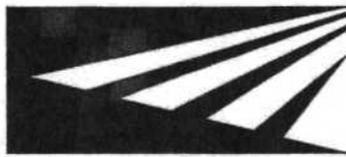


**INCORPORATED VILLAGE OF MASTIC BEACH**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**AS OF MAY 31, 2014**  
**TOGETHER WITH AUDITOR'S REPORTS**

Preliminary & Tentative  
for Discussion Purposes Only

**INCORPORATED VILLAGE OF MASTIC BEACH**  
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**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of the  
Incorporated Village of Mastic Beach:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Mastic Beach (the "Village"), as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes 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 fiduciary funds of the Incorporated Village of Mastic Beach, as of May 31, 2014, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

# NawrockiSmith

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-12 and 33, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2014, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Melville, New York  
October 1, 2014

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2014**

The following is a discussion and analysis of the Incorporated Village of Mastic Beach's (the "Village") financial performance for the fiscal year ended May 31, 2014. This section is a summary of the Village's financial activities based on currently known facts, decisions or conditions. It is also based on both the Village-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Village's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- As of May 31, 2014, the Village reflected total assets of \$2,835,904, total liabilities and deferred inflows of \$1,352,084 and net position of \$1,483,820 in the Village-wide financial statements.
- As of May 31, 2014, the General Fund had total fund balance of \$873,945, of which \$550,282 was designated for the fiscal year ending May 31, 2015.
- During fiscal year 2014, the Village purchased and renovated a building for use as the new Village Hall. The Village financed the purchase and renovations with a serial bond issuance of \$995,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

### **Village-Wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

The Village has two kinds of funds:

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

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net position decreased by 17.0% from the year before to \$1,483,848 as detailed in Tables A-2 and A-3.

- The Village recorded a significant increase in capital assets of \$1,189,061 or 355.9%, net of depreciation due to the acquisition of two properties, as well as the continued renovation of the new Village Hall.
- Total liabilities increased by \$1,160,712, or 606.9%, mainly due to the issuance of a \$995,000 serial bond for the purpose of acquiring and renovating the new Village Hall.

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

|  | <u>5/31/14</u>      | <u>5/31/13</u>      | <u>\$ Change</u>    | <u>% Change</u> |
|--|---------------------|---------------------|---------------------|-----------------|
| Current assets                         | \$ 1,312,703        | \$ 1,894,560        | \$ (581,857)        | (30.7)          |
| Capital assets, net                    | 1,523,201           | 334,140             | 1,189,061           | 355.9           |
| Total assets                           | <u>\$ 2,835,904</u> | <u>\$ 2,228,700</u> | <u>\$ 607,204</u>   | 27.2            |
| Current liabilities                    | \$ 401,878          | \$ 191,266          | \$ 210,612          | 110.1           |
| Long-term liabilities                  | 950,100             |                     | 950,100             | 100.0           |
| Total liabilities                      | 1,351,978           | 191,266             | 1,160,712           | 606.9           |
| Deferred inflows                       | 106                 | 250,000             | (249,894)           | (99.9)          |
| Total liabilities and deferred inflows | <u>\$ 1,352,084</u> | <u>\$ 441,266</u>   | <u>\$ 910,818</u>   | 206.4           |
| Net position:                          |                     |                     |                     |                 |
| Net investment in capital assets       | \$ 629,960          | \$ 334,140          | \$ 295,820          | 88.5            |
| Restricted                             | 101,759             | -                   | 101,759             | 100.0           |
| Unrestricted                           | 752,101             | 1,453,294           | (701,193)           | (48.2)          |
| Total net position                     | <u>\$ 1,483,820</u> | <u>\$ 1,787,434</u> | <u>\$ (303,614)</u> | (17.0)          |

### Changes in Net Position

The Village's fiscal year 2014 revenues totaled \$4,392,990, which is 5.3% higher than fiscal year 2013 (see Table A-3). Real property taxes and charges for services accounted for 72% of total revenues (see Table A-4). The remainder came from operating grants, capital grants other tax items, state aid, non-property tax items, use of money and property and other miscellaneous sources.

- Capital grants revenue increased by 100% due to the Village receiving their apportioned amount of New York State Department of Transportation, Consolidated Highway Improvement Programs ("CHIPS") revenue, during fiscal 2014.

- Operating grants decreased by 19.8% due to the Village receiving less funding from the Federal Emergency Management Agency ("FEMA") for the cleanup of storm debris related to Superstorm Sandy.
- State aid - mortgage tax revenue increased by 89.7% due to a better performing real estate market during 2013-14, which in turn resulted in a higher share of mortgage tax aid receipts.

