accounting policies of the Village are described below:

a) **Financial Reporting Entity**

The Village is governed by Village Law and other general laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The basic services that the Village provides are general support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community service.

The financial reporting entity consists of (a) the primary government, which is the Village, (b) organizations, which are determined to be includable in the financial reporting entity based on legal standing, fiscal dependence and financial accountability, 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 by GASB. Based on the application of these criteria, there are no other entities which would be included in the Village's reporting entity.

b) **Basis of Presentation**

The accounts of the Village are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. These funds and account groups are based upon the requirements of GAAP for local governmental units as prescribed by the GASB as well as the financial reporting provisions of the New York State Office of the State Comptroller. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are grouped in the financial statements in the following fund types and account groups:

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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i) Governmental Fund Types

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 based upon the determination of financial position and changes in financial position. The following are the Village's governmental fund types:

General Fund - the general fund is the principal operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Water Fund – used to account for transactions of the Village water system.

Sewer Fund – used to account for transactions of the Village sewer system.

Capital Projects Fund - the capital projects fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

ii) Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the Village in a trustee or custodial capacity.

Trust and Agency Fund - the trust and agency fund is used by the Village to account for money and/or property received and held by the Village in the capacity of trustee, custodian or agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

iii) Account Groups

Account groups are used to establish accounting control and accountability for the Village's general fixed assets and general long-term obligations. The account groups are not funds. They are concerned only with the measurement of financial position and not with the results of operations.

General Fixed Assets Account Group - is used to account for land, construction in progress, buildings and improvements, and machinery and equipment of the Village.

General Long-Term Debt Account Group - is used to account for long-term obligations of the Village including bonds, most obligations under lease/purchase and other financing arrangements, compensated absences, and other long-term obligations.

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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c) Measurement Focus and Basis of Accounting

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 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 debt, claims and judgments, 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.

d) Use of Estimates

The preparation of the financial statements in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

e) Real Property Taxes

Real property taxes are levied no later than May 15<sup>th</sup> and become a lien on June 1<sup>st</sup>. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax lien sales.

f) Special Assessment Business "C" District

Due to an excess of garbage, rubbish and refuse generated by properties during the summer season in this business district, an extra day of garbage collection is needed. The Village imposes the cost of this additional day of service on the properties within business "C" district by special assessment.

g) Interfund Transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying Balance Sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues is provided subsequently in these Notes to Financial Statements.

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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h) Cash

Cash consists of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

i) Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

j) Inventory

Inventory consists of purchased ferry tickets available for resale and is stated at the lower of cost or market. Cost is determined using specific identification.

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

k) General Fixed Assets

Capital assets are recorded at cost as expenditures in the respective funds when purchased. Donated items are valued at estimated fair market value when given. Capital assets are accounted for in the general fixed asset account group and removed when an asset is sold or retired.

No depreciation has been provided on general fixed assets nor has interest on general fixed assets construction in progress been capitalized.

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Building and other improvements	\$ 5,000	10 - 40 years
Machinery and equipment	5,000	3 - 10 years
Infrastructure	5,000	15 - 40 years
Capital leases - fire trucks	5,000	8 - 10 years

l) Collections in Advance

Collections in advance arise when resources are received by the Village before it has a legal claim to them, as when charges for services monies are received in advance from payers prior to the services being rendered by the Village. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the Village has legal claim to the resources.

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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m) Employee Benefits – Compensated Absences

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees may be eligible to receive the value of unused accumulated sick leave.

The compensated absences liability is recorded in the long-term debt account group.

n) Other Benefits

Eligible Village employees participate in the New York State and Local Employees' Retirement System and Police and Fire Retirement System.

Eligible volunteer firefighters participate in the Village sponsored Length of Service Award Program.

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for certain retired employees and their survivors. Collective bargaining agreements determine if certain Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivors 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 an expenditure in the year paid.

o) Short-Term Debt

The Village may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the notes. State law requires the BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

p) Equity Classifications

The governmental fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used as follows:

*Nonspendable* – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance relates to the inventory.

*Restricted* – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Fund balance classified as restricted by the Village include the following:

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*Retirement Contribution Reserve*

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The reserve is accounted for in the general fund.

*Debt Service*

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest are held until appropriated for debt payments. These restricted amounts are accounted for in the general fund.

