

Village of Spring Valley, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2019

Village of Spring Valley, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	17
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	23
Statement of Assets and Liabilities - Fiduciary Fund	24
Notes to Financial Statements	25
Required Supplementary Information	
Fire Service Award Program	
Schedule of Funding Progress – Last Six Fiscal Years	55
New York State and Local Employees' Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	57
New York State and Local Police and Fire Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	58
Schedule of Contributions	59
Other Postemployment Benefits	
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios	60
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet – Sub – Funds	61
Combining Schedules of Revenues, Expenditures and Changes in Fund Balances – Sub – Funds	62
Comparative Balance Sheet	63
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	64
Schedule of Revenues and Other Financing Sources Compared to Budget	66
Schedule of Expenditures and Other Financing Uses Compared to Budget	69
Section 8 - Housing Assistance Fund	
Comparative Balance Sheet	72
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	73

Village of Spring Valley, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Capital Projects Fund	
Comparative Balance Sheet	74
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	75
Debt Service Fund	
Comparative Balance Sheet	76
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	77
Non-Major Governmental Funds	
Combining Balance Sheet	79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80
Community Development Fund	
Combining Balance Sheet – Sub-Funds	81
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Sub-Funds	83
Special Purpose Fund	
Comparative Balance Sheet	85
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	86
Federal Programs	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	89
Schedule of Expenditures of Federal Awards	92
Notes to Schedule of Expenditures of Federal Awards	93
Schedule of Findings and Questioned Costs	94
Summary Schedule of Prior Year Findings	97

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Spring Valley, New York ("Village") as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2019, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Notes 2F and 3D in the notes to financial statements which disclose the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended May 31, 2019 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended May 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended May 31, 2019 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended May 31, 2019.

We also previously 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 basic financial statements of the Village as of and for the year ended May 31, 2018 (not presented herein), and have issued our report thereon dated November 13, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended May 31, 2018 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended May 31, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2023 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 solely 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 effectiveness of the Village's 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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

March 31, 2023

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Village of Spring Valley, New York

Management's Discussion and Analysis ("MD&A") May 31, 2019

INTRODUCTION

This discussion and analysis of the Village of Spring Valley, New York's ("Village") financial statements provides an overview of the financial activities of the Village of Spring Valley for the fiscal year ended May 31, 2019. Please read it in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section, to enhance understanding of the Village's financial performance.

USING THIS ANNUAL REPORT

This annual report consists of a set of financial statements and notes. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financials begin thereafter. For governmental activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside the Village.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2019

- For the year ended May 31, 2016, the Village implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, *"Accounting and Financial Reporting for Pensions"*. This pronouncement established new accounting and financial reporting requirements associated with the Village's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). Under the new standards, cost-sharing employers are required to report in the government-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At May 31, 2019, the Village reported in its Statement of Net Position a liability of \$4,249,138 for its proportionate share of the ERS and PFRS net pension liabilities. More detailed information about the Village's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to the financial statements.
- On the government-wide financial statements, total liabilities and deferred inflows of resources of the Village exceeded a total assets and deferred outflows of resources at the close of the most recent fiscal year by \$57,894,068. The Village's net position decreased by \$39,848,726 which is inclusive of a cumulative effect of change in accounting principle in the amount of \$34,211,873 due to the implementation of GASB Statement No. 75 which required the recognition of the entire Other Post Employment Obligations ("OPEB") in the statements for fiscal year ending May 31, 2019. The OPEB obligation includes any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 75 established standards for accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of

active service as well as required note disclosures. On an overall basis, long-term liabilities in the entity-wide financial statements now reflect the entire Other Post-employment Obligation of \$73,642,931 resulting in the Village's total net position of (\$57,894,068).

- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$5,960,858, a decrease of \$1,462,747, from fiscal year 2018. Exclusive of the Capital Projects Fund, the combined ending fund balances were \$9,578,659.
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,156,776 or 13% of total General Fund expenditures and other financing uses. The General Fund reported an ending fund balance of \$5,897,393, which represents a decrease of \$1,142,673 from fiscal year 2018.
- The Village's total outstanding general obligation bonds payable at May 31, 2019 totaled \$10,725,000, exclusive of issuance premiums of \$73,575. The amount due within one year is \$1,370,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements which consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains other supplementary information, which is intended to give the reader additional detail in support of the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Village's finances, in a manner similar to private-sector business financial statements.

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

The **Statement of Activities** presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, uncollected taxes, certain retirement costs and earned but unused vacation and sick leave).

The governmental activities of the Village include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

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

The Village of Spring Valley has six (6) individual governmental funds: General, Section 8 - Housing Assistance, Capital Projects, Debt Service, Community Development and Special Purpose funds. Of these, the General, Section 8 - Housing Assistance, Capital Projects and Debt Service funds are reported as major funds, and are presented in separate columns on the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major funds can be found in *combining statements* elsewhere in this report.

The Village adopts an annual budget for its General and Debt Service funds. A budgetary comparison statement has been provided for the General Fund within the basic financial statements, to demonstrate compliance with the budget.

Fiduciary Funds

These funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are *not* reflected in the government-wide financial statements because the assets of these funds are *not* available to support the activities of the Village. The Village maintains one type of fiduciary funds, the Agency Fund. Resources are held in the Agency Fund by the Village purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization or government. The Pension Trust Fund previously was recorded in the Agency fund. The Village implemented the provisions of GASB Statement No. 73.

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

NOTES TO FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential for fair presentation and that is not otherwise displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements and should be read in conjunction with the financial statements. The notes focus on the primary government - specifically, its governmental activities and major funds in the aggregate. The notes to financial statements can be found following the basic financial statements section of this report.

OTHER INFORMATION

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information ("RSI") concerning the Village's Total OPEB liability and related ratios, its proportionate share of the net pension liability for its participation in the New York State and Local Retirement ("NYSLRS") and its contributions to the NYSLRS plan. RSI immediately follows the notes to the financial statements.

This report also includes supplementary information ("SI"), which immediately follows RSI and gives the reader further detail on the information presented in the basic financial statements. Included in the SI are the individual fund financial statements and schedules; and the Uniform Guidance compliance audit of the Federal awards program.

Additional statements and schedules can be found immediately following the notes to the financial statements. These include required supplementary information for the Pension Trust Fund, combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. In the case of the Village of Spring Valley, New York, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources resulting in a net position of \$(57,894,068) at the close of the current fiscal year.

STATEMENT OF NET POSITION

At the end of the current fiscal year, the Village reported a negative balance in total net position, for the Village as a whole. The Village's overall net position decreased by \$39,848,726 (inclusive of the cumulative effect of a change in accounting principle related to the Village's adoption of the provisions of GASB Statement No. 68 for its pension in prior periods and GASB Statement No. 75 for its OPEB obligations reporting. The reasons for this overall increase are discussed in the sections for governmental and business-type activities immediately after the following table.

	May 31,	
	2019	2018
Current Assets	\$ 8,597,799	\$ 10,640,476
Capital Assets, net	21,975,791	23,380,517
Total Assets	30,573,590	34,020,993
Deferred Outflows of Resources*	6,612,131	5,998,712
Current Liabilities	2,750,789	3,399,543
Long-Term Liabilities	90,731,490	49,113,278
Total Liabilities	93,482,279	52,512,821
Deferred Inflows of Resources*	1,597,510	5,552,226
Net Position		
Net Investment in Capital Assets	14,871,049	12,945,131
Restricted	5,178,161	5,321,632
Unrestricted	(77,943,278)	(36,312,105)
Total Net Position	\$ (57,894,068)	\$ (18,045,342)

**Detailed information pertaining to the Village's Deferred Outflows/Inflows of Resources is presented in Notes 1 and 3 to the financial statements. The amounts are as follows:*

	2019 Outflows	2018 Outflows	2019 Inflows	2018 Inflows
Employee Retirement System	\$ 713,241	\$ 1,321,537	\$ 371,662	\$ 1,362,526
Police & Fire Retirement System	2,468,270	4,654,930	1,225,848	4,189,700
Refunding Bonds	14,310	22,245	-	-
OPEB	3,416,310	-	-	-
	<u>\$ 6,612,131</u>	<u>\$ 5,998,712</u>	<u>\$ 1,597,510</u>	<u>\$ 5,552,226</u>

A portion of the Village's net position, \$5,178,161, represents resources that are subject to external restrictions on how they may be used. The restrictions are:

	May 31,	
	2019	2018
Retirement Contributions	\$ 992,878	\$ 990,896
Debt Service	1,208,326	1,277,508
Pension Benefits	2,198,438	2,189,523
Special Revenue Funds	778,519	863,705
Restricted Net Position	<u>\$ 5,178,161</u>	<u>\$ 5,321,632</u>

The remaining balance is an unrestricted net deficit of \$77,943,278.

CHANGE IN NET POSITION

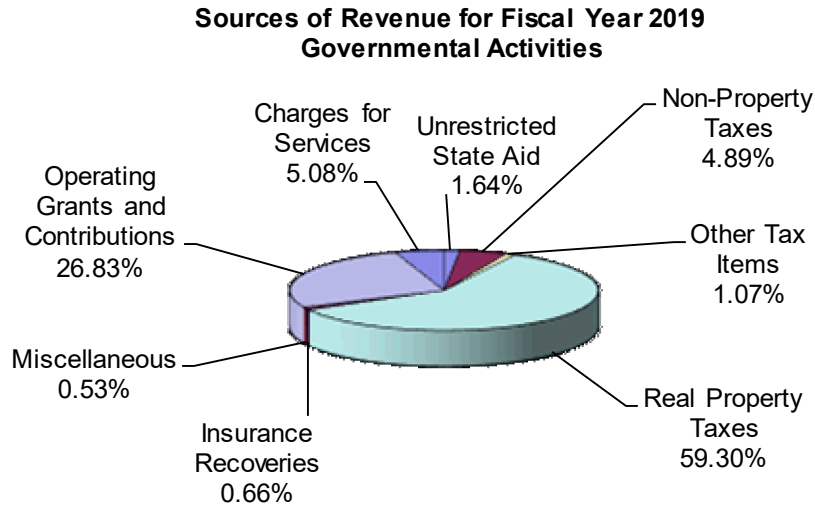
	2019	2018
REVENUES		
Program Revenues		
Charges for Services	\$ 2,047,864	\$ 1,884,779
Operating Grants and Contributions	10,825,931	8,953,414
Capital Grants and Contributions	<u>2,229</u>	<u>26,633</u>
Total Program Revenues	<u>12,876,024</u>	<u>10,864,826</u>
General Revenues		
Real Property Taxes	23,925,016	20,547,821
Other Tax Items	431,124	300,632
Non-Property Taxes	1,973,134	1,781,093
Unrestricted Use of Money and Property	110,383	100,149
Sale of Property and Compensation for Loss	4,469	17,000
Unrestricted State Aid	660,257	662,381
Miscellaneous	102,292	35,133
Insurance Recoveries	<u>261,014</u>	<u>211,747</u>
Total General Revenues	<u>27,467,689</u>	<u>23,655,956</u>
Total Revenues	<u>40,343,713</u>	<u>34,520,782</u>
PROGRAM EXPENSES		
General Government Support	8,809,423	7,244,457
Public Safety	21,456,442	20,221,111
Health	2,602	2,432
Transportation	4,936,049	5,398,245
Economic Opportunity and Development	9,539,686	7,994,773
Culture and Recreation	594,669	502,918
Home and Community Services	179,964	184,297
Miscellaneous	113,986	-
Interest	<u>347,745</u>	<u>504,044</u>
Total Expenses	<u>45,980,566</u>	<u>42,052,277</u>
Change in Net Position	<u>(5,636,853)</u>	<u>(7,531,495)</u>
NET POSITION		
Beginning, as reported	(18,045,342)	(10,513,847)
Cumulative Effect of Change in Accounting Principal	<u>(34,211,873)</u>	<u>-</u>
Beginning, as restated	<u>(52,257,215)</u>	<u>(10,513,847)</u>
Ending	<u><u>\$ (57,894,068)</u></u>	<u><u>\$ (18,045,342)</u></u>

Governmental Activities

The Village's net position decreased by \$39,848,726 which is inclusive of a \$34,211,873 cumulative effect for the change in accounting principle based on the Village's implementation of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB").