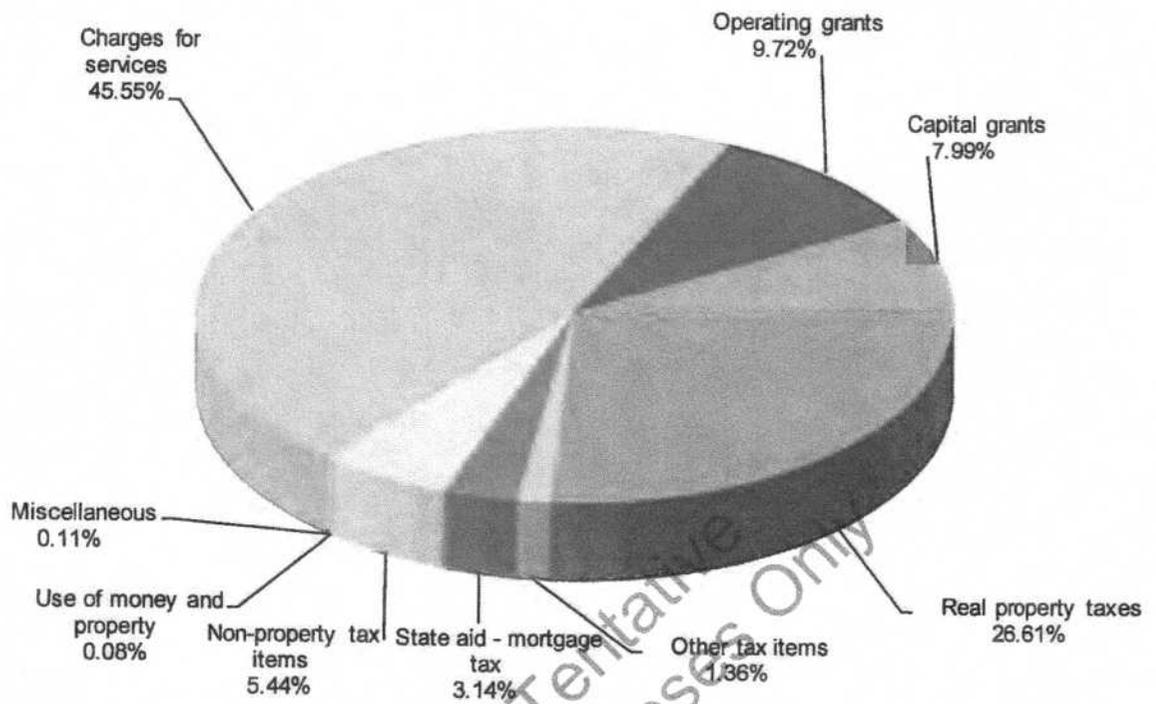
The Village's fiscal year 2014 expenses totaled \$4,696,604, which is 30.9% higher than fiscal year 2013 (see Table A-3). These expenses (90%) are predominately related to general government, transportation and home and community services (see Table A-6).

- General government expenditures increased as a result of the Village hiring consultants to help with the process of securing Federal aid for those affected by Superstorm Sandy. The renovation and acquisition of the new Village Hall also increased general government expenditures.
- The Village held no short or long-term debt during fiscal 2013 attributing to the 100% increase in Debt service - interest expense.