*Unspent Bond Proceeds*

Unspent bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the bond agreement. These restricted funds are accounted for in the capital projects fund.

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent years budget. Assigned fund balance also includes encumbrances not classified as restricted at the end of the fiscal year.

*Unassigned* – represents the residual classification for the Village's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose either by voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The Village's administration submits a proposed budget for approval by the Board of Trustees for the general fund, the only fund with a legally adopted budget. Budgets are adopted annually on a basis consistent with GAAP. The tentative budget includes proposed expenditures and the proposed means of financing for the general fund. A public hearing is held on the tentative budget by April 15. After completion of the budget hearing, the Board of Trustees may further change the tentative budget. Such budget, as so revised, shall be adopted by resolution no later than May 1. All subsequent modifications of the budget must be approved by the Board of Trustees.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balance. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. A summary of the general fund budget is as follows:

Budget adopted by Village Board	\$ 5,886,453
Prior year encumbrances	<u>76,169</u>
Original Budget	<u>\$ 5,962,622</u>

**B. Encumbrances**

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as restricted or assigned fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is satisfied.

**3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The Village's investment policies are governed by State statutes and Village policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. 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 and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the Village's name.

None of the Village's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year-end.

The Village did not have any investments at year-end or during the year. Consequently, the Village was not exposed to any material interest rate risk.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable at May 31, 2015, consisted of the following:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Ferry rental payments	<u>\$ 185,185</u>

**5. DUE FROM STATE AND FEDERAL**

The Village is owed \$21,381 in Federal Emergency Management Aid for storm damages in the General Fund and \$80,761 in the Water Fund.

**6. DUE FROM OTHER GOVERNMENTS**

Due from other governments at May 31, 2015, consisted of the following:

General Fund		
Fire Protection Charges - ambulance contracts	\$	30,728
Sewer Fund		
Suffolk County Subsidy - tax relief		<u>28,017</u>
Total	\$	<u>58,745</u>

**7. INTERFUND TRANSACTIONS**

Interfund balances at May 31, 2015 are as follows:

	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 198,319	\$	\$	\$ 350,000
Water Fund	12,906	69,562		200,000
Sewer Fund	16,028	102,142		200,000
Capital Projects Fund		55,507	750,000	
Trust & Agency Fund		<u>42</u>		
Total	<u>\$ 227,253</u>	<u>\$ 227,253</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**8. COLLECTIONS IN ADVANCE**

Collections in advance at May 31, 2015 consisted of the following:

General Fund		
Fire protection	\$	295,539
Substation rental		<u>70,000</u>
	<u>\$</u>	<u>365,539</u>

**9. GENERAL FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	Balance May 31, 2014	Additions	Deletions	Balance May 31, 2015
Land	\$ 225,326	\$	\$	\$ 225,326
Buildings and Improvements	1,832,293			1,832,293
Machinery and Equipment	1,938,997	148,713		2,087,710
Infrastructure	7,462,611			7,462,611
Capital Leases - fire trucks	<u>536,016</u>			<u>536,016</u>
Total	<u>\$ 11,995,243</u>	<u>\$ 148,713</u>	<u>\$ -</u>	<u>\$ 12,143,956</u>

**10. LONG-TERM LIABILITIES**

The following tables summarize the changes in long-term liabilities:

	Balance May 31, 2014	Additions	Reductions	Balance May 31, 2015	Amounts Due Within One Year
Long-Term Debt:					
Bonds payable	\$ 2,545,000	\$	\$ (190,000)	\$ 2,355,000	\$ 195,000
Other Long-Term Liabilities:					
Capital lease payable	203,056		(24,505)	178,551	25,871
Compensated absences	<u>34,335</u>		<u>(221)</u>	<u>34,114</u>	
	<u>\$ 2,782,391</u>	<u>\$</u>	<u>\$ (214,726)</u>	<u>\$ 2,567,665</u>	<u>\$ 220,871</u>

The general fund has typically been used to liquidate long-term liabilities. Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The following is a statement of the Villages bond issues with corresponding maturity schedule:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2015
Serial bond - sidewalks	12/13/2012	7/1/2027	1.25 - 2.25%	\$ 1,125,000
Serial bond - water pipes	12/13/2012	7/1/2027	1.25 - 2.25%	335,000
Serial bond - Village hall improvements	12/13/2012	7/1/2027	1.25 - 2.25%	805,000
Serial bond - Bayberry	12/13/2012	7/1/2027	1.25 - 2.25%	90,000
				<u>\$ 2,355,000</u>

