



VILLAGE OF BROCKPORT

49 State Street · Brockport, New York 14420
Telephone (585) 637-5300 · Fax (585) 637-1045
Website: www.brockportny.org

*The Victorian Village on the Erie Canal
Preserve America Community
Listed on the State and National Registers of Historic Places
Certified Local Government
Tree City USA Community
Erie Canalway Heritage Award of Excellence
Climate Smart Community*

VILLAGE OF BROCKPORT EXTERNAL AUDIT REPORT FOR FISCAL YEAR ENDED 05/31/16

PLEASE TAKE NOTICE that the report of the Village's external auditor (Insero & Co. CPA's) for the Village of Brockport for the fiscal year ended 05/31/16 has been received. Said report has been filed with the Office of the New York State Comptroller and filed with me by the Village Treasurer. Said report will be posted to the Village website at www.brockportny.org and may be examined at Village Hall during regular business hours.

Leslie Ann Morelli
Brockport Village Clerk

For publication in the 5/14/17 edition of Suburban News.

For posting on Village website and Village Hall bulletin board.

Mayor Margaret B. Blackman
Trustee/Deputy Mayor William G. Andrews
Trustees Annette M. Crane, Katherine J. Kristansen, John D. LaPierre

To: Mayor Blackman

From: Daniel P. Hendricks 

Date: May 1, 2017

Re: Report from Insero & Co.

Attached are the reports prepared by our Independent Auditors, Insero & Co.

- A. Management Comment Letter
- B. Communication with Those Charged with Governance at The Conclusion of The Audit
- C. Financial Report

In reply to the Management Comment Letter prepared by Insero & Co, CPA, PC, the following are proposed actions to address their recommendations:

1. Supporting Documentation over Receipts and Journal Entries - all journal entries and cash receipts will be maintained to the levels requested by Insero & Co. We met with the auditors during their review and have implemented their recommendations
2. Use of Reserves – the auditors recommended that we have the Village Reserve Accounts reestablished, as the documentation wasn't to the level they recommended. At the March 20, 2017 Village Board Meeting a complete listing of Reserve Accounts and balances was presented and acknowledged by the Board. Said listing is complete and represented the balance contained in each reserve account. No activity, other than interest earnings has taken place in these accounts. All future activity be presented to the Board for approval.
3. Use of Purchase Orders – the auditors have recommended that we review our use of purchase orders to assure that our budget is adequately monitored. The current policy requires that a purchase order be issued for any purchase over \$200.00, in addition board approval is required for any purchase exceeding \$2,000.00. We will work with department heads to comply with the recommendation.
4. Policy over Budget Transfers – a policy was approved by the Board at the March 20, 2017 meeting.

5. Classification of Accounts Payable – the auditors do not approve of a practice whereby checks dated at the end of May are issued in June. We will implement their recommendation and date checks when issued.

A resolution acknowledging receipt of the reports is recommended at the next regular board meeting.

Please let me know if you have any questions or require any additional information.



MANAGEMENT COMMENT LETTER

To the Village Board
Village of Brockport
Brockport, New York

In planning and performing our audit of the financial statements of Village of Brockport (the Village) as of and for the year ended May 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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. We consider the following deficiency in the Village's internal control to be a significant deficiency:

SIGNIFICANT DEFICIENCY

Supporting Documentation over Receipts and Journal Entries

During our audit procedures, we were unable to obtain supporting documentation requested for certain receipts and journal entries. All transactions should be supported by adequate documentation. This documentation should include proper authorization and enough detail to provide a trail for future reviews/audits. The lack of documentation made it difficult to ascertain whether those transactions were recorded properly.

INSERO & Co. CPAs, LLP

Rochester | Ithaca | Corning | Cortland | Watkins Glen | (800) 232-9547 | www.inseroepa.com

Recommendation:

We recommend retention of adequate supporting documentation. Supporting documentation for receipts should include the source of funds. Adequate documentation for journal entries should include support for the validity and reason for the entry.

OTHER MATTERS

Use of Reserves

We were unable to obtain the resolutions establishing the Employee Benefit Accrued Liability Reserve in the General Fund and the Capital Reserve in the Water Fund. Further, upon inquiry and reading minutes of the Board meeting, it does not appear reserve activity is approved by the Board.

Recommendation:

We recommend the Board consult with the Village attorney as to the proper establishment of reserves. Guidance on the proper use and funding of the reserves can also be obtained by referring to the local government management guide, *Reserve Funds*, published by the Office of the New York State Comptroller, which is available on the Comptroller's website. If it is determined that any of the reserve funds are not reserve funds established in accordance with applicable laws, the funds should be reclassified as assigned or committed rather than restricted fund balance.

According to the accounting bulletin, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued by the Office of the New York State Comptroller, committed fund balance "consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint." Assigned fund balance "consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance."

Use of Purchase Orders

During our review of procurement transactions, we noted purchase orders are not being used consistently as required by the Village's procurement policy. It appeared that all transactions we examined had been reviewed and approved by the Board and supporting documentation was present. However, the use of purchase orders provides budgetary control as well as ensures the purchase is approved prior to placing the order.

Recommendation:

We recommend controls over the use of purchase orders be strengthened.

Policy over Budget Transfers

Based on inquiry of Village personnel, there is not a policy that specifies a dollar limit on the budget transfers that can be made without Board approval. Without a policy, Village personnel must make a decision about which transfers should go to the Board for approval.

Recommendation:

In order to provide specific direction on what budget transfers the Board wishes to delegate to Village personnel, we recommend the Village Board consider developing and implementing a policy to do so.