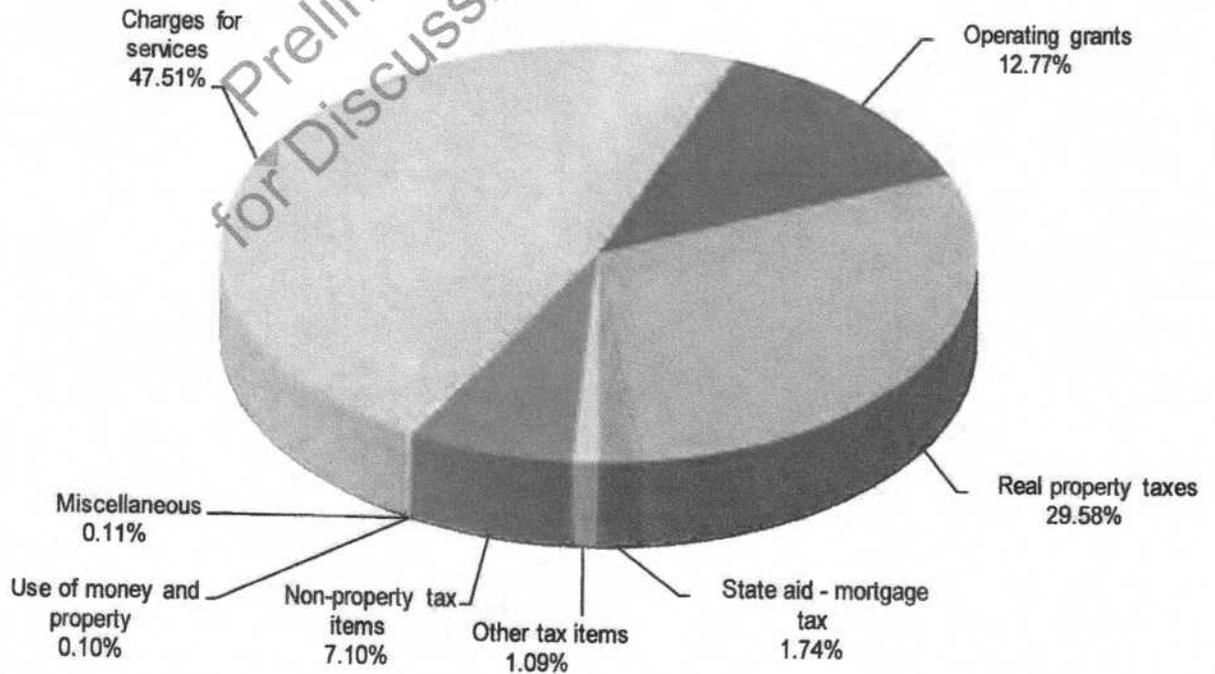
**Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only**

|                                     | <u>5/31/14</u>      | <u>5/31/13</u>    | <u>\$ Change</u>    | <u>% Change</u> |
|-------------------------------------|---------------------|-------------------|---------------------|-----------------|
| <b>Revenues</b>                     |                     |                   |                     |                 |
| Program revenues:                   |                     |                   |                     |                 |
| Charges for services                | \$ 2,001,020        | \$ 1,981,646      | \$ 19,374           | 1.0             |
| Operating grants                    | 427,162             | 532,726           | (105,574)           | (19.8)          |
| Capital grants                      | 350,861             | -                 | 350,861             | 100.0           |
| General revenues:                   |                     |                   |                     |                 |
| Real property taxes                 | 1,168,955           | 1,233,830         | (64,875)            | (5.3)           |
| Other tax items                     | 59,638              | 45,371            | 14,267              | 31.4            |
| State aid - mortgage tax            | 137,878             | 72,681            | 65,197              | 89.7            |
| Non-property tax items              | 238,868             | 296,139           | (57,271)            | (19.3)          |
| Use of money and property           | 3,719               | 4,263             | (544)               | (12.8)          |
| Miscellaneous                       | 4,899               | 4,483             | 416                 | 9.3             |
| <b>Total revenues</b>               | <u>4,392,990</u>    | <u>4,171,139</u>  | <u>221,851</u>      | <u>5.3</u>      |
| <b>Expenses</b>                     |                     |                   |                     |                 |
| General government                  | 1,741,904           | 994,639           | 747,265             | 75.1            |
| Public health and safety            | 443,962             | 430,851           | 13,111              | 3.0             |
| Transportation                      | 855,915             | 825,456           | 30,459              | 3.7             |
| Economic opportunity and assistance | 13,025              | 2,028             | 10,997              | 542.3           |
| Culture and recreation              | -                   | 6,359             | (6,359)             | (100.0)         |
| Home and community services         | 1,627,813           | 1,329,038         | 298,775             | 22.5            |
| Debt service - interest             | 13,985              | -                 | 13,985              | 100.0           |
| <b>Total expenses</b>               | <u>4,696,604</u>    | <u>3,588,371</u>  | <u>1,108,233</u>    | <u>30.9</u>     |
| <b>Change in net position</b>       | <u>\$ (303,614)</u> | <u>\$ 582,768</u> | <u>\$ (886,382)</u> | <u>(152.1)</u>  |