The following is a summary of maturing debt service requirements for bonds payable:

Fiscal Year Ending May 31,	Principal	Interest	Total
2016	\$ 195,000	\$ 44,763	\$ 239,763
2017	205,000	41,494	246,494
2018	210,000	37,344	247,344
2019	220,000	33,043	253,043
2020	225,000	28,594	253,594
2021 - 2025	975,000	76,268	1,051,268
2026 - 2028	325,000	9,453	334,453
Total	<u>\$ 2,355,000</u>	<u>\$ 270,959</u>	<u>\$ 2,625,959</u>

Interest on long-term debt for the year was \$58,494.

Capital Lease Payable

The Village has leases for two fire trucks and accounts for the leases as capital leases. The following is a schedule, by year, of future minimum lease payments under capital leases with the present value of net minimum lease payments:

Total minimum lease payments	\$ 214,980
Less: Amount representing interest	<u>(36,429)</u>
Present value of minimum lease payments	<u>\$ 178,551</u>

Scheduled maturities of future minimum lease payments at May 31, 2015, are as follows:

2016	\$ 25,871
2017	27,315
2018	28,838
2019	30,446
2020	32,144
2021	<u>33,937</u>
Total	<u>\$ 178,551</u>

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**11. DEBT LIMIT**

The Village's outstanding serial bonds payable represent approximately 8.8% of the Village's debt limit at May 31, 2015.

**12. UNISSUED DEBT**

On August 13, 2011, the Board adopted a \$3,000,000 bond resolution (\$2,000,000 for the reconstruction of walkways and roadways in the Village and \$1,000,000 for the replacement of water lines in the Village). The Village has issued \$1,325,000 in bonds for walkways and roadways and \$375,000 in bonds for the replacement of water lines. Therefore, \$1,300,000 remains authorized and unissued.

**13. PENSION PLANS**

**A. New York State and Local Retirement Systems**

Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), collectively known as NYSLRS. These are cost-sharing multiple-employer retirement systems. The systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the NYSLRS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the NYSLRS and for the custody and control of its funds. The NYSLRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at [www.osc.state.ny.us](http://www.osc.state.ny.us) or may be obtained by writing to: NYS and Local Retirement Systems, Office of the State Comptroller, 110 State Street, Albany, NY 12244.

Funding Policy

The NYSLRS are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 with less than ten years of credited service, who contribute 3% of their salary or joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) and before April 1, 2012, who contribute 3% of their salary throughout active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of salary throughout active membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSLRS' 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>ERS</u>	<u>PFRS</u>
2015	\$ 140,138	\$ 115,359
2014	189,978	215,288
2013	173,148	100,507

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**B. LENGTH OF SERVICE AWARD PROGRAM**

The Incorporated Village of Ocean Beach established a defined contribution Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1999, for the active volunteer firefighter members of the Ocean Beach Volunteer Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Incorporated Village of Ocean Beach is the sponsor of the program and the program administrator.

**Program Description**

Participation, vesting and service credit

In a defined contribution LOSAP, each participant has an individual program account. The program account balance of a participating volunteer is credited with a "service award" contribution as of the end of each year during which the volunteer was active enough to earn a year of Service Award Program service credit. The participant is paid his or her account balance upon attainment of the "entitlement age". The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Village) earned by the program assets and allocated to the participant's program account.

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to be paid their program account balance after being credited with five (5) years of firefighting service, attaining the program's entitlement age while an active volunteer, becoming totally and permanently disabled, or dying while an active volunteer. The program's entitlement age is age 65. An active volunteer firefighter is credited with a year of firefighting service 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 activities 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 credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Ocean Beach Volunteer Fire Department.

Benefits

A participant's benefit under the program is his or her program account balance paid upon attainment of the entitlement age in a lump sum to the participant. The annual contribution paid by the Village and credited to the account of a participant who earned fifty points during a calendar year is currently \$700 for service credit earned in 2009 and beyond. The maximum number of years of service credit a participant may earn is 40 years under the program. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards are paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments. The program provides death and disability benefits equal to the participant's program account balance at the time of death or disablement. 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.

For a complete explanation of the program, see the Program Document a copy of which is available from the Village Clerk.