For the fiscal year ended May 31, 2019, revenues from governmental activities totaled \$40,343,713. 32% of this revenue was program revenue and 68% came from taxes and other sources. The more significant changes are as follows:

- Charges for Services increased by \$163,085.
- Grants and contributions increased by \$ 1,848,113.
- Real property tax revenues increased by \$3,377,195.

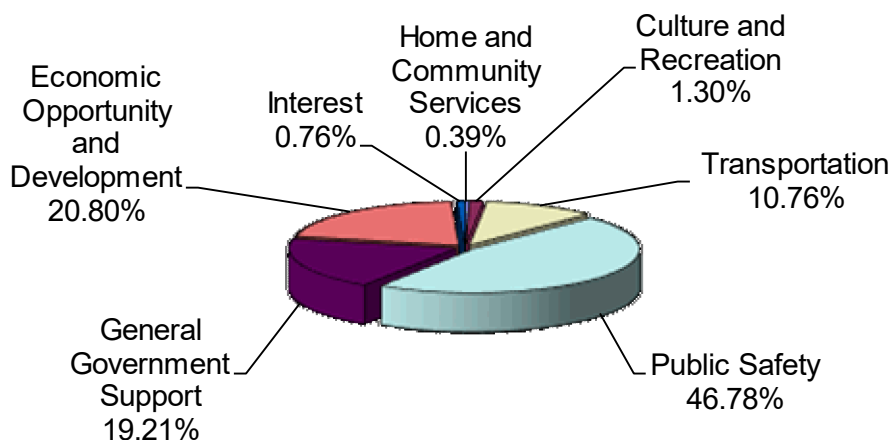


Total expenses for governmental activities were \$45,980,566.

For the year ending May 31, 2019, the Village's OPEB obligations of \$73,642,931 are reflected as a liability on the government-wide financial statements and increased in 2019 by \$41,654,302 which was inclusive of an increase of \$34,211,873 due to the Village implementing GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")". As a result of adopting these standards, the government-wide financial statements reflected a cumulative effect for the change in accounting principle of the aforementioned amount.

The largest components of governmental activities' expenses are public safety (\$20,221,111, 48% in 2018 and \$21,456,442, 47% in 2019), general government support (\$7,244,457, 18% in 2018 and \$8,809,423, 20% in 2019) and economic opportunity and development (\$7,994,773, 19% in 2018 and \$9,539,686, 21% in 2019).

Expenses for Fiscal Year 2019 Governmental Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of the Village's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Village's net resources available for discretionary use as it represents the portion of the fund balance which has not yet been limited to use for particular purpose by either an external party, the Village itself or an individual who has been delegated authority to assign resources for use for particular purposes by the Board of Trustees.

As of the end of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$5,960,858, a decrease of \$1,462,747 over the prior year. Of the total combined fund balance, \$515,439 constitutes unassigned fund balance. The assigned fund balance of \$267,258 is for encumbrances under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations. The remainder of the fund balance is

Restricted (\$992,878 Retirement Contributions, \$1,208,326 Debt Service, \$2,198,438 for Pension Benefits, \$760,034 for Section 8 Fund and \$18,485 for Community Development Fund).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the total fund balance of the General Fund was \$5,897,392. Unassigned fund balance of \$4,156,776 represents 13% of the total General Fund expenditures and other financing uses, while total fund balance represents 18% of that same amount.

The Capital Projects fund reflects a fund deficit of \$3,617,801 at the end of the current fiscal year, an increase in the deficit of \$173,686 from the prior year. This is a result of incurring expenditures for projects where financing sources have not yet been received from capital debt issuances or other sources netted against the issuance of \$3,630,000 of general obligation bonds. No general obligation bonds were issued during the 2018/2019 fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

When the fiscal 2019 budget was adopted, it anticipated the use of \$150,000 of fund balance. Actual results of operations resulted in a decrease of \$1,142,673 to fund balance. Overall, General Fund expenditures and other Financing uses were \$31,937,529, which were more than the final budget by \$583,675. Expenditure shortfalls were observed throughout the budget, however, the expenditures related hospital and medical benefits were the largest with expenditures exceeding the budget by \$651,962. Detailed information pertaining to the Village's Expenditures in Excess of Budget is presented in Note 2E to the financial statements.

The budget for Property Taxes was \$24,937,279. Due to a change in the application of the property tax equalization rate, the Village collected \$23,925,016, a budgetary shortfall of \$1,012,263. Back in the 2017/2018 fiscal year the Village Assessor vacated his position and property assessments were turned over to the Town of Ramapo and the Town of Clarkstown. This resulted in an increase in assessed value and an increase in taxes for many homeowners. In the interest of fairness, the Village Board of Trustees passed a resolution provided an additional period of time for the filing of applications for the RE-STAR program to return a portion of the tax increase to homeowners who met certain criteria. The Village returned approximately \$980,000 to homeowners through the RE-STAR program in fiscal year 2018/2019.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Village's investment in capital assets for its governmental activities as of May 31, 2019, amounted to \$21,975,791 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress.

**Capital Assets
(Net of Depreciation)**

	May 31,	
	2019	2018
Land	\$ 2,681,662	\$ 2,681,662
Construction-in-progress	427,890	427,890
Infrastructure	3,065,196	4,092,608
Buildings and improvements	14,797,399	15,435,185
Machinery and equipment	1,003,644	743,172
Total	<u>\$ 21,975,791</u>	<u>\$ 23,380,517</u>

Capital asset activity during the current fiscal year continued in the: Park Construction Project, Urban Revitalization and Upgrading of Fire Equipment.

Additional information on the Village's capital assets can be found in Note 3, in the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the Village had total debt outstanding of \$10,725,000, comprised entirely of general obligation bonded debt. This is exclusive of any issuance premiums. All debt is backed by the full faith and credit of the Village of Spring Valley.

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Arlene Karger, Village Treasurer, Village of Spring Valley, 200 N. Main Street, Spring Valley, New York 10977.

Village of Spring Valley, New York

Statement of Net Position

May 31, 2019

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 5,209,046
Investments	2,138,089
Receivables	
Accounts	415,706
State and Federal aid	497,687
Due from other governments	337,271
Capital assets	
Not being depreciated	3,109,552
Being depreciated, net	18,866,239
Total Assets	<u>30,573,590</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	14,310
Pension related	3,181,511
OPEB related	<u>3,416,310</u>
Total Deferred Outflows	<u>6,612,131</u>
LIABILITIES	
Accounts payable	777,537
Accrued liabilities	1,420,516
Due to other governments	46,684
Due to retirement systems	371,406
Unearned revenues	20,798
Accrued interest payable	113,848
Non-current liabilities	
Due within one year	2,238,144
Due in more than one year	<u>88,493,346</u>
Total Liabilities	<u>93,482,279</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>1,597,510</u>
NET POSITION	
Net investment in capital assets	14,871,049
Restricted	
Retirement contributions	992,878
Debt service	1,208,326
Pension benefits	2,198,438
Special Revenue Funds	
Section 8 - Housing Assistance Fund	760,034
Community Development Fund	18,485
Unrestricted	<u>(77,943,278)</u>
Total Net Position	<u><u>\$ (57,894,068)</u></u>

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

Village of Spring Valley, New York

Statement of Activities
Year Ended May 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 8,809,423	\$ 308,012	\$ 2,006	\$ -
Public safety	21,456,442	725,862	842,940	-
Health	2,602	-	-	-
Transportation	4,936,049	36,702	-	-
Economic opportunity and development	9,539,686	-	9,976,188	-
Culture and recreation	594,669	11,445	4,797	-
Home and community services	179,964	965,843	-	-
Miscellaneous	113,986	-	-	-
Interest	347,745	-	-	2,229
Total Governmental Activities	<u>\$ 45,980,566</u>	<u>\$ 2,047,864</u>	<u>\$ 10,825,931</u>	<u>\$ 2,229</u>

General revenues
Real property taxes
Other tax items
Payments in lieu of taxes
Interest and penalties on real property taxes
Non-property taxes
Franchise fees
Non-property tax distribution from County
Utilities gross receipts taxes
Unrestricted use of money and property
Sale of property and compensation for loss
Unrestricted State aid
Miscellaneous
Insurance recoveries

Total General Revenues

Change in Net Position

NET POSITION

Beginning, as reported

Cumulative Effect of Change in Accounting Principle

Beginning, as restated

Ending

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

<hr/> Net (Expense) Revenue and Changes in Net Position	
\$	(8,499,405)
	(19,887,640)
	(2,602)
	(4,899,347)
	436,502
	(578,427)
	785,879
	(113,986)
	(345,516)
	<hr/>
	(33,104,542)
	<hr/>
	23,925,016
	298,673
	132,451
	299,642
	1,278,530
	394,962
	110,383
	4,469
	660,257
	102,292
	261,014
	<hr/>
	27,467,689
	<hr/>
	(5,636,853)
	<hr/>
	(18,045,342)
	<hr/>
	(34,211,873)
	<hr/>
	(52,257,215)
	<hr/>
\$	(57,894,068)
	<hr/>

Village of Spring Valley, New York

Balance Sheet
Governmental Funds
May 31, 2019

	General	Section 8 - Housing Assistance	Capital Projects
ASSETS			
Cash and equivalents	\$ 3,929,071	\$ 867,768	\$ 358,992
Investments	2,135,102	-	2,987
Receivables			
Accounts	415,043	-	-
State and Federal aid	497,687	-	-
Due from other governments	324,915	12,356	-
Due from other funds	6,337,516	-	-
	7,575,161	12,356	-
Total Assets	\$ 13,639,334	\$ 880,124	\$ 361,979
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 699,358	\$ 73,406	\$ 1,214
Accrued liabilities	1,420,516	-	-
Due to other governments	-	46,684	-
Due to other funds	3,052,223	-	3,978,566
Due to retirement systems	371,406	-	-
Unearned revenues	-	-	-
Total Liabilities	5,543,503	120,090	3,979,780
Fund balances (deficits)			
Restricted	3,671,796	760,034	-
Assigned	267,258	-	-
Unassigned	4,156,777	-	(3,617,801)
Total Fund Balances (Deficits)	8,095,831	760,034	(3,617,801)
Total Liabilities and Fund Balances (Deficits)	\$ 13,639,334	\$ 880,124	\$ 361,979

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ 53,215	\$ 5,209,046
-	-	2,138,089
-	663	415,706
-	-	497,687
-	-	337,271
727,846	-	7,065,362
727,846	663	8,316,026
<u>\$ 727,846</u>	<u>\$ 53,878</u>	<u>\$ 15,663,161</u>
\$ -	\$ 3,559	\$ 777,537
-	-	1,420,516
-	-	46,684
-	34,573	7,065,362
-	-	371,406
-	20,798	20,798
-	58,930	9,702,303
727,846	18,485	5,178,161
-	-	267,258
-	(23,537)	515,439
727,846	(5,052)	5,960,858
<u>\$ 727,846</u>	<u>\$ 53,878</u>	<u>\$ 15,663,161</u>

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Village of Spring Valley, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position May 31, 2019

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

Total Fund Balances - Governmental Funds	\$ 5,960,858
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non depreciable	3,109,552
Capital assets - depreciable	58,408,252
Accumulated depreciation	<u>(39,542,013)</u>
	<u>21,975,791</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	3,181,511
Deferred outflows - OPEB related	3,416,310
Deferred inflows - pension related	<u>(1,597,510)</u>
	<u>5,000,311</u>
Long-term and other liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(113,848)
General obligation bonds payable	(10,725,000)
Compensated absences	(1,190,690)
Claims payable	(850,156)
Net pension liability	(4,249,138)
Other post employment benefit obligations payable	<u>(73,642,931)</u>
	<u>(90,771,763)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities	
Deferred amount on refunding	14,310
Premium on general obligation bonds	<u>(73,575)</u>
	<u>(59,265)</u>
Net Position of Governmental Activities	<u>\$ (57,894,068)</u>

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

Village of Spring Valley, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended May 31, 2019