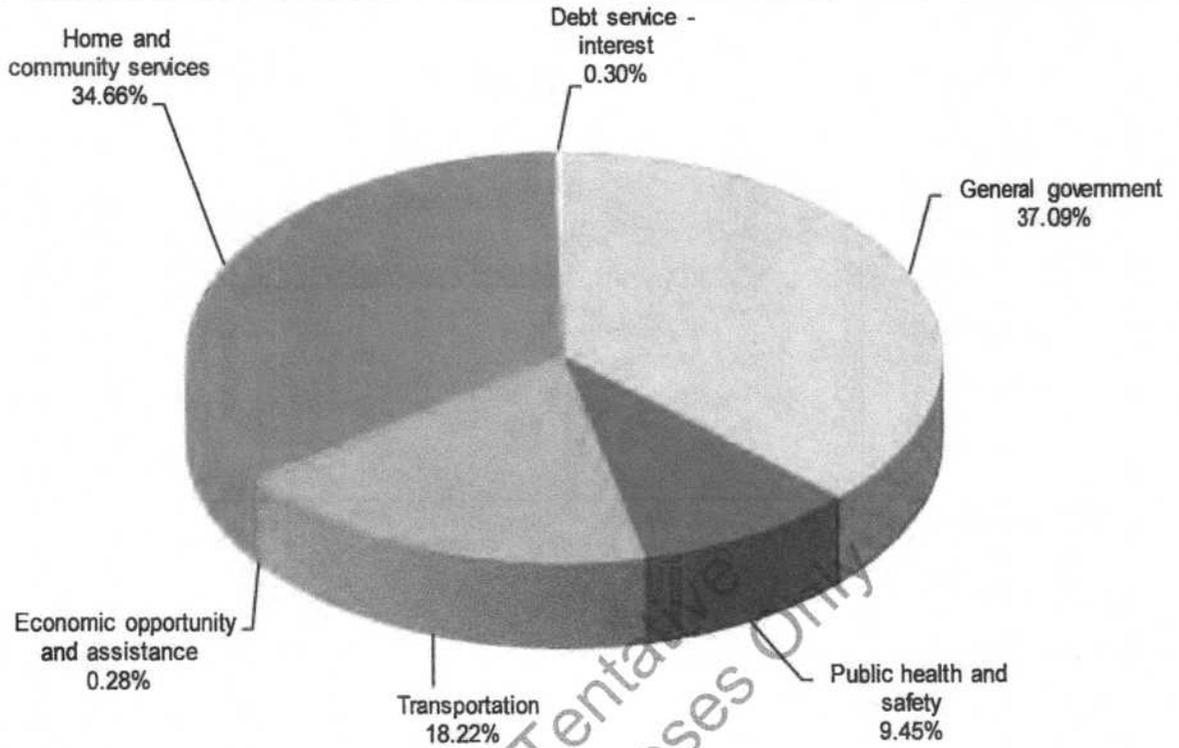
**Table A-4: Sources of Revenues for Fiscal Year 2014**



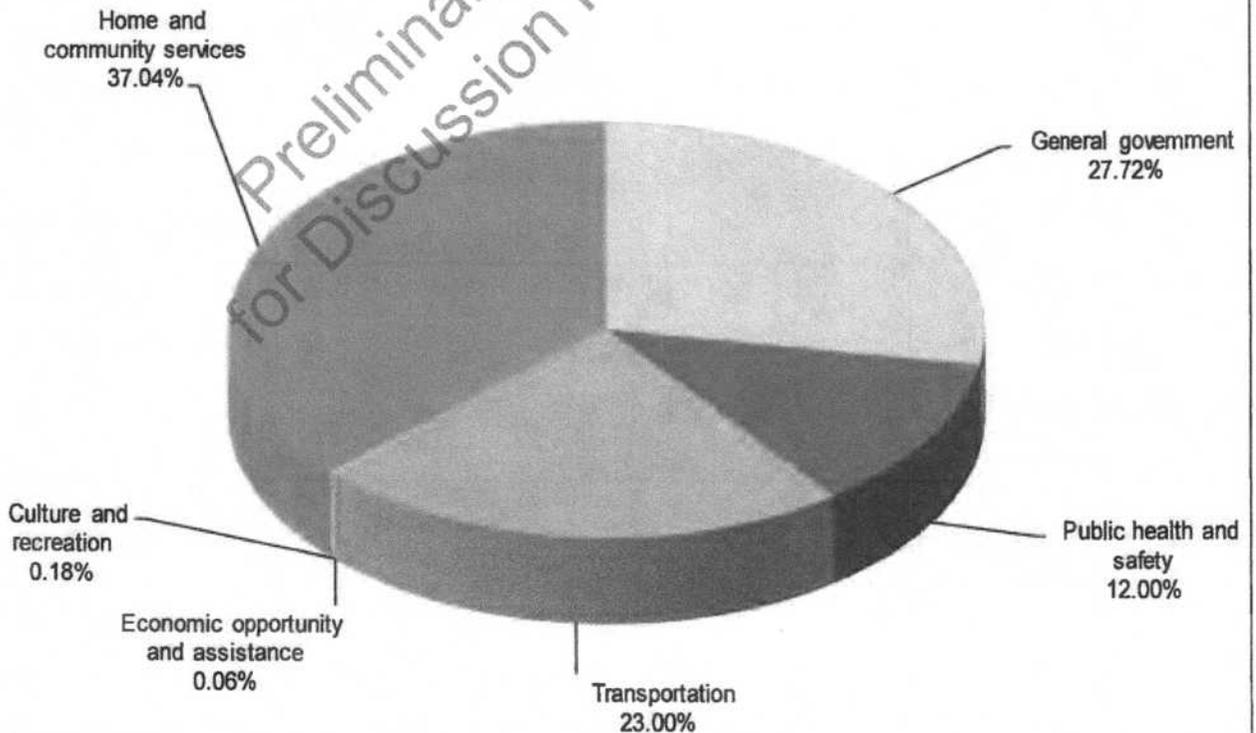
**Table A-5: Sources of Revenues for Fiscal Year 2013**