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**Fiduciary Investment and Control**

After the end of each calendar year, the fire department 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 the Board's review and approval. The fire department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Fire Trustees.

The Village Board of Trustees has retained Penflex, Inc to assist in the administration of the program. The services provided by Penflex, Inc are described in an agreement between Penflex, Inc and the Village.

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 a 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 Incorporated Village of Ocean Beach's LOSAP trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from the authorized representative of the Board of Trustees.

Penflex bills the Incorporated Village of Ocean Beach 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.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Board of Trustees created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Village Clerk. The Board of Trustees is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule. The Board of Trustees has retained Smith, Miller & Associates to provide investment management and custodial services. In addition, the Village has a checking account with JP Morgan Chase Bank, where a portion of the Trust is on deposit. This account is used to pay the Service Awards to the participants as they are due.

**Program Financial Condition**

Assets and Liabilities

Assets Available for Benefits at May 31, 2015

	<u>% of total</u>	
Sponsor contributions receivable	6.47%	\$ 34,257
Capital appreciation fund	9.24%	48,939
Rochester fund	38.52%	204,040
Equity fund	15.09%	79,934
Senior floating rate fund	6.19%	32,766
Oppenheimer corporate bond fund	9.81%	51,983
Oppenheimer international bond fund	5.02%	26,568
Limited-term government fund A	6.79%	35,968
Cash reserves	2.87%	15,205
Total Net Assets Available for Benefits		<u>\$ 529,660</u>

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Receipts and Disbursements

Plan Net Assets at June 1, 2014		\$ 513,099
Changes during the year		
+ Plan contributions	\$ 32,900	
+ Investment income earned	22,819	
+/- Changes in fair market value of investments	1,463	
- Plan benefit withdrawals	(43,452)	
- Change in sponsor contributions receivable	2,831	
		16,561
Plan Net Assets at May 31, 2015		\$ 529,660

Contributions

Amount of sponsor's contribution recommended by actuary:		\$ 32,900
Amount of sponsor's actual contribution:		\$ 32,900

Administration Fees

Fees paid to administrative/actuarial services provider		\$ 4,090
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**14. POST EMPLOYMENT BENEFITS**

The Village paid \$75,729 in post employment benefits for six retirees.

**15. COMMITMENTS AND CONTINGENCIES**

**A. Risk Financing and Related Insurance**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**B. Certiorari Proceedings**

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2015, which could affect future operating budgets of the Village.

**C. Litigation**

The Village is involved in lawsuits arising from the normal conduct of its affairs. Management believes that the outcome of any matters will not have a material effect on these financial statements.

**D. Operating Lease Commitments:**

The Village leases various equipment under operating leases. Total rental expenditures on the lease for the year ended May 31, 2015, was \$5,760. The minimum future operating lease payments are as follows:

2016	\$ 2,400
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**INCORPORATED VILLAGE OF OCEAN BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For The Year Ended May 31, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real Property Taxes	\$ 2,958,836	\$ 2,958,836	\$ 2,957,552	\$ (1,284)
Other Tax Items				
Refuse residential	274,670	274,670	274,670	-
Refuse commercial	150,920	150,920	151,071	151
Interest and penalties on real property taxes	17,500	17,500	21,569	4,069
Total Other Real Property Tax Items	443,090	443,090	447,310	4,220
Non-Property Tax Items				
Utilities gross receipts tax	12,000	12,000	15,274	3,274
Total Non-Property Tax Items	12,000	12,000	15,274	3,274
Departmental Income				
Clerk fees	750	750	4,678	3,928
C.O. applications	3,500	3,500	4,625	1,125
Tennis fees	23,000	23,000	9,635	(13,365)
Seasonal boat basin fee	140,000	140,000	167,346	27,346
Daily marina rentals	110,000	110,000	127,400	17,400
Jet ski fees	1,000	1,000	1,500	500
Zoning board fees	7,000	7,000	14,921	7,921
Total Departmental Income	285,250	285,250	330,105	44,855
Intergovernmental Charges				
Fire protection services, other governments	562,411	562,411	557,661	(4,750)
Total Intergovernmental charges	562,411	562,411	557,661	(4,750)
Use of Money and Property				
Interest and earnings	5,000	5,000	5,116	116
Rental of real property	746,288	746,288	923,882	177,594
Total Use of Money and Property	751,288	751,288	928,998	177,710
Licenses and Permits				
Permits	241,400	241,400	247,627	6,227
Total Licenses and Permits	241,400	241,400	247,627	6,227
Fines and Forfeitures				
Fines and forfeited bail	62,000	62,000	66,995	4,995
Total Fines and Forfeitures	62,000	62,000	66,995	4,995