Classification of Accounts Payable

During our procedures over cash, we noted checks were cut as of May 31, 2016 but were not mailed until after year end. Upon inquiry, it was revealed this was done in order to avoid recording accounts payable at year-end. Even though this practice had no impact on fund balance at year-end, it caused cash and accounts payable to be understated, which necessitated a large audit adjustment to the beginning and ending balances of cash and accounts payable.

Recommendation:

We recommend accounts payable be recorded at year-end and checks not cut until payment is due.

We will review the status of these comments during our next audit engagement. We are available at any time to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in formulating any corrective action. We appreciate the assistance of Village personnel afforded us during our audit.

This communication is intended solely for the information and use of management and Village Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 20, 2017



**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
AT THE CONCLUSION OF THE AUDIT**

To the Village Board
Village of Brockport
Brockport, New York

We have audited the financial statements of the Village of Brockport for the year ended May 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 30, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

The Office of the State Comptroller (OSC) is responsible for the oversight of local governments in New York State as per Article 3 of the General Municipal Law. New York General Municipal Law (GML) Sections 30, 31 and 32 require an annual report of financial information to the Comptroller and prescribes the information to be included in annual financial reports. General Municipal Law Section 36 prescribes a uniform system of accounts for annual financial reporting. Reporting for municipalities is outlined in the Office of the New York State Comptroller Division of Local Government and School Accountability's *Accounting and Reporting Manual*, as reprinted January 2016. Chapter 9 of the *Accounting and Reporting Manual* states that OSC does not require local governments fulfill their statutory filing requirements in accordance with generally accepted accounting principles (GAAP) and will continue to accept the annual financial reports with fund level statements in accordance with the Uniform System of Accounts (USA).

Management has evaluated the costs and benefits of preparing financial statements in accordance with GAAP versus financial statements prepared in accordance with the USA and has determined the additional cost to prepare financial statements in accordance with GAAP is unnecessary to meet the needs of the Village and its constituents. The significant accounting policies used by the Village of Brockport are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

INSERO & Co. CPAs, LLP

Rochester | Ithaca | Corning | Cortland | Watkins Glen | (800) 232-9547 | www.inseroCPA.com

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimates of compensated absences and the proportionate share of pension liabilities and deferred inflows and outflows of resources which are based on various assumptions. In the case of pensions, amounts are based on various actuarial assumptions and methods. We evaluated the key factors and assumptions used to develop the compensated absences and pension estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of debt, the details of which are described in Note 6 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Audit adjustments proposed by us and recorded by Village of Brockport are shown on the attached Summary of Recorded Audit Adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 20, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Village’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the Schedules of Nonspendable, Restricted and Assigned Fund Balance - Governmental Funds and Schedules of the Village’s Contributions and Proportionate Share of the Net Pension Liability (supplementary information) accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting described on page 1, and the information is appropriate and complete in relation to our audit of the financial statements. Because this was our first audit of the Village, this information was not reported in the prior year. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Village Board and management of the Village of Brockport and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 20, 2017

VILLAGE OF BROCKPORT

SCHEDULE OF RECORDED AUDIT ADJUSTMENTS FOR THE YEAR ENDED MAY 31, 2016

GENERAL FUND

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjust cash and payables to actual	\$ 50,656	\$ (50,656)		\$	\$
Book unrecorded receivables	25,377			25,377	
Adjust prepaids to actual	4,689				(4,689)
Adjust unearned revenue to actual		14,052		(14,052)	
Adjust fund balance to actual			(484)	(23,116)	(23,600)
Total Effect	<u>80,722</u>	<u>(34,604)</u>	<u>(484)</u>	<u>\$ (11,791)</u>	<u>\$ (28,289)</u>
Balance Sheet Effect	<u>\$ 80,722</u>	<u>\$ (36,604)</u>	<u>\$ (484)</u>		

WATER FUND

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjust cash and payables to actual	\$ 3,892	\$ (3,892)		\$	\$
Book unrecorded receivables	86,312			86,312	
Adjust receivables to actual	(4,324)			(4,324)	
Book unrecorded payables		41,995			41,995
Adjust fund balance to actual			35,613	(76,768)	(41,155)
Total Effect	<u>85,880</u>	<u>38,103</u>	<u>35,613</u>	<u>\$ 5,220</u>	<u>\$ 840</u>
Balance Sheet Effect	<u>\$ 85,880</u>	<u>\$ 38,103</u>	<u>\$ 35,613</u>		

The adjustments above are shown at the gross amounts recorded.

VILLAGE OF BROCKPORT

SCHEDULE OF RECORDED AUDIT ADJUSTMENTS FOR THE YEAR ENDED MAY 31, 2016

SEWER FUND

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjust cash and payables to actual Book unrecorded receivables	\$ 516	\$ (516)			
Adjust receivables to actual	10,605			10,605	
Adjust fund balance to actual	4,324			4,324	
Total Effect	15,445	(516)	11,121	\$ 3,808	\$ -
Balance Sheet Effect	\$ 15,445	\$ (516)	\$ 11,121		

PERMANENT FUND

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Equity	Revenue	Expense
Adjust investment in securities to actual	\$ (504,350)			\$ (504,350)	
Adjust fund balance to actual			(544,597)	544,597	
Total Effect	(504,350)		(544,597)	\$ 40,247	\$ -
Balance Sheet Effect	\$ (504,350)	\$ -	\$ (544,597)		

The adjustments above are shown at the gross amounts recorded.