**Table A-6: Expenses for Fiscal Year 2014**



**Table A-7: Expenses for Fiscal Year 2013**



**Governmental Activities**

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

The primary program activities of the Village included:

- Refuse disposal
- Street maintenance
- Snow removal
- Recreational activities
- Code enforcement
- Zoning

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

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

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

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

- Total assets decreased from \$1,894,560 in 2013 to \$1,312,703 in 2014. The overall decrease is a result of a decrease in unrestricted cash and restricted cash.
- Total liabilities and deferred inflows decreased from \$441,266 in 2013 to \$336,999 in 2014. This decrease is primarily due to the decrease in deferred inflows, offset by an increase accounts payable and accrued expenses.

As of May 31, 2014, the Village's governmental funds had a combined fund balance of \$975,704, which is an decrease of \$477,590 from the previous year. Fund balances for the Village's governmental funds for the past two years were distributed as follows:

|   | <u>5/31/14</u> | <u>5/31/13</u>   | <u>\$ Change</u> | <u>% Change</u> |
|---|----------------|------------------|------------------|-----------------|
| <b>General Fund</b>                           |                |                  |                  |                 |
| Nonspendable:                                 |                |                  |                  |                 |
| Prepaid expenditures                          | \$ 41,890      | \$ -             | \$ 41,890        | 100.0           |
| Assigned:                                     |                |                  |                  |                 |
| Designated for subsequent year's expenditures | 550,282        | 560,794          | (10,512)         | (1.9)           |
| Unassigned                                    | 281,773        | 892,500          | (610,727)        | (68.4)          |
| Total General Fund                            | <u>873,945</u> | <u>1,453,294</u> | <u>(579,349)</u> | <u>(39.9)</u>   |

**Table A-8: Fund Balances - Governmental Funds (continued)****Capital Projects Fund**

Restricted:

|                             |                   |                     |                     |        |
|-----------------------------|-------------------|---------------------|---------------------|--------|
| Capital Projects            | 101,759           | -                   | 101,759             | 100.0  |
| Total Capital Projects Fund | 101,759           | -                   | 101,759             | 100.0  |
| Total fund balance          | <u>\$ 975,704</u> | <u>\$ 1,453,294</u> | <u>\$ (477,590)</u> | (32.9) |

**General Fund Budgetary Highlights**

Reference is made to the budget vs. actual schedule on page 33 which presents budget and actual results for the Village's General Fund.

- Actual revenues in the General Fund were less than budgeted revenues by \$163,545, (before appropriated fund balance), primarily due to less than expected amounts of departmental income and non-property tax items.
- Actual expenditures in the General Fund were less than budgeted by \$144,990 primarily due to less than anticipated spending in all of the Village's functional categories with the exception of transportation. Transportation costs were greater than anticipated due to greater costs related to snow removal.
- The Village had a planned loss (prior year appropriated fund balance) of \$560,794 but had an actual loss of \$579,349, thus the budget variance was negative \$18,555.

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

By the end of 2014, the Village had invested \$1,523,201, net of depreciation, in a broad range of capital assets.