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND, Continued**  
**For The Year Ended May 31, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Sale of Property and Compensation for Loss				
Sale of real property	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Insurance recoveries	10,000	10,000	14,646	4,646
Total Sale of Property and Compensation for Loss	<u>11,500</u>	<u>11,500</u>	<u>14,646</u>	<u>3,146</u>
Miscellaneous				
Gifts and donations	100	100	2,250	2,150
Unclassified revenues	100	100	1,314	1,214
Ferry tickets	18,000	18,000	19,800	1,800
Total Miscellaneous	<u>18,200</u>	<u>18,200</u>	<u>23,364</u>	<u>5,164</u>
State Aid				
Revenue sharing	4,449	4,449	4,549	100
Mortgage tax	30,000	30,000	24,446	(5,554)
Sales tax revenue sharing	6,588	6,588	6,588	-
Total State Aid	<u>41,037</u>	<u>41,037</u>	<u>35,583</u>	<u>(5,454)</u>
Federal Aid				
Federal aid (FEMA)	275,610	275,610	122,521	(153,089)
Total Federal Aid	<u>275,610</u>	<u>275,610</u>	<u>122,521</u>	<u>(153,089)</u>
Total Revenues	<u>5,662,622</u>	<u>5,662,622</u>	<u>5,747,636</u>	<u>\$ 85,014</u>
<b>APPROPRIATED FUND BALANCE</b>				
Prior years' surplus	223,831	223,831		
Prior Year's Encumbrances	76,169	76,169		
Total Appropriated Fund Balance	<u>300,000</u>	<u>300,000</u>		
Total Revenues and Appropriated Fund Balance	<u>\$ 5,962,622</u>	<u>\$ 5,962,622</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

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

**INCORPORATED VILLAGE OF OCEAN BEACH**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND, Continued  
For The Year Ended May 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>				
General Government Support				
Legislative board				
Personal services	\$ 48,000	\$ 48,000	\$ 43,821	\$ 4,179
Contractual services	5,900	5,900	5,213	687
Municipal court				
Personal services	61,734	61,734	29,802	31,932
Equipment	500	2,100	2,088	12
Contractual services	9,350	9,350	8,706	644
Administration				
Personal services	146,616	146,916	146,861	55
Contractual services	4,900	4,900	4,555	345
Mayor				
Personal services	48,000	48,000	45,716	2,284
Contractual services	8,500	10,800	10,754	46
Auditor				
Contractual services	35,000	35,000	35,000	-
Treasurer				
Personal services	237,201	237,201	227,877	9,324
Equipment	4,000	4,000	3,626	374
Contractual services	27,600	31,500	31,487	13
Assessment				
Personal services	10,500	10,600	10,503	97
Attorney				
Personal services	68,820	72,020	71,944	76
Contractual services	90,700	90,700	79,960	10,740
Engineer				
Contractual services	68,000	97,000	96,309	691
Elections				
Personal services	1,500	1,500	916	584
Contractual services	900	1,700	1,696	4
Buildings				
Equipment	10,000	10,000	8,771	1,229
Contractual services	288,200	288,200	212,111	76,089
Shared services				
Contractual services	21,000	21,000	15,290	5,710
Central data processing				
Contractual services	35,000	35,000	33,890	1,110
Unallocated insurance				
Contractual services	290,301	290,301	286,783	3,518
Municipal association dues				
Contractual services	5,200	5,200	4,512	688
Judgments and claims				
Contractual services	12,000	12,000	3,841	8,159
Ferry				
Contractual services	35,000	35,000	5,220	29,780
Payment of MTA payroll tax				
Contractual services	7,000	7,000	5,894	1,106
Contingent account				
Contractual services	63,457	22,257	13,538	8,719
Total General Government Support	<u>1,644,879</u>	<u>1,644,879</u>	<u>1,446,684</u>	<u>198,195</u>