VILLAGE OF BROCKPORT

FINANCIAL REPORT

MAY 31, 2016



VILLAGE OF BROCKPORT

TABLE OF CONTENTS FOR THE YEAR ENDED MAY 31, 2016

Independent Auditor's Report	1-3
Financial Statements	
Balance Sheets - Regulatory Basis	4
Statements of Revenues, Expenditures, and Changes in Fund Balances	
Regulatory Basis	5
Statement of Fiduciary Net Position - Fiduciary Fund - Regulatory Basis	6
Statement of Changes in Fiduciary Net Position - Fiduciary Fund - Regulatory Basis	7
Budgetary Comparison Schedule - General - Villagewide Fund - Regulatory Basis	8
Budgetary Comparison Schedule - Special District Fund - Sewer Fund - Regulatory Basis	9
Budgetary Comparison Schedule - Special District Fund - Water Fund - Regulatory Basis	10
Schedule of Noncurrent Assets and Liabilities - Regulatory Basis	11
Notes to Financial Statements	12-29
Supplementary Information	
Schedule of Nonspendable, Restricted and Assigned Fund Balance - Governmental Funds	30
Schedule of the Village's Contributions - NYSLRS Pension Plans	31
Schedule of the Village's Proportionate Share of the Net Pension Liability	32
Reports Required Under Government Auditing Standards	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33-34
Schedule of Findings and Responses	35



INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Brockport
Brockport, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Brockport (the Village), which comprise the Balance Sheets - Regulatory Basis and Statement of Fiduciary Net Position - Fiduciary Fund - Regulatory Basis as of May 31, 2016, and the related Statements of Revenues, Expenditures, and Changes in Fund Balances - Regulatory Basis and Statement of Changes in Fiduciary Net Position - Fiduciary Fund - Regulatory Basis, budgetary comparison schedules and Schedule of Noncurrent Assets and Liabilities - Regulatory Basis for the year then ended, and the related notes to the financial statements, which collectively comprise the Village's financial statements as listed in the table of contents. The financial statements of the Village as of May 31, 2015 were not audited.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements permitted by the financial reporting provisions of the *Accounting and Reporting Manual* published by the Office of the New York State Comptroller, as described in Note 1, to meet the requirements of the State of New York. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Village of Brockport, on the basis of the financial reporting provisions of the Accounting and Reporting Manual permitted by the Office of the New York State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of New York.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Brockport, as of May 31, 2016, or changes in financial position, for the year then ended.

Basis for Modified Opinion of Regulatory Basis of Accounting

The financial reporting provisions of the Accounting and Reporting Manual permitted by the Office of the New York State Comptroller provides for the reporting of capital assets. While the Village reports amounts for capital assets in the Annual Update Document submitted to the Office of the New York State Comptroller, a detailed inventory is not maintained, and, therefore, was not audited.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the matter described in the Basis for Modified Opinion on the Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of each fund of the Village of Brockport, as of May 31, 2016, and the respective changes in financial position for the year then ended, in accordance with the financial reporting provisions of the Accounting and Reporting Manual permitted by the Office of the New York State Comptroller, as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Brockport’s basic financial statements. The accompanying Schedule of Nonspendable, Restricted, and Assigned Fund Balance - Governmental Funds, Schedule of Village Contributions - NYSLRS Pension Plans, and Schedule of Village’s Proportionate Share of the Net Pension Liability are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The Schedule of Nonspendable, Restricted, and Assigned Fund Balance - Governmental Funds, Schedule of Village Contributions - NYSLRS Pension Plans, and Schedule of Village's Proportionate Share of the Net Pension (Asset) Liability are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the basis of accounting noted above. In our opinion, the Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2017 on our consideration of the Village of Brockport'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, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Brockport's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs LLP
Certified Public Accountants

Ithaca, New York
April 20, 2017

VILLAGE OF BROCKPORT

BALANCE SHEETS REGULATORY BASIS May 31, 2016

	Special Revenue Funds					Total Governmental Funds
	General Fund	Special District Funds Sewer Fund	Water Fund	Other Special Revenue	Capital Projects Fund	
ASSETS						
Assets						
Cash and cash equivalents - Unrestricted	\$ 2,121,781	\$ 53,370	\$ 649,626	\$ 58,873	\$ 21,704	\$ 2,905,354
Due from state and federal governments	265,544					265,544
Prepaid expenses	65,554					65,554
Other receivables	66,332	21,625	131,013			218,970
Restricted cash and cash equivalents	868,468		233,918			1,102,386
Investments				10,611		10,611
Total Assets	\$ 3,387,679	\$ 74,995	\$ 1,014,557	\$ 69,484	\$ 21,704	\$ 4,568,419
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 52,371	\$ 516	\$ 45,887			\$ 98,774
Accrued liabilities	87,212		7,970			95,182
Due to retirement systems	64,618		4,167			68,785
Unearned revenues	27,315					27,315
Total Liabilities	231,516	516	58,024	-	-	290,056
Fund Balance (Deficit)						
Nonspendable	65,554					65,554
Restricted	868,468		233,918			1,102,386
Assigned	294,640	74,479	722,615	69,484	21,704	1,182,922
Unassigned	1,927,501					1,927,501
Total Fund Balance	3,156,163	74,479	956,533	69,484	21,704	4,278,363
Total Liabilities and Fund Balances	\$ 3,387,679	\$ 74,995	\$ 1,014,557	\$ 69,484	\$ 21,704	\$ 4,568,419

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES REGULATORY BASIS FOR THE YEAR ENDED MAY 31, 2016