**Table A-9: Capital Assets (net of depreciation)**

|                                    | <u>5/31/14</u>      | <u>5/31/13</u>    | <u>\$ Change</u>    | <u>% Change</u> |
|------------------------------------|---------------------|-------------------|---------------------|-----------------|
| Building and building improvements | \$ 965,272          | \$ 29,479         | \$ 935,793          | 3,174.4         |
| Equipment                          | 512,006             | 304,661           | 207,345             | 68.1            |
| Infrastructure                     | 45,923              | -                 | 45,923              | 100.0           |
| Totals                             | <u>\$ 1,523,201</u> | <u>\$ 334,140</u> | <u>\$ 1,189,061</u> | 355.9           |

## **FACTORS BEARING ON THE FUTURE OF THE VILLAGE**

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

- The future success of the Village and its programs are generally dependent on the ability to collect real property taxes, and the support of the residents.
- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a village in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- In July 2014, the New York State Department of Taxation and Finance introduced the "Property Tax Freeze Credit" program. This program is a two-year tax relief program that reimburses qualifying New York State homeowners for increases in local property taxes on their primary residences. As a result, more pressure is placed on the Village to stay within the current tax levy limitation.

## **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

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

Incorporated Village of Mastic Beach  
369 Neighborhood Road  
Mastic Beach, New York 11951  
(631) 281-2326

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**STATEMENT OF NET POSITION**  
**MAY 31, 2014**

**ASSETS**

|  |                     |
|--|---------------------|
| Current assets:  |                     |
| Cash:  |                     |
| Unrestricted   | \$ 686,921          |
| Restricted   | 127,665             |
| Receivables:   |                     |
| Accounts receivable  | 41,580              |
| Taxes  | 131,056             |
| State and federal aid  | 283,510             |
| Prepaid expenditures   | 41,890              |
| Due from fiduciary funds                                     | 81                  |
|  | <hr/>               |
| Total current assets   | 1,312,703           |
| Noncurrent assets:   |                     |
| Capital assets, net of accumulated depreciation of \$250,743 | 1,523,201           |
|  | <hr/>               |
| Total assets   | <u>\$ 2,835,904</u> |

**LIABILITIES**

|   |                  |
|---|------------------|
| Current liabilities:                        |                  |
| Accounts payable and accrued expenses       | \$ 336,893       |
| Accrued interest payable                    | 13,985           |
| Long-term liabilities, due within one year: |                  |
| Bonds payable                               | 50,000           |
| Compensated absences                        | 1,000            |
|   | <hr/>            |
| Total current liabilities                   | 401,878          |
| Noncurrent liabilities:                     |                  |
| Long-term liabilities, due within one year: |                  |
| Bonds payable                               | 945,000          |
| Compensated absences                        | 5,100            |
|   | <hr/>            |
| Total noncurrent liabilities                | 950,100          |
|   | <hr/>            |
| Total liabilities                           | <u>1,351,978</u> |

**DEFERRED INFLOWS**

|  |                  |
|--|------------------|
| Funds received in advance for community relief | 106              |
|  | <hr/>            |
| Total deferred inflows                         | 106              |
|  | <hr/>            |
| Total liabilities and deferred inflows         | <u>1,352,084</u> |

**NET POSITION**

|  |                     |
|--|---------------------|
| Net investment in capital assets                     | 629,960             |
| Restricted   | 101,759             |
| Unrestricted   | 752,101             |
|  | <hr/>               |
| Total net position                                   | 1,483,820           |
|  | <hr/>               |
| Total liabilities, deferred inflows and net position | <u>\$ 2,835,904</u> |

The accompanying notes are an integral  
part of this statement.

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED MAY 31, 2014**

|                                       | Expenses            | Program Revenues                                       |  |  | Net (Expense)                          |
|---------------------------------------|---------------------|--|--|--|--|
|                                       |                     | Charges for<br>Services, Fees<br>Fines and Forfeitures | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Revenue and Changes<br>in Net Position |
|                                       |                     |  |  |  | Primary<br>Government                  |
| Functions and programs:               |                     |  |  |  |  |
| Primary government -                  |                     |  |  |  |  |
| General government                    | \$ 1,741,904        | \$ 29,236  | \$ -                                     | \$ -                                   | \$ (1,712,668)                         |
| Public safety                         | 443,962             | 167,645  | 9,172                                    | -                                      | (267,145)                              |
| Transportation                        | 855,915             | -  | 162,809                                  | 350,861                                | (342,245)                              |
| Economic opportunity and assistance   | 13,025              | -  | -  | -                                      | (13,025)                               |
| Home and community services           | 1,627,813           | 1,804,139  | 255,171                                  | -                                      | 431,497                                |
| Debt service - interest               | 13,985              | -  | -  | -                                      | (13,985)                               |
| Total primary government              | <u>\$ 4,696,604</u> | <u>\$ 2,001,020</u>                                    | <u>\$ 427,152</u>                        | <u>\$ 350,861</u>                      | <u>(1,917,571)</u>                     |
| General revenues:                     |                     |  |  |  |  |
| Real property taxes                   |                     |  |  |  | 1,168,955                              |
| Other tax items                       |                     |  |  |  | 59,638                                 |
| State aid - mortgage tax              |                     |  |  |  | 137,878                                |
| Non-property tax items                |                     |  |  |  | 238,868                                |
| Use of money and property             |                     |  |  |  | 3,719                                  |
| Miscellaneous revenues                |                     |  |  |  | 4,899                                  |
| Total general revenues                |                     |  |  |  | <u>1,613,957</u>                       |
| Change in net position                |                     |  |  |  | (303,614)                              |
| Total net position, beginning of year |                     |  |  |  | <u>1,787,434</u>                       |
| Total net position, end of year       |                     |  |  |  | <u>\$ 1,483,820</u>                    |