	General	Section 8 - Housing Assistance	Capital Projects
REVENUES			
Real property taxes	\$ 23,925,016	\$ -	\$ -
Other tax items	431,124	-	-
Non-property taxes	1,973,134	-	-
Departmental income	846,034	-	-
Use of money and property	242,087	1,397	-
Licenses and permits	1,057,633	-	-
Fines and forfeitures	474,122	-	-
Sale of property and compensation for loss	4,469	-	-
State aid	1,432,975	-	1,270
Federal aid	19,486	8,905,822	-
Miscellaneous	107,089	661,017	-
Total Revenues	30,513,169	9,568,236	1,270
EXPENDITURES			
Current			
General government support	5,729,814	-	-
Public safety	10,492,576	-	-
Health	2,602	-	-
Transportation	2,428,109	-	-
Economic opportunity and development	250	9,653,422	-
Culture and recreation	470,962	-	-
Home and community services	179,964	-	-
Employee benefits	10,470,225	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	173,688
Total Expenditures	29,774,502	9,653,422	173,688
Excess (Deficiency) of Revenues Over Expenditures	738,667	(85,186)	(172,418)
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	261,014	-	-
Transfers in	71,409	-	-
Transfers out	(2,204,848)	-	(1,268)
Total Other Financing Sources (Uses)	(1,872,425)	-	(1,268)
Net Change in Fund Balances	(1,133,758)	(85,186)	(173,686)
FUND BALANCES (DEFICITS)			
Beginning of Year	9,229,589	845,220	(3,444,115)
End of Year	\$ 8,095,831	\$ 760,034	\$ (3,617,801)

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

Debt Service	Non-Major Governmental	Total Governmental Funds
\$ -	\$ -	\$ 23,925,016
-	-	431,124
-	-	1,973,134
-	-	846,034
-	24	243,508
-	-	1,057,633
-	-	474,122
-	-	4,469
-	-	1,434,245
-	-	8,925,308
-	-	768,106
-	24	40,082,699
-	-	5,729,814
-	-	10,492,576
-	-	2,602
-	-	2,428,109
-	-	9,653,672
-	-	470,962
-	-	179,964
-	-	10,470,225
1,775,000	-	1,775,000
429,848	-	429,848
-	-	173,688
2,204,848	-	41,806,460
(2,204,848)	24	(1,723,761)
-	-	261,014
2,206,116	-	2,277,525
(71,409)	-	(2,277,525)
2,134,707	-	261,014
(70,141)	24	(1,462,747)
797,987	(5,076)	7,423,605
\$ 727,846	\$ (5,052)	\$ 5,960,858

Village of Spring Valley, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended May 31, 2019

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

Net Change in Fund Balances - Total Governmental Funds	\$ (1,462,747)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures	600,183
Depreciation expense	<u>(2,004,909)</u>
	<u>(1,404,726)</u>

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities

Principal paid on bonds	<u>1,775,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	68,824
Changes in pension liabilities and related deferred outflows and inflows of resources	(579,345)
Compensated absences	169,957
Claims payable	(190,976)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(4,026,119)
Amortization of premium and loss on refunding bonds	<u>13,279</u>
	<u>(4,544,380)</u>

Change in Net Position of Governmental Activities	<u><u>\$ (5,636,853)</u></u>
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The notes to the financial statements are an integral part of this statement.

Village of Spring Valley, New York

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual General Fund Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 24,937,279	\$ 24,937,279	\$ 23,925,016	\$ (1,012,263)
Other tax items	455,000	455,000	431,124	(23,876)
Non-property taxes	1,805,000	1,805,000	1,973,134	168,134
Departmental income	767,650	767,650	846,034	78,384
Use of money and property	205,000	205,000	242,087	37,087
Licenses and permits	879,800	879,800	1,057,633	177,833
Fines and forfeitures	415,000	415,000	474,122	59,122
Sale of property and compen- sation for loss	1,000	1,000	4,469	3,469
State aid	924,417	924,417	1,432,975	508,558
Federal aid	195,000	195,000	19,486	(175,514)
Miscellaneous	39,560	39,560	107,089	67,529
Total Revenues	30,624,706	30,624,706	30,513,169	(111,537)
EXPENDITURES				
Current				
General government support	4,968,573	4,945,074	5,729,814	(784,740)
Public safety	11,118,742	11,100,716	10,492,576	608,140
Health	3,000	3,000	2,602	398
Transportation	2,317,190	2,306,214	2,428,109	(121,895)
Economic opportunity and development	47,000	47,000	250	46,750
Culture and recreation	464,366	462,750	470,962	(8,212)
Home and community services	116,600	116,600	179,964	(63,364)
Employee benefits	10,147,500	10,147,500	10,470,225	(322,725)
Total Expenditures	29,182,971	29,128,854	29,774,502	(645,648)
Excess of Revenues Over Expenditures	1,441,735	1,495,852	738,667	(757,185)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	135,000	135,000	261,014	126,014
Transfers in	-	-	71,409	71,409
Transfers out	(2,225,000)	(2,225,000)	(2,204,848)	20,152
Total Other Financing Uses	(2,090,000)	(2,090,000)	(1,872,425)	217,575
Net Change in Fund Balance	(648,265)	(594,148)	(1,133,758)	(539,610)
FUND BALANCE				
Beginning of Year	648,265	594,148	9,229,589	8,635,441
End of Year	\$ -	\$ -	\$ 8,095,831	\$ 8,095,831

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

Village of Spring Valley, New York

Statement of Assets and Liabilities
Fiduciary Fund
May 31, 2019

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 751,980
Accounts receivable	<u>43,476</u>
Total Assets	<u><u>\$ 795,456</u></u>
LIABILITIES	
Accounts payable	\$ 152,713
Deposits	<u>642,743</u>
Total Liabilities	<u><u>\$ 795,456</u></u>

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

Village of Spring Valley, New York

Notes to Financial Statements
May 31, 2019

Note 1 - Summary of Significant Accounting Policies

The Village of Spring Valley, New York ("Village") was established in 1902 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Mayor serves as the chief executive officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

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

A. Financial Reporting Entity

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

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The following organization is related to the Village:

The Spring Valley Housing Authority ("Authority") is a public benefit corporation created by State legislation to promote the development of adequate housing for citizens of the Village. The members of the Authority's board are appointed by the Village. The Authority does not impose a financial burden to the primary government since the Village is not obligated to guarantee the Authority's debt. The Authority does not provide services entirely or almost entirely to the Village.

B. Government-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources that are legally restricted, committed or

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

assigned to expenditures for certain defined purposes. The major special revenue fund of the Village is as follows -

Section 8 - Housing Assistance Fund - The Section 8 - Housing Assistance Fund is used to account for Federal aid received from the U.S. Department of Housing and Urban Development and used for housing assistance payment purposes. A fiscal year end of June 30th is mandated for this program. The major revenue of this fund is Federal aid.

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

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

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

Special Revenue Funds

Community Development Fund - The Community Development Fund is used to account for projects financed primarily by entitlements from the U.S. Department of Housing and Urban Development.

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 (Not Included in Government-Wide Statements) – The Fiduciary Fund is used to account for assets held by the Village on behalf of others. This includes the Agency Fund. The Agency Fund accounts for payroll tax withholdings, deposits that are payable to other jurisdictions or individuals.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the

Note 1 - Summary of Significant Accounting Policies (Continued)

timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, certain claims, net pension liability and other post-employment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Village's deposits and investment policies are governed by State statutes. The Village has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

Investments (except Length of Service Awards Program investments, which are discussed in Note 3D) - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Village follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Village does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*" directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2019.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Village does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Village's investment policy limits the amount on deposit at each of its banking institutions.

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

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

Village of Spring Valley, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (i.e., roads, bridges and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of donation.

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

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

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

<u>Class</u>	<u>Life In Years</u>
Infrastructure	20 - 50
Buildings and improvements	10 - 40
Machinery and equipment	3 - 8

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues of \$20,798 for amounts received in advance pursuant to grants in the Community Development Funds. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

The Village reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The Village also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the government-wide financial statements. These amounts are detailed in the discussion of the Village's pension and other postemployment benefit liabilities in Note 3D.

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

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

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation of service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and

Village of Spring Valley, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)

long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

Other Post-Employment Benefit Liability ("OPEB") – In addition to providing pension benefits, the Village provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*".

Net Position - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to 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 are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Board of Trustees or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Village includes restricted for retirement contributions, debt service, pension benefits, the Section 8 Housing Assistance Fund and the Community Development fund.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they

Note 1 - Summary of Significant Accounting Policies (Continued)

are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

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

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the Village Board of Trustees, the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds except the General Fund includes all remaining amounts, except for negative balances that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

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

F. Encumbrances

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 31, 2023.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes the proposed expenditures and the means of financing.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for General and Debt Service funds.
- f) Budgets for General and Debt Service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects and Community Development funds are budgeted on a project basis. The Village does not adopt a budget for the Section 8 - Housing Assistance Fund or the Special Purpose Fund since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- h) Appropriations in General and Debt Service funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for the 2018-2019 fiscal year was \$25,265,386 which exceeded the actual levy by \$2,828,107.

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

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

Village of Spring Valley, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 2 - Stewardship, Compliance and Accountability (Continued)

C. Capital Projects Fund Deficit

The Capital Projects Fund reflects an unassigned deficit of \$3,617,801. This deficit results from expenditures exceeding current financing on the projects. This deficit will be eliminated with the receipt or issuance of subsequent authorized financing.

D. Other Fund Deficits

The County Program and the Elderly Emergency Home Repair Program sub-fund within the Community Development Fund reflects a deficit of \$3,623 and \$24,094, respectively. In addition, the Special Purpose Fund reflects a deficit of \$23,537. The Village will address these deficits in the ensuing year.

E. Expenditures in Excess of Budget

The following functional expenditures exceeded their budgetary authorizations by the amounts indicated:

General Fund	
General Government Support	
Justice	\$ 28,211
Mayor	103,796
Auditor	4,494
Treasurer	625
Clerk	85,693
Attorney	366,684
Buildings	273,727
Central garage	179,988
Central storeroom	11,434
Central mailing	8,586
Judgements and claims	250,311
Refunds of real property taxes	100,994
Public Safety	
Fire department	44,603
Housing	59,323
Emergency operations	1,043
Transportation	
Street maintenance	204,299
Snow removal	26,520
Culture and Recreation	
Civic center	126,099
Adult recreation	3,757
Home and Community Services	
Zoning board	4,275
Planning board	46,105
Refuse and garbage	14,324
Employee Benefits	
Life insurance	17,933
Unemployment benefits	2,246
Hospital and medical insurance	651,962

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 2 - Stewardship, Compliance and Accountability (Continued)

F. Cumulative Effect of Change in Accounting Principle

For the year ended May 31, 2019, the Village implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")". This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of (\$34,211,873).

