



VILLAGE OF BROCKPORT

127 Main 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
NYS Climate Smart Community
NYS Clean Energy Community*

VILLAGE OF BROCKPORT EXTERNAL AUDIT REPORT FOR FISCAL YEAR ENDED 05/31/17

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 05/31/17 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

Dated: 4/5/18

For publication in Suburban News and posting on Village website and at Village Hall.

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



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, 2017, 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.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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.

Following are descriptions of identified control related matters that we determined did not constitute significant deficiencies or material weaknesses:

Use of Reserves

During our current and prior year audits, 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 meetings, it does not appear reserve activity is approved by the Board.

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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 any of the reserve funds are not reserve funds established in accordance with applicable laws, said 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."

Budget Modifications

During our audit procedures, we noted modified budgets for various funds were not in balance.

Recommendation:

We recommend exercising greater diligence when recording budget modifications to ensure the resulting budget is balanced.

Use of Purchase Orders

During our review of procurement transactions, we noted purchase orders were not used consistently as required by the Village's procurement policy. It appeared 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 each purchase is approved prior to placing the order.

Recommendation:

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

PRIOR YEAR FINDINGS RESOLVED

SIGNIFICANT DEFICIENCY

Supporting Documentation over Receipts and Journal Entries

During our prior year audit, we were unable to obtain supporting documentation 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.

Recommendation:

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

Resolved:

We are pleased to report we were able to obtain supporting documentation for selected receipts and journal entries during the current year's audit.

OTHER MATTERS

Budget Transfers Policy

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.

Resolution:

During the year ended May 31, 2017, the Village Board implemented a policy specifying a dollar limit on budget transfers that can be made by the Treasurer without Board approval.

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.

Resolution:

During this year's audit, we noted no checks held at year-end.

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 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,

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

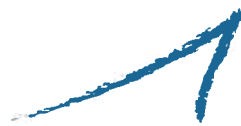
Ithaca, New York
March 23, 2018

VILLAGE OF BROCKPORT

Brockport, New York

FINANCIAL REPORT

May 31, 2017



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Certified Public Accountants | Business Advisors

VILLAGE OF BROCKPORT

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INDEPENDENT AUDITOR'S REPORT

To the Village Board
Village of Brockport
Brockport, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brockport (the Village) as of and for the year ended May 31, 2017, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Qualified Opinion

The Village reports amounts for capital assets and other postemployment benefits liability (OPEB) in its financial statements. However, these amounts are not reported in accordance with accounting standards generally accepted in the United States of America. The Village has not maintained adequate records of property and equipment costs and has also not recorded related depreciation in valuing capital assets. The amount reported for OPEB liability has not been actuarially determined in accordance with Governmental Accounting Standards Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Qualified Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine adequate records regarding the cost and depreciation of property and equipment and actuarial valuation reports for other postemployment benefits liability as described in the "Basis for Qualified Opinion" paragraph above, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Village as of May 31, 2017 and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended May 31, 2017, the Village adopted Government Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedules of Village's Contributions – New York State and Local Retirement System (NYSLRS), the Schedules of the Village's Proportionate Share of the Net Pension Liability, and related notes on pages 4-4i and 35-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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
March 23, 2018

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

Our discussion and analysis of the Village of Brockport's (the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended May 31, 2017. This section is a summary of the Village's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed in the current year. Please read it in conjunction with the Village's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Village's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,080,826 (net position) compared to a \$7,853,453 (net position) in 2016.
- The Village's net position increased by \$227,373 from the prior year.
- The Village complies with Government Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As a result, pension expense increased in the Government-wide financial statements by \$313,052 for the year ended May 31, 2017, compared to an increase of \$256,146 in the prior year. This resulted in a net decrease in net position of \$774,926 at year-end. See Note 5 for more detailed information.
- The General Fund recorded an increase of \$30,429 in 2017 and had a fund balance at the end of the year of \$3,186,592.
- Debt and long-term obligations of the Village decreased by \$(600,395) or (13.7)% during the current fiscal year, mainly as a result of a decrease in other net pension liability - proportionate share of \$(674,911), offset by issuance of installment purchase debt and debt repayments.
- Resources available for appropriation in the General Fund were \$447,191 more than budgeted and expenditures were \$41,692 less than budgeted. The difference between budgeted and actual revenues is mainly due to increases in nonproperty tax items and fines and forfeitures. The decrease in budget versus actual expenditures is primarily due to cost containment and a decrease in transportation expenditures related to reduced street maintenance.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 4-5) provide information about the Village as a whole and present a longer-term view of the Village's finances. Governmental Fund financial statements start on page 6. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Village's operations in greater detail than the Government-wide financial statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains budgetary comparison schedules for the General and Water Funds, Schedules of Village Contributions - NYSLRS Pension Plan, Schedules of Village's Proportionate Share of the Net Pension Liability, and notes to required supplementary information.