The accompanying notes are an integral  
part of this statement.

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**MAY 31, 2014**

|  | <u>Major Funds</u>      |                         |                                   | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------|-----------------------------------|---|
|  | <u>General<br/>Fund</u> | <u>Capital<br/>Fund</u> | <u>Special Revenue</u>            |   |
|  |                         |                         | <u>Robin Hood<br/>Relief Fund</u> |   |
| <b>ASSETS</b>  |                         |                         |                                   |   |
| Cash:  |                         |                         |                                   |   |
| Unrestricted   | \$ 686,921              | \$ -                    | \$ -                              | \$ 686,921                              |
| Restricted   | -                       | 122,559                 | 5,106                             | 127,665                                 |
| Receivables:   |                         |                         |                                   |   |
| Accounts receivable                                  | 41,580                  | -                       | -                                 | 41,580                                  |
| Taxes  | 131,056                 | -                       | -                                 | 131,056                                 |
| State and federal aid                                | 283,510                 | -                       | -                                 | 283,510                                 |
| Prepaid expenditures                                 | 41,890                  | -                       | -                                 | 41,890                                  |
| Due from fiduciary funds                             | 81                      | -                       | -                                 | 81                                      |
| Total assets   | <u>\$ 1,185,038</u>     | <u>\$ 122,559</u>       | <u>\$ 5,106</u>                   | <u>\$ 1,312,703</u>                     |
| <b>LIABILITIES</b>                                   |                         |                         |                                   |   |
| Accounts payable and accrued expenses                | \$ 311,093              | \$ 20,800               | \$ 5,000                          | \$ 336,893                              |
| Total liabilities                                    | <u>311,093</u>          | <u>20,800</u>           | <u>5,000</u>                      | <u>336,893</u>                          |
| <b>DEFERRED INFLOWS</b>                              |                         |                         |                                   |   |
| Funds received in advance for community relief       | -                       | -                       | 106                               | 106                                     |
| Total deferred inflows                               | <u>-</u>                | <u>-</u>                | <u>106</u>                        | <u>106</u>                              |
| Total liabilities and deferred inflows               | <u>311,093</u>          | <u>20,800</u>           | <u>5,106</u>                      | <u>336,999</u>                          |
| <b>FUND BALANCE</b>                                  |                         |                         |                                   |   |
| Fund balance:  |                         |                         |                                   |   |
| Nonspendable   | 41,890                  | -                       | -                                 | 41,890                                  |
| Restricted   | -                       | 101,759                 | -                                 | 101,759                                 |
| Assigned   | 550,282                 | -                       | -                                 | 550,282                                 |
| Unassigned   | 281,773                 | -                       | -                                 | 281,773                                 |
| Total fund balance                                   | <u>873,945</u>          | <u>101,759</u>          | <u>-</u>                          | <u>975,704</u>                          |
| Total liabilities, deferred inflows and fund balance | <u>\$ 1,185,038</u>     | <u>\$ 122,559</u>       | <u>\$ 5,106</u>                   | <u>\$ 1,312,703</u>                     |

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

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**MAY 31, 2014**

Total Fund Balance - Governmental Funds \$ 975,704

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

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

Capital assets:

|                          |                  |           |
|--------------------------|------------------|-----------|
| Depreciable              | \$ 1,773,944     |           |
| Accumulated depreciation | <u>(250,743)</u> | 1,523,201 |

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

|                      |                |             |
|----------------------|----------------|-------------|
| Bonds payable        | (995,000)      |             |
| Compensated absences | <u>(6,100)</u> | (1,001,100) |

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

(13,985)

Net Position - Governmental Activities

\$ 1,483,820

The accompanying notes are an integral part of this statement.