Note 3 - Detailed Notes on All Funds

A. Interfund Receivables/Payables

The balances reflected as due from/to other funds at May 31, 2019 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 6,337,516	\$ 3,052,223
Capital Projects	-	3,978,566
Debt Service	727,846	-
Non-Major Governmental	-	34,573
	<u>\$ 7,065,362</u>	<u>\$ 7,065,362</u>

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

B. Capital Assets

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

	<u>Balance June 1, 2018</u>	<u>Additions</u>	<u>Balance May 31, 2019</u>
Capital Assets, not being depreciated:			
Land	\$ 2,681,662	\$ -	\$ 2,681,662
Construction-in-progress	<u>427,890</u>	<u>-</u>	<u>427,890</u>
Total Capital Assets, not being depreciated	<u>\$ 3,109,552</u>	<u>\$ -</u>	<u>\$ 3,109,552</u>

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
 May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2018	Additions	Balance May 31, 2019
Capital Assets, being depreciated:			
Infrastructure	\$ 28,649,249	\$ -	\$ 28,649,249
Buildings and improvements	22,415,293	172,512	22,587,805
Machinery and equipment	6,743,527	427,671	7,171,198
Total Capital Assets, being depreciated	57,808,069	600,183	58,408,252
Less Accumulated Depreciation for:			
Infrastructure	24,556,641	1,027,412	25,584,053
Buildings and improvements	6,980,108	810,298	7,790,406
Machinery and equipment	6,000,355	167,199	6,167,554
Total Accumulated Depreciation	37,537,104	2,004,909	39,542,013
Total Capital Assets, being depreciated, net	<u>\$ 20,270,965</u>	<u>\$ (1,404,726)</u>	<u>\$ 18,866,239</u>
Governmental Activities			
Capital Assets, net	<u>\$ 23,380,517</u>	<u>\$ (1,404,726)</u>	<u>\$ 21,975,791</u>

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

General Governmental Support	\$ 422,118
Public Safety	216,907
Transportation	1,316,200
Culture and Recreation	49,684
Total Depreciation Expense	<u>\$ 2,004,909</u>

C. Accrued Liabilities

Accrued liabilities at May 31, 2019 were as follows:

	General Fund
Payroll and employee benefits	\$ 1,420,483
Tax certiorari refunds	33
	<u>\$ 1,420,516</u>

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

D. Long-Term Liabilities

The following table summarizes changes in the Village's long-term liabilities for the year ended May 31, 2019:

	Balance as Reported June 1, 2018	Cumulative Effect of Change in Accounting Principle*	Balance as Restated June 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2019	Due Within One Year
General Obligation Bonds Payable							
Capital Construction	\$ 8,412,483	\$ -	\$ 8,412,483	\$ -	\$ 1,367,006	\$ 7,045,477	\$ 951,931
Judgments and Claims	3,512,517	-	3,512,517	-	357,994	3,154,523	368,069
Other	575,000	-	575,000	-	50,000	525,000	50,000
	12,500,000	-	12,500,000	-	1,775,000	10,725,000	1,370,000
Plus - Issuance Premium	94,789	-	94,789	-	21,214	73,575	-
	12,594,789	-	12,594,789	-	1,796,214	10,798,575	1,370,000
Other Non-Current Liabilities							
Compensated Absences	1,360,647	-	1,360,647	-	169,957	1,190,690	119,000
Claims Payable	659,180	-	659,180	190,976	-	850,156	749,144
Net Pension Liability	2,510,033	-	2,510,033	1,739,105	-	4,249,138	-
Other Post Employment Benefit Obligations Liability	31,988,629	34,211,873	66,200,502	9,153,023	1,710,594	73,642,931	-
Total Non-Current Liabilities	36,518,489	34,211,873	70,730,362	11,083,104	1,880,551	79,932,915	868,144
Total Long-Term Liabilities	\$ 49,113,278	\$ 34,211,873	\$ 83,325,151	\$ 11,083,104	\$ 3,676,765	\$ 90,731,490	\$ 2,238,144

Each governmental fund's liability for general obligation bonds payable, compensated absences, claims payable, net pension liability and other postemployment benefit obligations is liquidated by the General Fund. The Village's indebtedness for bonds is satisfied by the Debt Service Fund, which is funded primarily from the General Fund. The schedule of funding progress for the defined benefit pension plan immediately following the notes to the financial statements present multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

General Obligation Bonds Payable

General Obligation bonds payable at May 31, 2019 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2019
Various Purposes	2005	\$ 5,000,000	May, 2025	4.250-5.000 %	\$ 1,985,000
Various Purposes	2007	600,000	August, 2021	4.250-4.700	160,000
Various Purposes	2008	4,300,000	June, 2022	5.000	1,515,000
Tax Certioraris	2010	3,000,000	December, 2024	3.000-3.875	1,650,000
Public Improvement/Housing Authority	2013	750,000	July, 2027	3.000-4.250	525,000
Various Purposes - Refunding	2017	225,060	April, 2025	2.000-5.000	158,100
Tax Certioraris - Refunding	2017	984,940	April, 2025	2.000-5.000	691,900
Various Purposes	2017	3,630,000	August, 2031	2.000-2.500	3,227,377
Tax Certioraris	2017	914,000	August, 2031	2.000-2.500	812,623
					<u>\$ 10,725,000</u>

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Interest expenditures of \$429,848 were recorded in the fund financial statements in the Debt Service Fund. Interest expense of \$347,745 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2019 including interest payments of \$1,546,599 are as follows:

Year Ending May 31,	Principal	Interest
2020	\$ 1,370,000	\$ 360,060
2021	1,420,000	304,407
2022	1,470,000	246,217
2023	1,465,000	186,381
2024	1,100,000	140,231
2025-2029	2,865,000	271,912
2030-2032	1,035,000	37,391
	<u>\$ 10,725,000</u>	<u>\$ 1,546,599</u>

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

Compensated Absences

Pursuant to the terms of the collective bargaining agreements, all Village employees, except police officers, may accumulate up to 165 days of sick leave to be used as compensatory time. All Village employees, except police officers, may request to be paid for accumulated sick leave up to a maximum of one-half of that employee's past year's accumulated sick leave at the rate of \$75 per day. For police officers with accumulated sick leave as of May 31, 2019, such leave will be paid upon separation of service at the rate of seventy-five percent of the amount accumulated at current salary levels.

Vacation leave for all employees, except department heads, is earned on the employee's anniversary date and must be taken within one year of that anniversary date, except if an extension has been approved by the Mayor and the Board. Any unused vacation leave is paid upon separation of service. Employees are permitted to accumulate compensatory time which can be used as vacation leave. Upon separation of employment, employees will be paid for unused compensatory time. The value of such compensated absences has been reflected in the government-wide financial statements.

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Claims Payable

Claims payable reflects a liability of \$850,156 for court ordered tax certiorari refunds, which were not due and payable at year-end. The amounts have been recorded as an expense in the government-wide financial statements.

Pension Plans

New York State and Local Retirement System

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") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). 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, 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, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. 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 System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2019 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	1 75I/41J	21.4%
	2 75I/41J	19.6
	3 A14/41J	15.8
	4 A15/41J	15.8
	5 A15/41J	13.0
	6 A15/41J	9.3

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
PFRS	2 384D	24.0%
	5 384D	19.4
	6 384D	14.4

At May 31, 2019, the Village reported the following for its proportion share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Net pension liability	\$ 830,194	\$ 3,418,944
Villages' proportion of the net pension liability	0.0117171 %	0.2038649 %
Change in proportion since the prior measurement date	(0.0005089) %	(0.0054283) %

The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended May 31, 2019, the Village recognized its proportionate share of pension expense in the government-wide financial statements of \$613,991 for ERS and \$2,239,807 for PFRS. Pension expenditures of \$560,952 for ERS and \$1,713,501 for PFRS were recorded in the fund financial statements and were charged to the General Fund.

At May 31, 2019, the Village reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 163,483	\$ 55,729	\$ 830,556	\$ 365,029
Changes of assumptions	208,677	-	1,242,193	-
Net difference between projected and actual earnings on pension plan investments	-	213,074	-	684,731
Changes in proportion and differences between Village contributions and proportionate share of contributions	239,377	102,859	125,819	176,088
Village contributions subsequent to the measurement date	101,704	-	269,702	-
	<u>\$ 713,241</u>	<u>\$ 371,662</u>	<u>\$ 2,468,270</u>	<u>\$ 1,225,848</u>

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 994,039	\$ 420,758
Changes of assumptions	1,450,870	-
Net difference between projected and actual earnings on pension plan investments	-	897,805
Changes in proportion and differences between Village contributions and proportionate share of contributions	365,196	278,947
Village contributions subsequent to the measurement date	371,406	-
	<u>\$ 3,181,511</u>	<u>\$ 1,597,510</u>

\$101,704 and \$269,702 are reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Village's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2020	\$ 241,520	\$ 683,738
2021	(140,689)	(168,456)
2022	13,214	(3,321)
2023	125,830	394,168
2024	-	66,591
	<u>\$ 239,875</u>	<u>\$ 972,720</u>

The total pension liability for the March 31, 2019 measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. The total pension liabilities for the March 31, 2018 measurement date were determined by using an actuarial valuation as of April 1, 2018. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Measurement date	March 31, 2019	March 31, 2019
Actuarial valuation date	April 1, 2018	April 1, 2018
Investment rate of return	7.0% *	7.0% *
Salary scale	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

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

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

The long-term expected 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 return, net of investment expenses 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 the 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 is summarized in the following table.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<u>100 %</u>	

The real rate of return is net of the long-term inflation of 2.5%.

The discount rate used to calculate the total pension liability was 7.0%. 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 determined. Based upon those 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.

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the ERS net pension liability (asset)	<u>\$ 3,629,740</u>	<u>\$ 830,194</u>	<u>\$ (1,521,623)</u>
Village's proportionate share of the PFRS net pension liability (asset)	<u>\$ 12,355,551</u>	<u>\$ 3,418,944</u>	<u>\$ (4,044,161)</u>

The components of the collective net pension liability as of the March 31, 2019 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 189,803,429,000	\$ 34,128,100,000	\$ 223,931,529,000
Fiduciary net position	<u>182,718,124,000</u>	<u>32,451,037,000</u>	<u>215,169,161,000</u>
Employers' net pension liability	<u>\$ 7,085,305,000</u>	<u>\$ 1,677,063,000</u>	<u>\$ 8,762,368,000</u>
Fiduciary net position as a percentage of total pension liability	<u>96.27%</u>	<u>95.09%</u>	<u>96.09%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of May 31, 2019 represent the employer contribution for the period of April 1, 2019 through May 31, 2019 based on paid ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly. Accrued retirement contributions to ERS and PFRS within the General Fund as of May 31, 2019 were \$101,704 and \$269,702 respectively.

Voluntary Defined Contribution Plan

The Village can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Village will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

E. Pension Trust - Fire Service Award Program

The Village, pursuant to Article 11-A of General Municipal Law and legislative resolution, has established a Service Award Program ("Program") for volunteer firefighters. This Program is a single employer defined benefit plan. Active volunteer firefighters, upon attainment of age 16, and after a year of service credit in a calendar year after 1994 under the provisions of the Program point system, are eligible to become participants in the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 65 or the participant's age after earning one year of service credit) shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$20 for each year of service credit, up to a maximum of 30 years. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the Village's Board, are authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the Village from the General Fund. Separate financial statements are not issued by the program.

Current membership in the Program is comprised of the following:

<u>Group</u>	<u>December 31, 2019</u>
Retirees and beneficiaries	
currently receiving benefits	7
Terminated members entitled to	
but not yet receiving benefits	47
Active-nonvested	24
Active - vested	62

The Village's Board has retained and designated Penflex, Inc. to assist in the administration of the Program. Based on the certified calendar year volunteer firefighter listings, Penflex, Inc. determines and certifies in writing the amount of the service award to be paid to a participant or to a participant's designated beneficiary. As authorized by the Village, Penflex Inc. then directs the paying agent to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. and written confirmation to the Village.

Program assets are required to be held in trust by Article 11-A of the General Municipal Law of the State of New York, 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. Authority to invest the Program's assets is vested in the Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Village.

The Village is required to retain an actuary to determine the amount of the Village's contributions to the Program. The actuarial firm retained for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated May 23, 2019.

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Actuarial Present Value of Benefits at December 31, 2018				\$	2,236,348
Less: Assets Available for Benefits					
		% of total			
Cash	3.67	%	\$	75,189	
Money Market Mutual Funds	83.90			1,695,837	
United States Government Securities	0.02			395	
Certificates of Deposits	13.46			275,602	
					2,047,023
Less: Liabilities - Benefits payable					(75,846)
Total Net Assets Available for Benefits					1,971,177
Total Funded (Unfunded) Benefits					265,171
Less: Unfunded Liability for Prior Service					265,171
Funded (Unfunded) Normal Benefits				\$	-

Prior service costs are being amortized over a range of 10 to 18 years at a discount rate of 5.50%.

The Village is required to contribute the amounts necessary to finance the plan as actuarially determined using the attained age normal frozen initial liability cost method. The asset valuation method is fair value. The assumed investment rate of return is 5.50% and there is no cost of living adjustments. In addition, projected salary increases are not applicable since members are volunteers and there are no assumptions regarding post-retirement benefit increases since post-retirement aged members are not projected to earn service credits.

The Village's annual Program cost, the percentage of the annual Program cost contributed to the plan and the net pension obligation for the current and two preceding fiscal years were as follows:

	Annual Required Contribution	Actual Contribution	Percentage of Annual Program Cost Contributed	Net Pension Obligation
2019	\$ 64,538	\$ 64,538	100.00 %	\$ -
2018	80,673	80,673	100.00	-
2017	84,096	84,096	100.00	-

Since the net pension obligation is not separately amortized, the annual required contribution is equal to the annual pension cost. Per the actuary, the 2018 required contribution was made in calendar year 2018.