	General Fund	Special Revenue Funds			Capital Projects Fund	Total Governmental Funds
		Special District Funds Sewer Fund	Water Fund	Other Special Revenues		
REVENUES						
Real property taxes	\$ 2,644,082	\$	\$	\$	\$	2,644,082
Real property tax items	27,272					27,272
Nonproperty tax items	1,778,761					1,778,761
Departmental income	97,262	142,227	1,078,326			1,317,815
Use of money and property	1,307	11	243		8	4,688
Licenses and permits	57,538			3,119		57,538
Fines and forfeitures	121,436					121,436
Sale of property and compensation for loss	17,165					17,165
Miscellaneous local sources	152,681			852		153,533
State sources	410,101					410,101
Federal sources	60,464					60,464
Total Revenues	5,368,069	142,238	1,078,569	3,971	8	6,592,855

EXPENDITURES

Current:

General governmental support	702,001		25,910			727,911
Public safety	1,635,525					1,635,525
Transportation	970,866					970,866
Economic assistance and opportunity	12,201					12,201
Culture and recreation	400,005					400,005
Home and community services	137,539	33,027	904,030			1,074,596
Employee benefits	1,202,552		110,163			1,312,715
Debt service:						
Principal		49,232	30,768			80,000
Interest		47,567	29,727			77,294
Total Expenditures	5,060,689	129,826	1,100,598			6,291,113
Net Changes in Fund Balances	307,380	12,412	(22,029)	3,971	8	301,742
Fund Balances, Beginning of Year	2,848,783	62,067	978,562	65,513	21,696	3,976,621
Fund Balances, End of Year	\$ 3,156,163	\$ 74,479	\$ 956,533	\$ 69,484	\$ 21,704	\$ 4,278,363

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND - REGULATORY BASIS MAY 31, 2016

	Private Purpose Trust Fund
	<u> </u>
ASSETS	
Investments:	
Restricted	\$ <u>84,088</u>
Total Assets	\$ <u><u>84,088</u></u>
NET POSITION	
Restricted for Seymour Library	\$ <u><u>84,088</u></u>

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND - REGULATORY BASIS FOR THE YEAR ENDED MAY 31, 2016

	Private Purpose Trust Fund
ADDITIONS	
Investment earnings	\$ <u>(6,710)</u>
Total Additions	<u>(6,710)</u>
DEDUCTIONS	
Payments	<u> </u>
Change in Net Position	(6,710)
Net Position - Beginning of Year	<u>90,798</u>
Net Position - End of Year	\$ <u><u>84,088</u></u>

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE GENERAL - VILLAGEWIDE FUND - REGULATORY BASIS FOR THE YEAR ENDED MAY 31, 2016

	Original Budget	Final Budget	Actual	Encumbrances	Fav. (Unfav.) Variance
REVENUES					
Real property taxes	\$ 2,644,077	\$ 2,644,077	\$ 2,644,082	\$	\$ 5
Real property tax items	25,130	25,130	27,272		2,142
Nonproperty tax items	1,700,000	1,700,000	1,778,761		78,761
Departmental income	53,214	89,556	97,262		7,706
Use of money and property	4,000	4,000	1,307		(2,693)
Licenses and permits	45,000	45,000	57,538		12,538
Fines and forfeitures	100,000	100,000	121,436		21,436
Sale of property and compensation for loss	13,500	16,075	17,165		1,090
Miscellaneous local sources	21,000	21,000	152,681		131,681
State sources	261,466	293,680	410,101		116,421
Federal sources		29,405	60,464		31,059
Total Revenues	4,867,387	4,967,923	5,368,069	-	400,146
EXPENDITURES					
Current:					
General governmental support	793,750	732,610	702,001	19,350	11,259
Public safety	1,612,830	1,666,545	1,635,525	290	30,730
Transportation	1,012,378	1,072,543	970,866		101,677
Economic assistance and opportunity	7,000	12,000	12,201		(201)
Culture and recreation	215,828	463,048	400,005		63,043
Home and community services	40,806	83,401	137,539		(54,138)
Employee benefits	1,449,795	1,449,795	1,202,552		247,243
Total Expenditures	5,132,387	5,479,942	5,060,689	19,640	399,613
Excess of (Expenditures) over Revenues	(265,000)	(512,019)	307,380	\$ (19,640)	\$ 799,759
Appropriated Fund Balance	275,000	275,000			
Appropriated Reserves	(10,000)	20,000			
Other Budgetary Purposes		161,147			
Designated Fund Balance and Encumbrances Carried Forward from Prior Year		55,872			
Net Change in Fund Balance	\$ -	\$ -	307,380		
Fund Balance, Beginning of Year			2,848,783		
Fund Balance, End of Year			\$ 3,156,163		

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - SEWER FUND - REGULATORY BASIS FOR THE YEAR ENDED MAY 31, 2016

	Original Budget	Final Budget	Actual	Fav. (Unfav.) Variance
REVENUES				
Departmental income	\$ 146,419	\$ 146,419	\$ 142,227	\$ (4,192)
Use of money and property	100	100	11	(89)
Total Revenues	146,519	146,519	142,238	(4,281)
EXPENDITURES				
Current:				
Home and community services	49,721	49,721	33,027	16,694
Debt service (principal and interest)	96,798	96,798	96,799	(1)
Total Expenditures	146,519	146,519	129,826	16,693
Excess of Revenues Over (Expenditures)	-	-	12,412	\$ 12,412
Net Change in Fund Balance	-	-	12,412	
Fund Balance, Beginning of Year			62,067	
Fund Balance, End of Year			\$ 74,479	

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE SPECIAL DISTRICT FUND - WATER FUND - REGULATORY BASIS FOR THE YEAR ENDED MAY 31, 2016