**INCORPORATED VILLAGE OF OCEAN BEACH**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND, Continued**  
 For The Year Ended May 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>				
<b>Public Safety</b>				
Police				
Personal services	\$ 749,247	\$ 749,247	\$ 726,358	\$ 22,889
Equipment	14,264	14,264	6,399	7,865
Contractual services	103,900	103,900	99,087	4,813
Fire protection				
Personal services	36,500	37,200	37,124	76
Equipment	82,000	97,000	96,824	176
Contractual services	361,942	346,242	275,635	70,607
Safety inspections				
Personal services	66,450	66,550	66,472	78
Contractual services	4,700	4,600	2,842	1,758
<b>Total Public Safety</b>	<b>1,419,003</b>	<b>1,419,003</b>	<b>1,310,741</b>	<b>108,262</b>
<b>Health</b>				
Equipment	500	500	-	500
Contractual services	3,700	4,500	4,429	71
<b>Total Health</b>	<b>4,200</b>	<b>5,000</b>	<b>4,429</b>	<b>571</b>
<b>Transportation</b>				
Street maintenance				
Personal services	132,500	119,500	119,136	364
Equipment	107,000	108,100	108,054	46
Contractual services	18,550	31,850	31,800	50
Street lighting				
Contractual services	19,000	16,800	6,048	10,752
<b>Total Transportation</b>	<b>277,050</b>	<b>276,250</b>	<b>265,038</b>	<b>11,212</b>
<b>Culture and Recreation</b>				
Parks				
Equipment	3,000	7,300	7,289	11
Contractual services	21,000	16,700	16,449	251
Beach				
Personal services	202,000	198,200	184,558	13,642
Equipment	2,900	6,100	6,061	39
Contractual services	29,750	30,350	30,338	12
Tennis				
Equipment	22,000	22,000	90	21,910
Contractual services	5,000	5,000	2,004	2,996
Recreation				
Personal services	8,000	7,100	3,516	3,584
Equipment	2,000	2,900	2,819	81
Contractual services	3,200	3,200	3,200	-
Celebrations				
Contractual services	3,000	3,800	3,718	82
Other culture and recreation (Marina & Docks)				
Personal services	36,750	36,750	32,429	4,321
Equipment	2,000	3,600	3,585	15
Contractual services	396,700	161,700	157,773	3,927
<b>Total Culture and Recreation</b>	<b>737,300</b>	<b>504,700</b>	<b>453,829</b>	<b>50,871</b>

**INCORPORATED VILLAGE OF OCEAN BEACH**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND, Continued  
For The Year Ended May 31, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>EXPENDITURES</b>				
Home and Community Services				
Zoning board of appeals				
Contractual services	\$ 7,450	\$ 7,450	\$ 4,304	\$ 3,146
Refuse				
Equipment	3,000	3,000	-	3,000
Contractual services	480,590	480,590	458,041	22,549
Flood/Erosion				
Contractual services	<u>90,000</u>	<u>22,600</u>	<u>2,623</u>	<u>19,977</u>
Total Home and Community Services	<u>581,040</u>	<u>513,640</u>	<u>464,968</u>	<u>48,672</u>
Employee Benefits				
State retirement	142,000	117,000	116,996	4
Police and fire retirement	196,000	196,000	99,083	96,917
Local pension fund (Fire service award)	45,000	45,000	36,990	8,010
Social security and Medicare	166,000	166,000	127,157	38,843
Worker's compensation	65,000	65,000	60,923	4,077
Unemployment Insurance	25,000	25,000	24,042	958
Disability insurance	4,000	4,000	889	3,111
Longevity	1,500	1,500	1,500	-
Other	65,000	65,000	50,065	14,935
Hospital and medical insurance	<u>380,975</u>	<u>405,975</u>	<u>292,583</u>	<u>113,392</u>
Total Employee Benefits	<u>1,090,475</u>	<u>1,090,475</u>	<u>810,228</u>	<u>280,247</u>
Debt Service				
Principal	129,505	129,505	129,505	-
Interest	<u>29,170</u>	<u>29,170</u>	<u>29,169</u>	<u>1</u>
Total Debt Service	<u>158,675</u>	<u>158,675</u>	<u>158,674</u>	<u>1</u>
Total Expenditures	5,912,622	5,612,622	4,914,591	698,031
<b>OTHER USES</b>				
Operating transfers out	<u>50,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 5,962,622</u>	<u>\$ 5,962,622</u>	<u>5,264,591</u>	<u>\$ 698,031</u>
Net Change in Fund Balance			483,045	
Fund Balance - Beginning of Year			<u>3,520,168</u>	
Fund Balance - End of Year			<u>\$ 4,003,213</u>	