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Other Post Employment Benefit Liability ("OPEB")

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post employment health care benefits is shared between the Village and the retired employee as noted below. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At May 31, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	101
Active employees	140
	<hr/>
	241
	<hr/>

The Village's total OPEB liability of \$73,642,931 was measured as of May 31, 2019, and was determined by an actuarial valuation as of June 1, 2018.

The total OPEB liability in the June 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%
Discount rate	3.51%
Healthcare cost trend rates	7.00% for 2019, decreasing by up to .5% per year to an ultimate rate of 5.0% for 2023
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the RPH-2014 Total Dataset Mortality Table with Projection Scale MP-2019

The actuarial assumptions used in the June 1, 2018 valuation for turnover and retirement for ERS and PFRS were based on rates developed in the report "Annual Report to the Comptroller on Actuarial Assumptions".

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

The Village's change in the total OPEB liability for the year ended May 31, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 66,200,502
Service cost	2,303,098
Interest	2,618,304
Changes of benefit terms	-
Differences between expected and actual experience	815,311
Changes in assumptions or other inputs	3,416,310
Benefit payments	<u>(1,710,594)</u>
Total OPEB Liability - End of Year	<u>\$ 73,642,931</u>

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB Liability	<u>\$ 87,670,171</u>	<u>\$ 73,642,931</u>	<u>\$ 62,754,590</u>

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00% decreasing to 4.00%) or 1 percentage point higher (8.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	1% Increase (8.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 61,956,518</u>	<u>\$ 73,642,931</u>	<u>\$ 88,895,045</u>

For the year ended May 31, 2019, the Village recognized OPEB expense of \$5,736,713 in the government-wide financial statements. At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	<u>\$ 3,416,310</u>	<u>\$ -</u>

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended May 31,	
2020	\$ 815,311
2021	815,311
2022	455,600
2023	397,043
2024	397,043
Thereafter	<u>536,002</u>
	<u><u>\$ 3,416,310</u></u>

F. Revenues and Expenditures

Interfund Transfers

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

	<u>Transfers In</u>		
<u>Transfers Out</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
General Fund	\$ -	\$ 2,204,848	\$ 2,204,848
Capital Project Fund	-	1,268	1,268
Debt Service Fund	<u>71,409</u>	<u>-</u>	<u>71,409</u>
	<u><u>\$ 71,409</u></u>	<u><u>\$ 2,206,116</u></u>	<u><u>\$ 2,277,525</u></u>

Transfers are used to move funds from the operating funds to the Debt Service Fund as debt service principal and interest payments become due and from the Debt Service Fund to the General Fund to offset the costs of debt.

G. Net Position

The components of net position are detailed below:

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

Village of Spring Valley, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Retirement Contributions - the component of net position that reports the amounts set aside to be used for retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

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

Restricted for Pension Benefits - The component of net position that has been set aside to be used for LOSAP pension benefits in accordance with Article 11-A of the General Municipal Law of the State of New York

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

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

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2019						2018					
	General Fund	Section 8 Housing Assistance Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total	General Fund	Section 8 Housing Assistance	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total
Nonspendable -												
Prepaid expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,740	\$ -	\$ -	\$ -	\$ -	\$ 8,740
Restricted:												
Retirement contributions	992,878	-	-	-	-	992,878	990,896	-	-	-	-	990,896
Debt service	480,480	-	-	727,846	-	1,208,326	479,521	-	-	797,987	-	1,277,508
Pension benefits	2,198,438	-	-	-	-	2,198,438	2,189,523	-	-	-	-	2,189,523
Section 8 Fund	-	760,034	-	-	-	760,034	-	845,220	-	-	-	845,220
Community Development	-	-	-	-	18,485	18,485	-	-	-	-	18,485	18,485
Total Restricted	3,671,796	760,034	-	727,846	18,485	5,178,161	3,659,940	845,220	-	797,987	18,485	5,321,632
Assigned -												
Purchases on order:												
General government support	46,969	-	-	-	-	46,969	88,585	-	-	-	-	88,585
Public safety	103,348	-	-	-	-	103,348	139,645	-	-	-	-	139,645
Culture and recreation	98,750	-	-	-	-	98,750	268,340	-	-	-	-	268,340
Transportation	18,191	-	-	-	-	18,191	1,695	-	-	-	-	1,695
	267,258	-	-	-	-	267,258	498,265	-	-	-	-	498,265
Subsequent years' expenditures - General Fund	-	-	-	-	-	-	150,000	-	-	-	-	150,000
Total Assigned	267,258	-	-	-	-	267,258	648,265	-	-	-	-	648,265
Unassigned	4,156,777	-	(3,617,801)	-	(23,537)	515,439	4,912,644	-	(3,444,115)	-	(23,561)	1,444,968
Total Fund Balances	\$ 8,095,831	\$ 760,034	\$ (3,617,801)	\$ 727,846	\$ (5,052)	\$ 5,960,858	\$ 9,229,589	\$ 845,220	\$ (3,444,115)	\$ 797,987	\$ (5,076)	\$ 7,423,605

Village of Spring Valley, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

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

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

Subsequent year's expenditures are amounts that at May 31, 2019, the Village Board has assigned to be appropriated to the ensuing year's budget.

Unassigned fund balance represents amounts not classified as non-spendable, restricted or assigned. Unassigned fund balance in the Capital Projects and Non-Major Governmental funds represents the deficit balance in those funds.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

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

B. Risk Management

The Village purchases various insurance coverages to reduce its exposure to loss. The Village maintains general liability, law enforcement liability, automobile and public officials' liability insurance coverage with basic policy limits of \$1 million per occurrence and \$2 million in the aggregate. The Village also maintains an excess liability policy which provides for additional liability coverage up to \$10 million per occurrence and \$20 million in the aggregate. The Village purchases conventional workers' compensation insurance with coverage at statutory levels. Health benefits are provided by commercial carriers including health maintenance organizations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Village of Spring Valley, New York

Notes to Financial Statements (Concluded)
May 31, 2019

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Contingencies

The Village participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the Village anticipates such amounts, if any, to be immaterial.

Village of Spring Valley, New YorkFire Service Award Program
Schedule of Funding Progress
Last Six Fiscal Years

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	(Unfunded) Overfunded Actuarial Accrued Liability	Funded Ratio
2014	\$ 1,558,344	\$ 1,539,159	\$ 19,185	101.25 %
2015	1,711,096	1,599,919	111,177	106.95
2016	1,756,284	1,710,460	45,824	102.68
2017	1,758,997	1,901,188	(142,191)	92.52
2018	1,900,269	2,091,332	(191,063)	90.86
2019	2,127,511	2,189,622	(62,111)	91.63

See independent auditors' report.

Village of Spring Valley, New York

Required Supplementary Information - Schedule of the
Village's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	2019	2018	2017	2016
Village's proportion of the net pension liability	<u>0.0117171%</u>	<u>0.0122260%</u>	<u>0.0133205%</u>	<u>0.0160565%</u>
Village's proportionate share of the net pension liability	<u>\$ 830,194</u>	<u>\$ 394,587</u>	<u>\$ 1,251,623</u>	<u>\$ 2,577,109</u>
Village's covered payroll	<u>\$ 4,327,631</u>	<u>\$ 3,855,230</u>	<u>\$ 4,217,375</u>	<u>\$ 4,151,800</u>
Village's proportionate share of the net pension liability as a percentage of its covered payroll	<u>19.18%</u>	<u>10.24%</u>	<u>29.68%</u>	<u>62.07%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>

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

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

Village of Spring Valley, New York

Required Supplementary Information - Schedule of Contributions New York State and Local Employees' Retirement System Last Ten Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 551,098	\$ 616,266	\$ 607,092	\$ 924,457
Contributions in relation to the contractually required contribution	<u>(551,098)</u>	<u>(616,266)</u>	<u>(607,092)</u>	<u>(924,457)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	<u>\$ 4,327,631</u>	<u>\$ 3,855,230</u>	<u>\$ 4,200,963</u>	<u>\$ 4,154,963</u>
Contributions as a percentage of covered payroll	<u>12.73%</u>	<u>15.99%</u>	<u>14.45%</u>	<u>22.25%</u>

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

Village of Spring Valley, New York

Required Supplementary Information - Schedule of the
Village's Proportionate Share of the Net Pension Liability
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	2019	2018	2017	2016
Village's proportion of the net pension liability	<u>0.2038649%</u>	<u>0.2092932%</u>	<u>0.2017005%</u>	<u>0.2316704%</u>
Village's proportionate share of the net pension liability	<u>\$ 3,418,944</u>	<u>\$ 2,115,446</u>	<u>\$ 4,180,549</u>	<u>\$ 6,859,267</u>
Village's covered payroll	<u>\$ 7,069,632</u>	<u>\$ 7,559,893</u>	<u>\$ 7,897,467</u>	<u>\$ 7,400,862</u>
Village's proportionate share of the net pension liability as a percentage of its covered payroll	<u>48.36%</u>	<u>27.98%</u>	<u>52.94%</u>	<u>92.68%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.09%</u>	<u>96.93%</u>	<u>93.50%</u>	<u>90.20%</u>

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

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

Village of Spring Valley, New York

Required Supplementary Information - Schedule of Contributions New York State and Local Police and Fire Retirement System Last Ten Fiscal Years (1)

	2019	2018	2017	2016
Contractually required contribution	\$ 1,732,559	\$ 1,880,008	\$ 1,728,418	\$ 1,547,371
Contributions in relation to the contractually required contribution	<u>(1,732,559)</u>	<u>(1,880,008)</u>	<u>(1,728,418)</u>	<u>(1,547,371)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	<u>\$ 7,069,632</u>	<u>\$ 7,559,893</u>	<u>\$ 7,987,442</u>	<u>\$ 7,516,353</u>
Contributions as a percentage of covered payroll	<u>24.51%</u>	<u>24.87%</u>	<u>21.64%</u>	<u>20.59%</u>

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

Village of Spring Valley, New York

Required Supplementary Information - Schedule of Changes in the Village's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1) (2)

	<u>2019</u>
Total OPEB Liability:	
Service cost	\$ 2,303,098
Interest	2,618,304
Changes of benefit terms	-
Differences between expected and actual experience	815,311
Changes of assumptions or other inputs	3,416,310 (4)
Benefit payments	<u>(1,710,594)</u>
Net Change in Total OPEB Liability	7,442,429
Total OPEB Liability – Beginning of Year	<u>66,200,502 (3)</u>
Total OPEB Liability – End of Year	<u><u>\$ 73,642,931</u></u>
Village's covered-employee payroll	<u><u>\$ 10,366,878</u></u>
Total OPEB liability as a percentage of covered-employee payroll	<u><u>710.37%</u></u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2019 implementation of Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*.

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

(4) The discount rate used to calculate the Total OPEB liability was decreased from 3.87% as of May 31, 2018 to 3.51% effective as of May 31, 2019

Village of Spring Valley, New York

General Fund
Combining Balance Sheet - Sub-Funds
May 31, 2019
(With Comparative Actuals for 2018)

		Fire	Totals	
	General	Service Awards Program	2019	2018
ASSETS				
Cash and equivalents	\$ 3,929,071	\$ -	\$ 3,929,071	\$ 5,306,781
Investments	1,202	2,133,900	2,135,102	2,110,052
Other receivables				
Accounts	350,505	64,538	415,043	506,858
State and Federal aid	497,687	-	497,687	44,321
Due from other governments	324,915	-	324,915	771,810
Due from other funds	6,337,516	-	6,337,516	6,260,042
Prepaid expenditures	-	-	-	8,740
Total Assets	<u>\$ 11,440,896</u>	<u>\$ 2,198,438</u>	<u>\$ 13,639,334</u>	<u>\$ 15,008,604</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 699,358	\$ -	\$ 699,358	\$ 1,579,743
Accrued Liabilities	1,420,516	-	1,420,516	767,685
Due to other funds	3,052,223	-	3,052,223	3,050,977
Due to retirement systems	371,406	-	371,406	380,610
Total Liabilities	<u>5,543,503</u>	<u>-</u>	<u>5,543,503</u>	<u>5,779,015</u>
Fund balances				
Nonspendable	-	-	-	8,740
Restricted	1,473,358	2,198,438	3,671,796	3,659,940
Assigned	267,258	-	267,258	648,265
Unassigned	4,156,777	-	4,156,777	4,912,644
Total Fund Balances	<u>5,897,393</u>	<u>2,198,438</u>	<u>8,095,831</u>	<u>9,229,589</u>
Total Liabilities and Fund Balances	<u>\$ 11,440,896</u>	<u>\$ 2,198,438</u>	<u>\$ 13,639,334</u>	<u>\$ 15,008,604</u>

See independent auditors' report.