	Original Budget	Final Budget	Actual	Fav. (Unfav.) Variance
REVENUES				
Departmental income	\$ 1,120,550	\$ 1,120,550	\$ 1,078,326	\$ (42,224)
Use of money and property	1,250	1,250	243	(1,007)
Total Revenues	1,121,800	1,121,800	1,078,569	(43,231)
EXPENDITURES				
Current:				
General governmental support	61,250	38,275	25,910	12,365
Home and community services	889,989	912,964	904,030	8,934
Employee benefits	110,065	110,065	110,163	(98)
Debt service (principal and interest)	60,496	60,496	60,495	1
Total Expenditures	1,121,800	1,121,800	1,100,598	21,202
Excess of (Expenditures) Over Revenues	-	-	(22,029)	\$ (22,029)
Net Change in Fund Balance	\$ -	\$ -	(22,029)	
Fund Balance, Beginning of Year			978,562	
Fund Balance, End of Year			\$ 956,533	

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

SCHEDULE OF NONCURRENT ASSETS AND LIABILITIES REGULATORY BASIS

May 31, 2016

DEFERRED OUTFLOWS OF RESOURCES

Pensions \$ 2,036,078

Total Deferred Outflows of Resources \$ 2,036,078

NONCURRENT GOVERNMENT LIABILITIES

Net pension liability \$ 2,054,597

Bonds payable 1,780,000

Compensated Absences 360,153

Installment purchase debt 188,987

Total Noncurrent Government Liabilities \$ 4,383,737

DEFERRED INFLOWS OF RESOURCES

Pensions \$ 443,355

Total Deferred Inflows of Resources \$ 443,355

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 1 **Summary of Significant Accounting Policies**

The financial statements of the Village of Brockport, Monroe County, New York have been prepared in conformity with the accounting principles prescribed by the Accounting and Reporting Manual permitted by the Office of the New York State Comptroller to meet the requirements of the State of New York, and are not intended to be a complete presentation in accordance with accounting principles generally accepted in the United States (GAAP) established by the Governmental Accounting Standards Board (GASB). The financial statements do not include a government-wide Statement of Net Position or a Statement of Activities for Governmental Activities, prepared on the accrual basis of accounting, or a Management's Discussion and Analysis. Under the accrual basis of accounting the Village would have recorded capital assets, net of accumulated depreciation, as well as long-term debt and other long-term liabilities, in the government-wide financial statements. The more significant of the Village's accounting policies are described below.

Financial Reporting Entity

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

The following basic services are provided: Police & Law Enforcement, Fire Protection, Street Maintenance, Sewer and Water Facilities and Community Development.

All governmental activities and functions performed for the Village of Brockport, Monroe County, New York are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following:

- The primary government, which is the Village.
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement No. 14, as amended by GASB Statements Nos. 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Village's reporting entity.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Excluded From the Reporting Entity

Although the following organizations, functions or activities are related to the Village they are not included in the Village reporting entity because of the reasons noted:

The Seymour Library - The Village participates with the Towns of Clarkson and Sweden in the joint operations of the Library. The net cost of operating this joint activity is distributed among the participating municipalities on the basis of population, with the Village of Brockport contributing 41% of the government contributions.

Fund Accounting

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and aid financial management by separating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

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

Governmental Fund Types

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and related liabilities are accounted for through Governmental Fund types. The measurement focus of the Governmental Fund types is based upon determination of financial position and changes in financial position. The following are the Town's Governmental Fund Types:

- **General Fund** - Principal operating fund; includes all operations not required to be recorded in other funds.
- **Special Revenue Funds** - Used to account for the proceeds of specific revenue sources legally restricted to expenditure for specified purposes. The following Special Revenue Funds are utilized:
 - **Special District Funds** - Established by the Village to account for changes for water and sewer revenues derived from usage and the application of such revenues toward related operating expenses and debt retirement.
 - **Other Special Revenues** - Accounts for other dedicated special revenue streams.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Fund Accounting - Continued

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

Fiduciary Fund Types

Fiduciary Fund Types are used to account for assets held by the local government in a trustee or custodial capacity. The following are the Village's Fiduciary Funds:

- **Agency Fund**
The Agency Fund is used to account for money and/or property received and held in the capacity of trustee, custodian, or agent. There were no balances in the Agency Fund at May 31, 2016.
- **Private Purpose Trust Fund** - Accounts for revenues and expenditures from assets contributed with restrictions on their use; only the earnings may be used for the Seymour Library.

Basis of Accounting/Measurement Focus

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

Modified Accrual Basis - All Governmental Funds are accounted for using the modified accrual basis of accounting. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis, which approximates the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town recognizes receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year.

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Expenditures are recorded when incurred except:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of the purchase.
- Principal and interest on indebtedness are not recognized as an expenditure until due.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- General fixed assets are recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received on the Schedule of Noncurrent Governmental Assets. No budgetary provision for depreciation is made. General long-term debt liabilities are recorded at the par value of the principal amount and reported in the Schedule of Noncurrent Assets and Liabilities. No liability is recorded for interest payable to maturity.

Property Taxes

Village real property taxes are levied annually on May 31, and become a lien on June 1. Taxes are collected during the period June 1 to August 1. For the periods August 1 to October 31 taxes are collected with penalties and interest. The Village Receiver of taxes collects all real estate taxes for Village and County purposes. The Village Receiver distributes the collected tax money to the Village Supervisor prior to distributing the balance collected to the County on October 31. The Village thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Annually the County bills the Village for current and prior year adjustments to tax bills resulting from small claims decisions or court orders. The Village pays this bill before May 31st and with the exception of court ordered settlements, nets these adjustments against the current year levy in reporting real property tax revenue.