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - WATER FUND**  
**For The Year Ended May 31, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real property taxes	\$ 240,078	\$ 240,078	\$ 239,974	\$ (104)
Departmental income	398,750	398,750	402,742	3,992
Use of money and property	300	300	284	(16)
Federal aid - FEMA	400,000	400,000	-	(400,000)
<b>Total Revenues</b>	<b>1,039,128</b>	<b>1,039,128</b>	<b>643,000</b>	<b>\$ (396,128)</b>
<b>APPROPRIATED FUND BALANCE</b>				
Appropriation of fund balance		150,000		
<b>Total Revenues and Appropriated Fund Balance</b>	<b>\$ 1,039,128</b>	<b>\$ 1,189,128</b>		
<b>EXPENDITURES</b>				
General government support	\$ 57,833	\$ 57,833	39,873	\$ 17,960
Home and community services	268,437	268,437	232,805	35,632
Employee benefits	151,012	151,012	149,452	1,560
Debt service				
Principal	85,000	85,000	85,000	-
Interest	29,326	29,326	29,325	1
<b>Total Expenditures</b>	<b>591,608</b>	<b>591,608</b>	<b>536,455</b>	<b>55,153</b>
<b>OTHER FINANCING USES</b>				
Operating transfers out	447,520	597,520	200,000	397,520
<b>Total Expenditures</b>	<b>\$ 1,039,128</b>	<b>\$ 1,189,128</b>	<b>736,455</b>	<b>\$ 452,673</b>
<b>Net Change in Fund Balance</b>			<b>(93,455)</b>	
<b>Fund Balance - Beginning of year</b>			<b>554,185</b>	
<b>Fund Balance - End of year</b>			<b>\$ 460,730</b>	

**INCORPORATED VILLAGE OF OCEAN BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SEWER FUND**  
**For The Year Ended May 31, 2015**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real property taxes	\$ 267,340	\$ 267,340	\$ 267,234	\$ (106)
Departmental income	401,900	401,900	401,900	-
Use of money and property	300	300	403	103
Insurance recoveries	50,000	50,000	-	(50,000)
Federal aid		109,000	-	(109,000)
Miscellaneous local sources	28,017	28,017	28,017	-
<b>Total Revenues</b>	<b>747,557</b>	<b>856,557</b>	<b>697,554</b>	<b>(159,003)</b>
<b>APPROPRIATED FUND BALANCE</b>				
Appropriation of fund balance	-	304,000	-	(304,000)
<b>Total Revenues and Appropriated Fund Balance</b>	<b>\$ 747,557</b>	<b>\$ 1,160,557</b>	<b>697,554</b>	<b>\$ (463,003)</b>
<b>EXPENDITURES</b>				
General government support	\$ 19,847	\$ 17,058	-	\$ 17,058
Home and community services	561,840	777,629	671,728	105,901
Employee benefits	165,870	165,870	164,708	1,162
<b>Total Expenditures</b>	<b>747,557</b>	<b>960,557</b>	<b>836,436</b>	<b>124,121</b>
<b>OTHER SOURCES</b>				
Operating transfers out	-	200,000	200,000	-
<b>Total Expenditures and Other Sources</b>	<b>\$ 747,557</b>	<b>\$ 1,160,557</b>	<b>1,036,436</b>	<b>\$ 124,121</b>
Net Change in Fund Balance			(338,882)	
Fund Balance - Beginning of year			804,906	
Fund Balance - End of year			<u>\$ 466,024</u>	

**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  
Incorporated Village of Ocean Beach  
Ocean Beach, New York

We have audited, 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, the financial statements of the Incorporated Village of Ocean Beach (Village), as of and for the year ended May 31, 2015, and the related notes to financial statements, as listed in the table of contents, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 24, 2015. As described more fully in Note 1, the Incorporated Village of Ocean Beach has prepared these financial statements in accordance with the financial reporting provisions of the New York State Office of the State Comptroller, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Incorporated Village of Ocean Beach's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Board of Trustees and management of the Incorporated Village of Ocean Beach in a separate letter dated September 24, 2015.

## **Purpose of this Report**

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

*Cullen & Danowski, LLP*

September 24, 2015