Village of Spring Valley, New York

General Fund

Combining Schedules of Revenues, Expenditures and Changes in Fund Balances - Sub-Funds

Year Ended May 31, 2019

(With Comparative Actuals for 2018)

		Fire Service Award Program		Totals	
	General		Eliminations	2019	2018
REVENUES					
Real property taxes	\$ 23,925,016	\$ -	\$ -	\$ 23,925,016	\$ 20,547,821
Other tax items	431,124	-	-	431,124	300,632
Non-property taxes	1,973,134	-	-	1,973,134	1,781,093
Departmental income	846,034	64,538	(64,538)	846,034	515,186
Use of money and property	191,351	50,736	-	242,087	277,307
Licenses and permits	1,057,633	-	-	1,057,633	1,048,557
Fines and forfeitures	474,122	-	-	474,122	389,356
Sale of property and compensation for loss	4,469	-	-	4,469	17,000
State aid	1,432,975	-	-	1,432,975	1,160,537
Federal aid	19,486	-	-	19,486	16,702
Miscellaneous	107,089	-	-	107,089	36,932
Total Revenues	30,462,433	115,274	(64,538)	30,513,169	26,091,123
EXPENDITURES					
Current					
General government support	5,729,814	-	-	5,729,814	4,424,626
Public safety	10,450,755	106,359	(64,538)	10,492,576	10,238,361
Health	2,602	-	-	2,602	1,237
Transportation	2,428,109	-	-	2,428,109	2,279,326
Economic opportunity and development	250	-	-	250	-
Culture and recreation	470,962	-	-	470,962	432,845
Home and community services	179,964	-	-	179,964	126,643
Employee benefits	10,470,225	-	-	10,470,225	10,409,304
Total Expenditures	29,732,681	106,359	(64,538)	29,774,502	27,912,342
Excess (Deficiency) of Revenues Over Expenditures					
	729,752	8,915	-	738,667	(1,821,219)
OTHER FINANCING USES					
Insurance recoveries	261,014	-	-	261,014	211,747
Transfers in	71,409	-	-	71,409	67,807
Transfers out	(2,204,848)	-	-	(2,204,848)	(2,199,156)
Total Other Financing Uses	(1,872,425)	-	-	(1,872,425)	(1,919,602)
Net Change in Fund Balances	(1,142,673)	8,915	-	(1,133,758)	(3,740,821)
FUND BALANCES					
Beginning of Year	7,040,066	2,189,523	-	9,229,589	12,970,410
End of Year	\$ 5,897,393	\$ 2,198,438	\$ -	\$ 8,095,831	\$ 9,229,589

See independent auditors' report.

Village of Spring Valley, New York

General Fund
Comparative Balance Sheet
May 31,

	2019	2018
ASSETS		
Cash and equivalents	\$ 3,929,071	\$ 5,306,781
Investments	1,202	1,202
Receivables		
Accounts	350,505	426,185
State and Federal aid	497,687	44,321
Due from other governments	324,915	771,810
Due from other funds	6,337,516	6,260,042
	7,510,623	7,502,358
Prepaid expenditures	-	8,740
Total Assets	\$ 11,440,896	\$ 12,819,081
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 699,358	\$ 1,579,743
Accrued liabilities	1,420,516	767,685
Due to other funds	3,052,223	3,050,977
Due to retirement systems	371,406	380,610
Total Liabilities	5,543,503	5,779,015
Fund balance		
Nonspendable	-	8,740
Restricted	1,473,358	1,470,417
Assigned	267,258	648,265
Unassigned	4,156,777	4,912,644
Total Fund Balance	5,897,393	7,040,066
Total Liabilities and Fund Balance	\$ 11,440,896	\$ 12,819,081

See independent auditors' report.

Village of Spring Valley, New York

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

	2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 24,937,279	\$ 24,937,279	\$ 23,925,016	\$ (1,012,263)
Other tax items	455,000	455,000	431,124	(23,876)
Non-property taxes	1,805,000	1,805,000	1,973,134	168,134
Departmental income	767,650	767,650	846,034	78,384
Use of money and property	205,000	205,000	191,351	(13,649)
Licenses and permits	879,800	879,800	1,057,633	177,833
Fines and forfeitures	415,000	415,000	474,122	59,122
Sale of property and compensation for loss	1,000	1,000	4,469	3,469
State aid	924,417	924,417	1,432,975	508,558
Federal aid	195,000	195,000	19,486	(175,514)
Miscellaneous	39,560	39,560	107,089	67,529
Total Revenues	30,624,706	30,624,706	30,462,433	(162,273)
EXPENDITURES				
Current				
General government support	4,968,573	4,945,074	5,729,814	(784,740)
Public safety	11,118,742	11,100,716	10,450,755	649,961
Health	3,000	3,000	2,602	398
Transportation	2,317,190	2,306,214	2,428,109	(121,895)
Economic opportunity and development	47,000	47,000	250	46,750
Culture and recreation	464,366	462,750	470,962	(8,212)
Home and community services	116,600	116,600	179,964	(63,364)
Employee benefits	10,147,500	10,147,500	10,470,225	(322,725)
Total Expenditures	29,182,971	29,128,854	29,732,681	(603,827)
Excess (Deficiency) of Revenues Over Expenditures	1,441,735	1,495,852	729,752	(766,100)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	135,000	135,000	261,014	126,014
Transfers in	-	-	71,409	71,409
Transfers out	(2,225,000)	(2,225,000)	(2,204,848)	20,152
Total Other Financing Uses	(2,090,000)	(2,090,000)	(1,872,425)	217,575
Net Change in Fund Balance	(648,265)	(594,148)	(1,142,673)	(548,525)
FUND BALANCE				
Beginning of Year	648,265	594,148	7,040,066	6,445,918
End of Year	\$ -	\$ -	\$ 5,897,393	\$ 5,897,393

See independent auditors' report.

2018

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 24,568,489	\$ 24,568,489	\$ 20,547,821	\$ (4,020,668)
453,615	453,615	300,632	(152,983)
1,770,000	1,770,000	1,781,093	11,093
707,160	707,160	515,186	(191,974)
197,000	197,000	159,916	(37,084)
681,100	681,100	1,048,557	367,457
415,000	415,000	389,356	(25,644)
1,000	1,000	17,000	16,000
659,417	659,417	1,160,537	501,120
180,000	180,000	16,702	(163,298)
32,000	32,000	36,932	4,932
<u>29,664,781</u>	<u>29,664,781</u>	<u>25,973,732</u>	<u>(3,691,049)</u>
4,357,587	4,357,587	4,424,626	(67,039)
10,886,992	10,886,992	10,246,658	640,334
3,000	3,000	1,237	1,763
2,154,430	2,154,430	2,279,326	(124,896)
47,000	47,000	-	47,000
685,660	685,660	432,845	252,815
100,610	100,610	126,643	(26,033)
9,599,434	9,599,434	10,409,304	(809,870)
<u>27,834,713</u>	<u>27,834,713</u>	<u>27,920,639</u>	<u>(85,926)</u>
<u>1,830,068</u>	<u>1,830,068</u>	<u>(1,946,907)</u>	<u>(3,776,975)</u>
125,000	125,000	211,747	86,747
-	-	67,807	67,807
<u>(2,274,156)</u>	<u>(2,274,156)</u>	<u>(2,199,156)</u>	<u>75,000</u>
<u>(2,149,156)</u>	<u>(2,149,156)</u>	<u>(1,919,602)</u>	<u>229,554</u>
<u>(319,088)</u>	<u>(319,088)</u>	<u>(3,866,509)</u>	<u>(3,547,421)</u>
<u>319,088</u>	<u>319,088</u>	<u>10,906,575</u>	<u>10,587,487</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,040,066</u>	<u>\$ 7,040,066</u>

Village of Spring Valley, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended May 31, 2019

(With Comparative Actuals for 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
REAL PROPERTY TAXES	\$ 24,937,279	\$ 24,937,279	\$ 23,925,016	\$ (1,012,263)	\$ 20,547,821
OTHER TAX ITEMS					
Payments in lieu of taxes	305,000	305,000	298,673	(6,327)	300,554
Interest and penalties on real property taxes	150,000	150,000	132,451	(17,549)	78
	455,000	455,000	431,124	(23,876)	300,632
NON-PROPERTY TAXES					
Franchise fees	250,000	250,000	299,642	49,642	204,012
Non-property tax distribution from County	1,230,000	1,230,000	1,278,530	48,530	1,295,990
Utilities gross receipts taxes	325,000	325,000	394,962	69,962	281,091
	1,805,000	1,805,000	1,973,134	168,134	1,781,093
DEPARTMENTAL INCOME					
Clerk/Treasurer fees	350	350	1,589	1,239	401
Police fees	1,300	1,300	1,539	239	983
Registrar fees	750	750	2,362	1,612	980
Bus operations	2,500	2,500	4,692	2,192	2,471
Mass transportation	22,000	22,000	32,010	10,010	40,853
Zoning fees	50,000	50,000	41,105	(8,895)	31,332
Planning board fees	35,000	35,000	29,232	(5,768)	27,244
Parking fees	1,000	1,000	-	(1,000)	-
Emergency Tenant Protection Act	23,000	23,000	16,720	(6,280)	12,050
Fire protection	215,000	215,000	250,201	35,201	230,254
Snow removal	26,250	26,250	-	(26,250)	-
Pool fees	500	500	11,445	10,945	280
Public works	-	-	-	-	41
Refuse and garbage recycling	40,000	40,000	47,187	7,187	43,145
Administrative cost reimbursements	350,000	350,000	407,952	57,952	125,152
	767,650	767,650	846,034	78,384	515,186

USE OF MONEY AND PROPERTY

Earnings on investments	130,000	130,000	113,324	(16,676)	103,084
Rental of real property	75,000	75,000	78,027	3,027	56,832
	<u>205,000</u>	<u>205,000</u>	<u>191,351</u>	<u>(13,649)</u>	<u>159,916</u>

LICENSES AND PERMITS

Business and occupational licenses	99,800	99,800	139,950	40,150	96,065
Building permits	600,000	600,000	691,649	91,649	789,422
Other permits and licenses	180,000	180,000	226,034	46,034	163,070
	<u>879,800</u>	<u>879,800</u>	<u>1,057,633</u>	<u>177,833</u>	<u>1,048,557</u>

FINES AND FORFEITURES

Fines and forfeited bail	415,000	415,000	474,122	59,122	389,356
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**SALE OF PROPERTY AND COMPENSATION
FOR LOSS**

Sale of equipment	1,000	1,000	4,469	3,469	17,000
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STATE AID

Per capita	416,082	416,082	416,082	-	446,251
Mortgage tax	175,000	175,000	244,175	69,175	216,130
Public safety grants	333,335	333,335	772,718	439,383	498,156
	<u>924,417</u>	<u>924,417</u>	<u>1,432,975</u>	<u>508,558</u>	<u>1,160,537</u>

FEDERAL AID

Federal Food Program	45,000	45,000	-	(45,000)	-
Crime control	90,000	90,000	-	(90,000)	-
Department of Justice grants	60,000	60,000	19,486	(40,514)	16,702
	<u>195,000</u>	<u>195,000</u>	<u>19,486</u>	<u>(175,514)</u>	<u>16,702</u>

MISCELLANEOUS

Unclassified	27,560	27,560	102,292	74,732	35,133
Gifts and donations	12,000	12,000	4,797	(7,203)	1,799
	<u>39,560</u>	<u>39,560</u>	<u>107,089</u>	<u>67,529</u>	<u>36,932</u>

TOTAL REVENUES

	<u>30,624,706</u>	<u>30,624,706</u>	<u>30,462,433</u>	<u>(162,273)</u>	<u>25,973,732</u>
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Village of Spring Valley, New York

General Fund

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

Year Ended May 31, 2019

(With Comparative Actuals for 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
OTHER FINANCING SOURCES					
Insurance recoveries	135,000	135,000	261,014	126,014	211,747
Transfers in					
Debt Service Fund	-	-	71,409	71,409	67,807
TOTAL OTHER FINANCING SOURCES	<u>135,000</u>	<u>135,000</u>	<u>332,423</u>	<u>197,423</u>	<u>279,554</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 30,759,706</u>	<u>\$ 30,759,706</u>	<u>\$ 30,794,856</u>	<u>\$ 35,150</u>	<u>\$ 26,253,286</u>

See independent auditors' report.