In June of 2011 New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Village in a particular year, beginning with the 2012-2013 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers - All Items (CPI-U), subject to certain limited exceptions and adjustments.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Sales Tax

The County of Monroe currently imposes a sales and use tax. Based upon a complex formula, a portion of total revenue collected is allocated annually to the Village in four quarterly installments.

Budget Policies

Budget policies are as follows:

- No later than March 20, a tentative budget is submitted by the budget officer to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than April 20, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. However, the Village Mayor is authorized to transfer certain budgeted amounts within departments.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed for the General and Special Revenue Funds. Encumbrances are reported as assignments of fund balance, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Budgetary Basis of Accounting

Budgets are adopted annually on a basis consistent with its prescribed fund's basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary controls for the Other Special Revenue Fund are established per the applicable funding source.

Cash and Investments

The Village's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Cash and Investments - Continued

New York State Law governs the Village's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Receivables

In the fund financial statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales tax, fire protection and sewer fees.

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Unearned Revenue

The Village reports unearned revenue in its basic financial statements. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Deferred Outflows and Inflows of Resources

In addition to assets, the Schedule of Noncurrent Assets and Liabilities reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows related to pensions in the Schedule of Noncurrent Assets and Liabilities. The types of deferred outflows related to pensions are described in Note 4.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Deferred Outflows and Inflows of Resources - Continued

In addition to liabilities, the Schedule of Noncurrent Assets and Liabilities reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Village reports deferred inflows related to pensions which are further described in Note 4.

Accrued Liabilities and Long-Term Obligations

In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported in the Schedule of Noncurrent Assets and Liabilities.

Compensatory Absences

Village employees are entitled to accrue 260 days of sick leave and 30 days of vacation. An individual who leaves the employment of the Village, either through termination or retirement is entitled to payment for accumulated vacation and unused compensatory time. No cash payments are made for non-police employees' unused sick leave, however, an employee who retires may receive up to 165 days as additional service credit. Police personnel are allowed to cash in any unused sick time at a rate of one for one for the first sixty days and two for one in excess. Full time police officers may accumulate at any one time 160 hours of compensatory time. Each full time employee receives 5 personal days each June 1st. Personal leave days are not cumulative, however, unused personal leave days at year end are added to the employee's vacation time.

Village employees participate in the New York State and Local Retirement System.

In addition to providing pension benefits, the Village provides postemployment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Equity Classifications

The Village classifies fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Continued

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable**

Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.

- **Restricted**

Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Village's legally adopted reserves are reported here.

- **Committed**

Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.

- **Assigned**

Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

- **Unassigned**

Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Village has not adopted any resolutions to commit fund balance. The Village's policy is to apply expenditures against restricted fund balance, assigned fund balance, and unassigned fund balance in this respective order. Nonspendable, restricted, and assigned fund balances are reported on the Schedule of Nonspendable, Restricted, and Assigned Fund Balance.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 1* Summary of Significant Accounting Policies - Continued**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

***Note 2* Cash and Investments**

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

Collateral is required for demand and time deposits and certificates of deposit at 100% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, as well as obligations of the state, its municipalities and school districts.

Deposits and investments are categorized as either (1) insured and for which the securities are held by the Village's agent in the Village's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Village's name, (3) uncollateralized.

Total financial institution (bank) balances at May 31, 2016, per the bank, were \$4,011,377. These deposits are either insured or collateralized in accordance with State statutes and Village investment policies.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 2 Cash and Investments - Continued

Investments are stated at fair value and are categorized as either (1) insured or registered, with investments held by the Village or the Village's agent in the Village's name, (2) uninsured and unregistered, with investments held by the financial institution's trust department in the Village's name, (3) uninsured and unregistered, with investments held by the financial institution or its trust department but not in the Village's name. The Village has the following investments in the following denominations:

Description	Fund Type	Category	Amount
Mutual Funds	Other Special Revenue Fund	(1)	\$ 10,611
Mutual Funds	Private Purpose Trust Fund	(1)	84,088

Note 3 Other Receivables

Other receivables for the year ended May 31, 2016 consisted of:

General Fund

Accounts receivable	\$ 57,718
Tax sale certificates receivable	8,614
Total General Fund	<u>66,332</u>

Sewer Fund

Sewer rents receivable	<u>21,625</u>
------------------------	---------------

Water Fund

Water rents receivable	<u>131,013</u>
------------------------	----------------

Total	<u><u>\$ 218,970</u></u>
--------------	--------------------------

Note 4 Pension Plans

For the fiscal year ended May 31, 2016, the Village implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The implementation of the Statements requires the Village to report as a liability its portion of the collective net pension liability in the New York State Employees' Retirement System. The implementation of the Statements also requires the Village to report a deferred outflow and/or inflow of resources for the effect of the net change in the Village's proportion of the collective net pension liability and difference during the measurement period between the Village's contributions and its proportionate share of total contributions to the pension system not included in pension expense. Also included as a deferred outflow is the Village's contributions to the pension system subsequent to the measurement date.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

***Note 4* Pension Plans - Continued**

Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS and PFRS are cost-sharing, multiple-employer defined benefit pension plans. The System is included in the State's financial report as a pension trust fund. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. In these statements, GLIP amounts are apportioned to and included in ERS and PFRS.

Separately issued financial statements for the System can be accessed on the Comptroller's website at <http://www.osc.state.ny.us/pension/cafr.htm> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100% vested.

Generally, Tier 1 and 2 members are not required to contribute to the System. Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 4 Pension Plans - Continued

Summary of Significant Accounting Policies

The System's financial statements from which the System's fiduciary net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual report.

Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The Village's contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

		ERS		PFRS
2016	\$	198,424	\$	261,200
2015		206,211		216,184
2014		Information not readily available		

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2016, the Village reported the following liability for its proportionate share of the net pension liability for each of the System plans. The net pension liability was measured as of March 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportionate share of the net pension liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the Village by the System

	ERS	PFRS
Actuarial valuation date	04/01/2015	04/01/2015
Net pension liability	\$ 16,050,279,000	\$ 2,960,787,000
Village's proportionate share of the Plan's total net pension liability	744,442	1,310,155

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 4 Pension Plans - Continued

For the year ended May 31, 2016, the Village recognized pension expense of \$168,119 for ERS and \$261,200 for PFRS in the financial statements under the modified accrual basis of accounting. At May 31, 2016 the Village's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	ERS	PFRS
Deferred Outflows of Resources:		
Differences between expected and actual experience	\$ 3,762	\$ 11,751
Changes of assumptions	198,520	564,804
Net differences between projected and actual earnings on pension plan investments	441,644	734,236
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	1,561	11,015
Village's contributions subsequent to the measurement date	31,079	37,706
Total Deferred Outflows of Resources	\$ 676,566	\$ 1,359,512
Deferred Inflows of Resources:		
Differences between expected and actual experience	\$ 88,241	\$ 198,080
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	12,883	144,151
Total Deferred Inflows of Resources	\$ 101,124	\$ 342,231

Village contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended May 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	ERS	PFRS
2017	\$ 137,247	\$ 232,293
2018	137,247	232,293
2019	137,247	232,293
2020	132,622	222,069
2021		60,627
Thereafter		

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 4 Pension Plans - Continued

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement date	March 31, 2016	March 31, 2016
Actuarial valuation date	April 1, 2015	April 1, 2015
Interest rate	7.0%	7.0%
Salary scale	5.1%	5.8%
	April 1, 2005-	April 1, 2005-
	March 31, 2015	March 31, 2015
Decrement tables	System's Experience	System's Experience
Inflation rate	2.5%	2.5%

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

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2015.

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

	NYSLRS
	March 31, 2016
Measurement date	
Asset Type:	
Domestic equities	7.30%
International equities	8.55%
Real estate	8.25%
Private equity/Alternative investments	11.00%
Absolute return strategies	6.75%
Opportunistic portfolio	8.60%
Real assets	8.65%
Cash	2.25%
Inflation-indexed bonds	4.00%
Mortgages and bonds	4.00%

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 4 Pension Plans - Continued

Discount Rate

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 contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

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

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability	\$ 1,678,662	\$ 744,442	\$ (44,934)
PFRS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability	\$ 2,926,370	\$ 1,310,155	\$ (44,583)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands ERS	Dollars in Thousands PFRS
	March 31, 2016	March 31, 2016
Valuation date		
Employers' total pension liability	\$ 172,303,544	\$ 30,347,727
Plan net position	(156,253,265)	(27,386,940)
Employers' Net Pension liability	\$ 16,050,279	\$ 2,960,787
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.7%	90.2%

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 4 Pension Plans - Continued

Payable to the Plan

Employer contributions are paid annually based on the Systems' fiscal year which ends March 31st. Accrued restatement contributions as of May 31, 2016 represent the projected employer contributions for the period April 1, 2016, through May 31, 2016, based on estimated ERS wages multiplied by the employer contribution rates by tier. Accrued retirement contributions as of May 31, 2016 amounted to \$68,785.

Note 5 Short-term Debt

As of May 31, 2016 and 2015, there was no outstanding short-term debt or activity.

Note 6 Long-term Debt

Serial Bonds and Installment Purchase Debt

The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Schedule of Noncurrent Assets and Liabilities. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of long-term liabilities. Serial bonds for the Village are liquidated from the Water and Sewer Funds. Installment purchase debt (IPD) is liquidated from the General, Water, and Sewer Funds.

Constitutional Debt Limit

At May 31, 2016, the total outstanding indebtedness of the Village aggregated to \$1,991,961. Of this amount, \$1,307,373 was subject to the City's constitutional debt limit, and represented approximately 5.9% of its debt limit.

The following is a summary of changes in serial bonds for the year ended May 31, 2016:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Serial Bonds	\$ 1,860,000	\$ -	\$ (80,000)	\$ 1,780,000	\$ 85,000
IPD	245,925	-	(56,938)	188,987	58,082
Total	\$ 2,105,925	\$ -	\$ (136,938)	\$ 1,968,987	\$ 143,082

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 6 Long-term Debt - Continued

As of May 31, 2016, Serial Bonds, including issue and maturity dates and interest rates, consisted of the following:

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Payable to Maturity</u>
Serial Bonds:			
Public Improvement Bond - Water	May, 2031	4.125%	\$ 684,588
Public Improvement Bond - Sewer	May, 2031	4.125%	1,095,412
			<u>1,780,000</u>
Installment Purchase Debt:			
Bucket truck	August, 2018	2.000%	77,914
Wheel loader	October, 2019	2.000%	111,073
			<u>188,987</u>
Total			<u>\$ 1,968,987</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 85,000	\$ 73,994	\$ 158,994
2018	90,000	70,488	160,488
2019	95,000	66,775	161,775
2020	100,000	62,856	162,856
2021	105,000	58,731	163,731
2022-2026	585,000	225,183	810,183
2027-2031	720,000	94,488	814,488
Total	<u>\$ 1,780,000</u>	<u>\$ 652,515</u>	<u>\$ 2,432,515</u>

Interest expenditures on serial bonds totaled \$ 77,294 at May 31, 2016.