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED MAY 31, 2014**

|   | Major Funds       |                     |                           | Total<br>Governmental<br>Funds |
|---|-------------------|---------------------|---------------------------|--------------------------------|
|   | General<br>Fund   | Capital<br>Projects | Special Revenue           |                                |
|   |                   |                     | Robin Hood<br>Relief Fund |                                |
| <b>REVENUES</b>                           |                   |                     |                           |                                |
| Real property taxes                       | \$ 1,168,955      | \$ -                | \$ -                      | \$ 1,168,955                   |
| Other tax items                           | 59,638            | -                   | -                         | 59,638                         |
| Non-property tax items                    | 238,868           | -                   | -                         | 238,868                        |
| Departmental income                       | 1,577,109         | -                   | -                         | 1,577,109                      |
| Fines and forfeitures                     | 157,850           | -                   | -                         | 157,850                        |
| Use of money and property                 | 3,528             | 191                 | -                         | 3,719                          |
| Licenses and permits                      | 266,061           | -                   | -                         | 266,061                        |
| State and local aid                       | 497,911           | -                   | 255,171                   | 753,082                        |
| Federal aid                               | 162,809           | -                   | -                         | 162,809                        |
| Miscellaneous revenues                    | 4,899             | -                   | -                         | 4,899                          |
| <b>Total revenues</b>                     | <b>4,137,628</b>  | <b>191</b>          | <b>255,171</b>            | <b>4,392,990</b>               |
| <b>EXPENDITURES</b>                       |                   |                     |                           |                                |
| General government                        | 1,630,510         | 22,538              | -                         | 1,653,048                      |
| Public safety                             | 451,901           | -                   | -                         | 451,901                        |
| Transportation                            | 1,019,841         | -                   | -                         | 1,019,841                      |
| Economic opportunity and assistance       | 13,025            | -                   | -                         | 13,025                         |
| Home and community services               | 1,372,642         | -                   | 255,171                   | 1,627,813                      |
| Employee benefits                         | 229,058           | -                   | -                         | 229,058                        |
| Capital Outlay                            | -                 | 870,894             | -                         | 870,894                        |
| <b>Total expenditures</b>                 | <b>4,716,977</b>  | <b>893,432</b>      | <b>255,171</b>            | <b>5,865,580</b>               |
| Deficiency of revenues under expenditures | (579,349)         | (893,241)           | -                         | (1,472,590)                    |
| <b>OTHER FINANCING SOURCES</b>            |                   |                     |                           |                                |
| Proceeds from serial bond issuance        | -                 | 995,000             | -                         | 995,000                        |
| <b>Total other financing sources</b>      | <b>-</b>          | <b>995,000</b>      | <b>-</b>                  | <b>995,000</b>                 |
| Change in fund balance                    | (579,349)         | 101,759             | -                         | (477,590)                      |
| Fund balance, beginning of year           | 1,453,294         | -                   | -                         | 1,453,294                      |
| Fund balance, end of year                 | <b>\$ 873,945</b> | <b>\$ 101,759</b>   | <b>\$ -</b>               | <b>\$ 975,704</b>              |

The accompanying notes are an integral  
part of this statement.

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MAY 31, 2014**

Net Change in Fund Balance - Governmental Funds \$ (477,590)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation expense in the current period is:

|                      |                  |           |
|----------------------|------------------|-----------|
| Capital outlay       | \$ 1,327,825     |           |
| Depreciation expense | <u>(138,764)</u> | 1,189,061 |

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

|  |  |           |
|--|--|-----------|
| Proceeds from issuance of serial bonds |  | (995,000) |
|--|--|-----------|

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:

|                        |                 |                 |
|------------------------|-----------------|-----------------|
| Compensated absences   | (6,100)         |                 |
| Accrued interest costs | <u>(13,985)</u> | <u>(20,085)</u> |

|  |  |                     |
|--|--|---------------------|
| Net Change in Net Position-Governmental Activities |  | <u>\$ (303,614)</u> |
|--|--|---------------------|

Preliminary & Tentative  
for Discussion Purposes Only

The accompanying notes are an integral part of this statement.

**INCORPORATED VILLAGE OF MASTIC BEACH**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**MAY 31, 2014**

|                           | <u>Agency<br/>Funds</u> |
|---------------------------|-------------------------|
| <b>ASSETS</b>             |                         |
| Cash                      | \$ 18,980               |
| Total assets              | <u>\$ 18,980</u>        |
| <b>LIABILITIES</b>        |                         |
| Other liabilities         | \$ 1,190                |
| Justice Court             | 17,709                  |
| Due to governmental funds | <u>81</u>               |
| Total liabilities         | <u>\$ 18,980</u>        |

Preliminary & Tentative  
for Discussion Purposes Only

The accompanying notes are an integral  
part of this statement.