Village of Spring Valley, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended May 31, 2019

(With Comparative Actuals for 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 108,015	\$ 108,015	\$ 104,848	\$ 3,167	\$ 103,587
Justice	596,933	589,213	617,424	(28,211)	543,835
Mayor	360,715	360,715	464,511	(103,796)	268,936
Auditor	60,000	60,000	64,494	(4,494)	25,000
Treasurer	301,574	297,631	298,256	(625)	279,540
Clerk	248,312	247,730	333,423	(85,693)	201,122
Assessment	200,000	200,000	30,992	169,008	53,809
Attorney	363,846	363,846	730,530	(366,684)	365,089
Buildings	448,923	446,285	720,012	(273,727)	487,785
Central garage	606,595	599,256	773,244	(173,988)	664,872
Central storeroom	18,660	17,383	28,817	(11,434)	16,601
Central mailing	16,000	16,000	24,586	(8,586)	21,377
Unallocated insurance	852,000	852,000	809,837	42,163	810,952
Municipal association dues	7,000	7,000	6,962	38	6,962
Judgements and claims	-	-	250,311	(250,311)	-
Taxes and assessments on real property	60,000	60,000	56,310	3,690	54,143
Refunds of real property taxes	275,000	275,000	375,994	(100,994)	489,927
Fiscal agent and financial advisor fees	10,000	10,000	6,250	3,750	-
Metropolitan Transportation Commuter Mobility Tax	35,000	35,000	33,013	1,987	31,089
Contingency account	400,000	400,000	-	400,000	-
	<u>4,968,573</u>	<u>4,945,074</u>	<u>5,729,814</u>	<u>(784,740)</u>	<u>4,424,626</u>
PUBLIC SAFETY					
Police department	9,528,990	9,522,882	8,964,148	558,734	8,896,283
Fire department	651,089	642,873	687,476	(44,603)	625,916
Traffic control	5,000	5,000	2,274	2,726	2,755
Control of animals	6,000	6,000	-	6,000	-
DARE Program	3,500	3,500	-	3,500	-
Safety inspection	444,454	441,068	392,098	48,970	388,492
Housing	339,709	339,393	398,716	(59,323)	250,388
Anti-Violence Program	135,000	135,000	-	135,000	82,824
Emergency operations	5,000	5,000	6,043	(1,043)	-
	<u>11,118,742</u>	<u>11,100,716</u>	<u>10,450,755</u>	<u>649,961</u>	<u>10,246,658</u>

HEALTH

Registrar of Vital Statistics	3,000	3,000	2,602	398	1,237
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TRANSPORTATION

Superintendent of Public Works	76,250	76,250	35	76,215	-
Street maintenance	1,682,540	1,671,375	1,875,674	(204,299)	1,667,641
Bus operations	152,000	152,000	139,328	12,672	179,182
Snow removal	115,000	115,189	141,709	(26,520)	129,010
Street lighting	225,000	225,000	206,953	18,047	233,462
Transportation aid	2,000	2,000	1,428	572	2,929
Parking	64,400	64,400	62,982	1,418	67,102

	2,317,190	2,306,214	2,428,109	(121,895)	2,279,326
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ECONOMIC OPPORTUNITY AND DEVELOPMENT

Publicity	2,000	2,000	250	1,750	-
Federal Food Program	45,000	45,000	-	45,000	-

	47,000	47,000	250	46,750	-
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CULTURE AND RECREATION

Parks and playgrounds	26,616	156,757	102,013	54,744	5,455
Youth programs	213,500	111,445	111,445	-	150,797
Civic center	29,000	29,001	155,100	(126,099)	30,676
King facility	102,000	102,000	38,300	63,700	129,025
Senior citizens	5,000	5,000	1,800	3,200	4,200
Adult recreation	88,250	58,547	62,304	(3,757)	112,692

	464,366	462,750	470,962	(8,212)	432,845
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HOME AND COMMUNITY SERVICES

Zoning Board	15,000	15,000	19,275	(4,275)	5,695
Planning Board	48,600	48,600	94,705	(46,105)	65,884
Refuse and garbage	30,000	30,000	44,324	(14,324)	33,184
Emergency Tenant Protection Act	23,000	23,000	21,660	1,340	21,880

	116,600	116,600	179,964	(63,364)	126,643
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(Continued)

Village of Spring Valley, New York

General Fund

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

Year Ended May 31, 2019

(With Comparative Actuals for 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2018 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 650,000	\$ 650,000	\$ 560,952	\$ 89,048	\$ 610,639
Police retirement	1,950,000	1,950,000	1,713,501	236,499	1,855,433
Fire service awards	70,000	70,000	64,538	5,462	80,673
Social security	920,000	920,000	915,688	4,312	793,170
Workers' compensation benefits	1,265,000	1,265,000	1,250,905	14,095	1,319,176
Life insurance	245,000	245,000	262,933	(17,933)	255,583
Unemployment benefits	12,500	12,500	14,746	(2,246)	25,232
Hospital and medical insurance	5,035,000	5,035,000	5,686,962	(651,962)	5,469,398
	<u>10,147,500</u>	<u>10,147,500</u>	<u>10,470,225</u>	<u>(322,725)</u>	<u>10,409,304</u>
TOTAL EXPENDITURES	29,182,971	29,128,854	29,732,681	(603,827)	27,920,639
OTHER FINANCING USES					
Transfers out					
Debt Service Fund	<u>2,225,000</u>	<u>2,225,000</u>	<u>2,204,848</u>	<u>20,152</u>	<u>2,199,156</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 31,407,971</u>	<u>\$ 31,353,854</u>	<u>\$ 31,937,529</u>	<u>\$ (583,675)</u>	<u>\$ 30,119,795</u>

See independent auditors' report.

Village of Spring Valley, New York

Section 8 - Housing Assistance Fund
Comparative Balance Sheet
May 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	\$ 867,768	\$ 1,275,558
Accounts receivable	-	6,294
Due from other governments	<u>12,356</u>	<u>2,416</u>
Total Assets	<u><u>\$ 880,124</u></u>	<u><u>\$ 1,284,268</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 73,406	\$ 58,361
Due to other governments	<u>46,684</u>	<u>380,687</u>
Total Liabilities	120,090	439,048
Fund balance		
Restricted	<u>760,034</u>	<u>845,220</u>
Total Liabilities and Fund Balance	<u><u>\$ 880,124</u></u>	<u><u>\$ 1,284,268</u></u>

See independent auditors' report.

Village of Spring Valley, New York

Section 8 - Housing Assistance Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended May 31,

	<u>2019</u>	<u>2018</u>
REVENUES		
Use of money and property	\$ 1,397	\$ 1,533
Federal aid	8,905,822	8,088,672
Miscellaneous	<u>661,017</u>	<u>86,006</u>
Total Revenues	9,568,236	8,176,211
EXPENDITURES		
Current		
Economic opportunity and development	<u>9,653,422</u>	<u>7,994,773</u>
Excess (Deficiency) of Revenues Over Expenditures	(85,186)	181,438
FUND BALANCE		
Beginning of Year	<u>845,220</u>	<u>663,782</u>
End of Year	<u><u>\$ 760,034</u></u>	<u><u>\$ 845,220</u></u>

See independent auditors' report.

Village of Spring Valley, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	2019	2018
ASSETS		
Cash and equivalents	\$ 358,992	\$ 525,777
Investments	2,987	2,987
Due from other funds	-	6,488,889
Total Assets	<u>\$ 361,979</u>	<u>\$ 7,017,653</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 1,214	\$ 428
Due to other funds	3,978,566	10,461,340
Total Liabilities	3,979,780	10,461,768
Fund deficit		
Unassigned	<u>(3,617,801)</u>	<u>(3,444,115)</u>
Total Liabilities and Fund Deficit	<u>\$ 361,979</u>	<u>\$ 7,017,653</u>

See independent auditors' report.

Village of Spring Valley, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2019</u>	<u>2018</u>
REVENUES		
State aid	\$ 1,270	\$ 25,676
EXPENDITURES		
Capital outlay	<u>173,688</u>	<u>2,858,707</u>
Deficiency of Revenues Over Expenditures	(172,418)	(2,833,031)
OTHER FINANCING USES		
Transfers out	<u>(1,268)</u>	<u>(25,676)</u>
Net Change in Fund Balance	(173,686)	(2,858,707)
FUND DEFICIT		
Beginning of Year	<u>(3,444,115)</u>	<u>(585,408)</u>
End of Year	<u><u>\$ (3,617,801)</u></u>	<u><u>\$ (3,444,115)</u></u>

See independent auditors' report.

Village of Spring Valley, New York

Debt Service Fund
Comparative Balance Sheet
May 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and equivalents	\$ -	\$ 28
Due from other funds	<u>727,846</u>	<u>797,959</u>
Total Assets	<u>\$ 727,846</u>	<u>\$ 797,987</u>
FUND BALANCE		
Restricted	<u>\$ 727,846</u>	<u>\$ 797,987</u>

See independent auditors' report.

Village of Spring Valley, New York

Debt Service Fund
 Comparative Schedule of Revenues, Expenditures and
 Changes in Fund Balance - Budget and Actual
 Years Ended May 31,

	2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service				
Serial bonds				
Principal	1,775,000	1,775,000	1,775,000	-
Interest	450,000	450,000	429,848	20,152
Total Expenditures	2,225,000	2,225,000	2,204,848	20,152
Deficiency of Revenues Over Expenditures	(2,225,000)	(2,225,000)	(2,204,848)	20,152
OTHER FINANCING SOURCES (USES)				
Transfers in	2,225,000	2,225,000	2,206,116	(18,884)
Transfers out	-	-	(71,409)	(71,409)
Total Other Financing Sources	2,225,000	2,225,000	2,134,707	(90,293)
Net Change in Fund Balance	-	-	(70,141)	(70,141)
FUND BALANCE				
Beginning of Year	-	-	797,987	797,987
End of Year	\$ -	\$ -	\$ 727,846	\$ 727,846

See independent auditors' report.

2018

Original Budget	Final Budget	Actual	Variance with Final Budget
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
1,775,000	1,775,000	1,664,000	111,000
450,000	450,000	535,155	(85,155)
<u>2,225,000</u>	<u>2,225,000</u>	<u>2,199,155</u>	<u>25,845</u>
<u>(2,225,000)</u>	<u>(2,225,000)</u>	<u>(2,199,155)</u>	<u>25,845</u>
2,225,000	2,225,000	2,224,831	(169)
<u>-</u>	<u>-</u>	<u>(67,806)</u>	<u>(67,806)</u>
<u>2,225,000</u>	<u>2,225,000</u>	<u>2,157,025</u>	<u>(67,975)</u>
-	-	(42,130)	(42,130)
-	-	840,117	840,117
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 797,987</u>	<u>\$ 797,987</u>

Village of Spring Valley, New York

Combining Balance Sheet
Non-Major Governmental Funds
May 31, 2019
(With Comparative Totals for 2018)

			Total Non-Major Governmental Funds	
	Community Development	Special Purpose	2019	2018
ASSETS				
Cash and equivalents	\$ 51,856	\$ 1,359	\$ 53,215	\$ 78,190
Accounts receivable	-	663	663	664
Total Assets	<u>\$ 51,856</u>	<u>\$ 2,022</u>	<u>\$ 53,878</u>	<u>\$ 78,854</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 3,000	\$ 559	\$ 3,559	\$ 3,559
Due to other funds	9,573	25,000	34,573	34,573
Unearned revenues	20,798	-	20,798	45,798
Total Liabilities	<u>33,371</u>	<u>25,559</u>	<u>58,930</u>	<u>83,930</u>
Fund balances (deficits)				
Restricted	18,485	-	18,485	18,485
Unassigned	-	(23,537)	(23,537)	(23,561)
Total Fund Balances (Deficits)	<u>18,485</u>	<u>(23,537)</u>	<u>(5,052)</u>	<u>(5,076)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 51,856</u>	<u>\$ 2,022</u>	<u>\$ 53,878</u>	<u>\$ 78,854</u>

See independent auditors' report.