The following is a summary of maturing debt service requirements for installment purchase debt:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 58,082	\$ 3,136	\$ 61,218
2018	59,250	2,116	61,366
2019	60,213	1,528	61,741
2020	11,442	48	11,490
Total	<u>\$ 188,987</u>	<u>\$ 6,828</u>	<u>\$ 195,815</u>

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2016

Note 6 **Long-term Debt - Continued**

Interest expenditures on installment purchase debt totaled \$ 4,633 at May 31, 2016. Principal and interest payments on installment purchase debt are recorded in the Village's financial statements as contractual expenditures.

Note 7 **Deferred Compensation Plan**

The Village maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which Village employees have the option to participate.

Note 8 **Health Reimbursement Account**

Effective September 1, 2010, the Village implemented a Health Reimbursement Account Plan (HRA). The Village contributes to the Plan for eligible employees based upon employment criteria as outlined in the Plan document. The eligible expenses allowed for reimbursement under the Plan are medical expenses as defined by IRS Code Section 213(d) and eligible over the counter medical expenses.

The Plan year is accounted for starting September 1 through August 31. Any participant's fund remaining in the account at the end of a Plan year will be forfeited back to the Village. The Plan is accounted for in the Village's General Fund.

Note 9 **Risk Management**

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

Note 10 **Subsequent Events**

Subsequent to year-end, the Village entered into a lease purchase agreement for procurement of a dump truck with a purchase price of \$178,287, less a trade in value of \$35,000, for a net cost of \$143,287. The lease term is 60 months at an interest rate of 2.53%.

Note 11 **Overexpenditures**

Home and community services in the General Fund reported significant overexpenditures due to differences in the way expenditures are classified in the Village's trial balance software and the Annual Update Document (AUD) submitted to New York State. The financial statements classify expenditures in the same manner as reported in the AUD.

VILLAGE OF BROCKPORT

SCHEDULE OF NONSPENDABLE, RESTRICTED AND ASSIGNED FUND BALANCE GOVERNMENTAL FUNDS

May 31, 2016

	Special Revenue Funds					Total Governmental Funds
	General Fund	Special District Funds Sewer Fund	Water Fund	Other Special Revenues	Capital Projects Fund	
Nonspendable						
Prepaid expenses	\$ 65,554	\$ -	\$ -	\$ -	\$ -	\$ 65,554
Total Nonspendable	\$ 65,554	\$ -	\$ -	\$ -	\$ -	\$ 65,554
Restricted						
Workers' Compensation	\$ 256,861	\$ -	\$ -	\$ -	\$ -	\$ 256,861
Capital Projects	258,194	-	233,918	-	-	492,112
Employee Benefits	353,413	-	-	-	-	353,413
Total Restricted	\$ 868,468	\$ -	\$ 233,918	\$ -	\$ -	\$ 1,102,386
Assigned						
Fund balance appropriated for next years' budget	\$ 275,000	\$ -	\$ -	\$ -	\$ -	\$ 275,000
Encumbrances for:						
General governmental support	19,350	-	-	-	-	19,350
Public safety	290	-	-	-	-	290
Total Encumbrances	19,640	-	-	-	-	19,640
Remaining fund balance	-	74,479	722,615	69,484	21,704	888,282
Total Assigned	\$ 294,640	\$ 74,479	\$ 722,615	\$ 69,484	\$ 21,704	\$ 1,182,922

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

SCHEDULE OF THE VILLAGE'S CONTRIBUTIONS NYSLRS PENSION PLANS FOR THE LAST 2 FISCAL YEARS

	<u>2016</u>	<u>2015</u>
Contractually required contribution		
ERS	\$ 198,424	\$ 206,211
PFRS	261,200	216,184
Contributions in relation to the contractually required contribution		
ERS	198,424	206,211
PFRS	261,200	216,184
Contribution deficiency (excess)		
ERS	-	-
PFRS	-	-
Village's covered-employee payroll for year ending May 31,		
ERS	1,245,772	1,184,948
PFRS	1,146,056	1,054,380
Contributions as a percentage of covered-employee payroll		
ERS	15.9%	17.4%
PFRS	22.8%	20.5%

As information becomes available, this schedule will contain ten years of information.

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY NYSLRS PENSION PLAN FOR THE YEAR ENDED MAY 31,

		<u>2016</u>
Village's proportion of the net pension liability		
	ERS	0.0046%
	PFRS	0.0443%
Village's proportionate share of the net pension liability		
	ERS	\$ 744,442
	PFRS	1,310,155
		<u>2,054,597</u>
Village's covered-employee payroll		
	ERS	1,192,063
	PFRS	1,074,747
		<u>2,266,810</u>
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll		
	ERS	62.4%
	PFRS	121.9%
Plan fiduciary net position as a percentage of the total pension liability		
	ERS	90.7%
	PFRS	90.2%

As information becomes available, this schedule will contain ten years of information.

See Independent Auditor's Report and Notes to Financial Statements



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Village Board
Village of Brockport
Brockport, 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 funds of the Village of Brockport as of and for the year ended May 31, 2016, and the related notes to the financial statements, which collectively comprise the Village of Brockport's basic financial statements, and have issued our report thereon dated April 20, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Brockport'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 of Brockport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Brockport'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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the Schedule of Findings and Responses, that we consider to be a significant deficiency, identified as 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Brockport’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*.

Village of Brockport’s Response to Findings

Village of Brockport’s response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The Village’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 of Brockport’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Inero & Co. CPAs LLP
Certified Public Accountants

Ithaca, New York
April 20, 2017