Village of Spring Valley, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances

Non-Major Governmental Funds

Year Ended May 31, 2019

(With Comparative Totals for 2018)

			Total Non-Major Governmental Funds	
	Community Development	Special Purpose	2019	2018
REVENUES				
Use of money and property	\$ -	\$ 24	\$ 24	\$ -
Miscellaneous	-	-	-	16,025
Total Revenues	-	24	24	16,025
EXPENDITURES				
Current				
Culture and recreation	-	-	-	18,967
Home and community services	-	-	-	5,368
Total Expenditures	-	-	-	24,335
Excess (Deficiency) of Revenues Over Expenditures	-	24	24	(8,310)
FUND BALANCES (DEFICITS)				
Beginning of Year	18,485	(23,561)	(5,076)	3,234
End of Year	<u>\$ 18,485</u>	<u>\$ (23,537)</u>	<u>\$ (5,052)</u>	<u>\$ (5,076)</u>

See independent auditors' report.

Village of Spring Valley, New York

Community Development Fund
Combining Balance Sheet - Sub-Funds
May 31, 2019
(With Comparative Totals for 2018)

	Federal Program	County Program	Elderly Emergency Home Repair Program
ASSETS			
Cash and equivalents	<u>\$ 49,275</u>	<u>\$ 201</u>	<u>\$ 2,380</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 3,000
Due to other funds	3,073	-	6,500
Unearned revenues	<u>-</u>	<u>3,824</u>	<u>16,974</u>
Total Liabilities	3,073	3,824	26,474
Fund balances (deficits)			
Restricted	<u>46,202</u>	<u>(3,623)</u>	<u>(24,094)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 49,275</u>	<u>\$ 201</u>	<u>\$ 2,380</u>

See independent auditors' report.

Totals	
2019	2018
<u>\$ 51,856</u>	<u>\$ 76,856</u>
\$ 3,000	\$ 3,000
9,573	9,573
<u>20,798</u>	<u>45,798</u>
33,371	58,371
<u>18,485</u>	<u>18,485</u>
<u>\$ 51,856</u>	<u>\$ 76,856</u>

Village of Spring Valley, New York

Community Development Fund
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances - Sub-Funds
Year Ended May 31, 2019
(With Comparative Totals for 2018)

	Federal Program	County Program	Elderly Emergency Home Repair Program
REVENUES			
Miscellaneous	\$ -	\$ -	\$ -
EXPENDITURES			
Current			
Home and community services	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	-
FUND BALANCES (DEFICITS)			
Beginning of Year	46,202	(3,623)	(24,094)
End of Year	\$ 46,202	\$ (3,623)	\$ (24,094)

See independent auditors' report.

Totals	
2019	2018
\$ -	\$ 1,075
-	5,368
-	(4,293)
18,485	22,778
\$ 18,485	\$ 18,485

Village of Spring Valley, New York

Special Purpose Fund
Comparative Balance Sheet
May 31,

	2019	2018
ASSETS		
Cash and equivalents	\$ 1,359	\$ 1,334
Accounts receivable	663	664
Total Assets	<u>\$ 2,022</u>	<u>\$ 1,998</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 559	\$ 559
Due to other funds	25,000	25,000
Total Liabilities	25,559	25,559
Fund deficit		
Unassigned	<u>(23,537)</u>	<u>(23,561)</u>
Total Liabilities and Fund Deficit	<u>\$ 2,022</u>	<u>\$ 1,998</u>

See independent auditors' report.

Village of Spring Valley, New York

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

	<u>2019</u>	<u>2018</u>
REVENUES		
Use of money and property	\$ 24	\$ -
Miscellaneous	<u>-</u>	<u>14,950</u>
Total Assets	<u><u>\$ 24</u></u>	<u><u>14,950</u></u>
EXPENDITURES		
Current		
Culture and recreation	<u>-</u>	<u>18,967</u>
Excess (Deficiency) of Revenues Over Expenditures	24	(4,017)
FUND DEFICIT		
Beginning of Year	<u>(23,561)</u>	<u>(19,544)</u>
End of Year	<u><u>\$ (23,537)</u></u>	<u><u>\$ (23,561)</u></u>

See independent auditors' report.

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Spring Valley, New York ("Village") as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 31, 2023.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Compliance and Other Matters

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

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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

March 31, 2023



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the Village of Spring Valley, New York's ("Village") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2019. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on CFDA 14.871 Section 8 Housing Choice Vouchers Program

As described in Findings 2019-001 and 2019-002 in the accompanying schedule of findings and questioned costs, the Village did not comply with requirements regarding the following:

Finding #	CFDA #	Program Name	Compliance Requirement
2019-001	14.871	Section 8 Housing Choice Vouchers	Reporting
2019-002	14.871	Section 8 Housing Choice Vouchers	Special Test and Provisions

Compliance with such requirements is necessary, in our opinion, for the Village to comply with the requirements applicable to the program.

Qualified Opinion on Section 8 Housing Choice Vouchers Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Section 8 Housing Choice Vouchers Program for the year ended May 31, 2019.

Other Matters

The Village's response to the noncompliance findings identified in our audit is described in a separate corrective action plan. The Village's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 to be material weaknesses.

Purpose of this Report

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

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
March 31, 2023

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Village of Spring Valley, New YorkSchedule of Expenditures of Federal Awards
Year Ended May 31, 2019

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number (1)</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
Direct Program				
Section 8 Housing Choice Vouchers Program	14.871	N/A	N/A	<u>\$ 9,653,422</u>
<u>U.S. Department of Justice</u>				
Direct Programs				
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	N/A	18,163
Bulletproof Vest Partnership Program	16.607	N/A	N/A	413
Equitable Sharing Program	16.922	N/A	N/A	<u>910</u>
Total U.S. Department of Justice				<u>19,486</u>
Total Expenditures of Federal Awards				<u><u>\$ 9,672,908</u></u>

(1) Catalog of Federal Domestic Assistance number.
N/A - Not Available

The accompanying notes are an integral part of this schedule.

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Village of Spring Valley, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended May 31, 2019

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Village of Spring Valley, New York ("Village") under programs of the federal government for the year ended May 31, 2019. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position of the Village.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Village has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Village of Spring Valley, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditors'
issued on whether the financial statements audited
were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified
that are not considered to be
material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial
statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Qualified

Any audit findings disclosed that are
required to be reported in accordance
with 2 CFR 200.516(a)?

☒ yes ☐ no

Identification of major federal programs:

CFDA

Number Federal Program or Cluster

14.871 Section 8 Housing Choice Voucher Program

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

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

Section II - Financial Statement Findings

None reported.

Village of Spring Valley, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2019

Section III - Federal Awards Findings and Questioned Costs

Finding 2019-001: Financial Reporting Requirements for Financial Assessment Submission-PHA ("FASPHA")

Federal Agency: U.S. Department of Housing and Urban Development
CFDA 14.871, Section 8 Housing Choice Vouchers

Criteria:

The Financial Assessment Sub-system, FASS-PH and (24 CFR section 5.801) require PHAs to submit timely GAAP-based unaudited and audited financial information electronically to HUD. The FASS-PH system is one of HUD's main monitoring and oversight systems for the Housing Choice Voucher Program ("HCVP").

Condition:

PHA Management has not filed the audited data for the years 2009 through 2018. This condition continues from previous years. Reference prior year finding 2018-001.

Cause:

PHA management uses an outside accounting service to submit the required information to the Financial Assessment Sub-system. Since 2009 only unaudited data has been submitted by the outside accounting service. The outside service has not reconciled and reported the audited data.

Effect:

Since the required audited information has not been submitted to the FASS-PH System, as the PHA's Independent Public Accountant, ("IPA") we have not been able to verify that the actual audit information was correctly entered into the system. We are not able to certify and agree to the PHA's submission.

Questioned Costs:

None

Recommendation:

Management must comply with the requirements to submit timely GAAP-based unaudited and audited financial information to the FASS-PH system.

Management's Views and Corrective Action Plan

Management's views and corrective action plan are included at the end of this report.

Finding 2019-002: Rolling Forward Equity Balances

Federal Agency: U.S. Department of Housing and Urban Development
CFDA 14.871, Section 8 Housing Choice Vouchers

Criteria:

PHAs are required to maintain complete and accurate accounts. HUD enters into an Annual Contributions Contract ("ACC"). The ACC requires the PHA to properly account for program activity. Proper accounting requires that (1) account balances are properly maintained, (2) records and accounting transactions support a proper roll-forward of equity, and (3) errors are corrected as detected.

Village of Spring Valley, New York

Schedule of Findings and Questioned Costs
Year Ended May 31, 2019

Section III - Federal Awards Findings and Questioned Costs (Continued)

Finding 2019-002: Rolling Forward Equity Balances (Continued)

Condition:

The unaudited year end working trial balance reflected total positive equity of \$254,562 and did not reflect correct HAP and Administrative Fee equity balances. This condition continues from previous years. Reference prior year finding 2018-002.

Cause:

PHA management is not making the proper entries to ensure the HAP and Administrative Fee equity balances are stated correctly.

Effect:

This could result in the PHA not being funded correctly and may result in HUD's Office of Inspector General findings against the PHAs.

Questioned Costs:

None

Recommendation:

PHA management must close the books each year and ensure that the HAP and Administrative Fee equity accounts are properly stated.

Management's Views and Corrective Action Plan

Management's views and corrective action plan are included at the end of this report

Village of Spring Valley, New York

Summary Schedule of Prior Year Findings
Year Ended May 31, 2019

Financial Statement Findings

None reported.

Federal Awards Findings and Questioned Costs

Finding 2018-001: Financial Reporting Requirements for Financial Assessment Submission-PHA (FASPHA)

Status: This condition continues and is repeated as finding 2019-001

Finding 2018-002: Rolling Forward Equity Balances

Status: This condition continues and is repeated as finding 2019-002



VILLAGE OF SPRING VALLEY

Senator Eugene Levy Municipal Plaza

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Joseph Gross
Deputy Mayor

Asher Grossman
Trustee

Zack Clerina
Trustee

Yisroel Eisenbach
Trustee

Alan M. Simon
Mayor

November 1, 2021

Revised to Comply with CFR 200.511 (c)
October 29, 2021

To The Federal Audit Clearinghouse:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Uniform Guidance in compliance with CFR 200.511(c). The name of the contact person(s) responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Responsible Parties

Village of Spring Valley
Corrective Action Plan
Year Ended May 31, 2019

Finding Number: 2019-001 Financial Reporting Requirement for Financial Assessment – PHA (FASPHA)
Program Name: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Contact Person: Arlene Karger, Treasurer and Nallia Booth, Housing Administrator
Anticipated Completion Date: May 31, 2022
Planned Corrective Action
Category of Finding: Reporting

Corrective Action Plan: Finance staff will be assigned to work with the Housing Administrator in regards to the submission of all financial reporting. Also procedures will be established to ensure that the financial reporting is revisited on a monthly basis. This will include training of the program personnel to establish policies and procedures for compliance with the terms of the Section 8 reporting requirements. The Village will also establish and document policies and procedures designed to serve as a system of internal controls required by OMB's Uniform Guidance (2 CFR 200). We will ensure the accurate and timely preparation and submission of the FASS-PH.

Finding Number: 2019-002 Special Tests and Provisions – Rolling Forward Equity Balances
Program Name: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Contact Person: Arlene Karger, Treasurer and Nallia Booth, Housing Administrator
Anticipated Completion Date: May 31, 2022
Planned Corrective Action
Category of Finding: Special Tests and Provisions

Corrective Action Plan: The Treasurer will work with the Housing Administrator to ensure the accurate computation of the HAP equity account and that the correct HAP equity balance is rolled forward on an annual basis. The Village will also establish and document policies and procedures designed to serve as a system on internal controls required by OMB's Uniform Guidance (2 CFR 200).

Summary Schedule of Prior Audit Findings
Year Ended May 31, 2018

Finding Number: 2018-001
Program Name: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Status: Not corrected see current year finding 2017-001

Finding Number: 2018-002
Program Name: Section 8 Housing Choice Vouchers
CFDA Number: 14.871
Status: Not corrected see current year finding 2017-002