Reporting the Village as a Whole

Our analysis of the Village as a whole begins on page 4, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer the question of whether the Village, as a whole, is better or worse off as a result of the year's activities. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

These two statements report the Village's net position and changes in them. One can think of the Village's net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads, to assess the overall health of the Village.

In the Statement of Net Position and the Statement of Activities, the Village reports:

Governmental Activities: Most of the Village's services are reported in this category, including public safety, public health, economic assistance, transportation, home and community services, culture and recreation, and general administration. Property and sales taxes, and state and federal grants finance most of these activities.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

Reporting the Village's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the Village's Major Funds begins on page 6. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The Village's two kinds of funds - Governmental and Fiduciary - use different accounting approaches.

Governmental Funds: All of the Village's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the Village's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide financial statements) and Governmental *Funds* is explained in a reconciliation following the Governmental Fund financial statements.

The Village as Trustee: The Village is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 10. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

THE VILLAGE AS A WHOLE

The Village's *combined* net position for fiscal year ended May 31, 2017 increased from \$7,853,453 to \$8,080,826.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

Our analysis below focuses on the net position (Figure 1), and changes in net position (Figure 2), of the Village's Governmental Activities.

Figure 1 - Net Position

	<i>Governmental Activities</i>		<i>Dollar Variance</i>
	<i>2016</i>	<i>2017</i>	<i>2016-2017</i>
<i>Current assets</i>	\$ 3,466,033	\$ 3,310,626	\$ (155,407)
<i>Noncurrent assets</i>	1,102,386	1,112,855	10,469
<i>Capital assets, net</i>	6,510,394	7,228,582	718,188
<i>Total Assets</i>	11,078,813	11,652,063	573,250
<i>Pensions</i>	2,036,078	1,062,646	(973,432)
<i>Total Deferred Outflows of Resources</i>	2,036,078	1,062,646	(973,432)
<i>Current liabilities</i>	433,138	391,447	(41,691)
<i>Noncurrent liabilities</i>	4,384,945	3,784,550	(600,395)
<i>Total Liabilities</i>	4,818,083	4,175,997	(642,086)
<i>Pensions</i>	443,355	457,886	14,531
<i>Total Deferred Inflows of Resources</i>	443,355	457,886	14,531
<i>Net investment in capital assets</i>	4,584,815	5,301,513	716,698
<i>Restricted</i>	1,102,386	1,112,855	10,469
<i>Unrestricted</i>	2,166,252	1,666,458	(499,794)
<i>Total Net Position</i>	\$ 7,853,453	\$ 8,080,826	\$ 227,373

Assets of the Village's Governmental Activities increased 5.2% or \$573,250, primarily due to the increase in capital assets and a decrease in cash. The liabilities of the Village's Governmental Activities decreased (13.3)% or \$(642,086), based on reduction of the Village's proportionate share of New York State and Local Retirement System net pension liability. Deferred outflows and inflows of resources also decreased and increased, respectively, related to changes in pension-related actuarial valuations. Net position of the Village's Governmental Activities increased by 2.9% or \$227,373, primarily due to revenues exceeding expenditures.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

Figure 2 - Changes in Net Position

	<i>Governmental Activities</i>		<i>Percent Variance</i>
	<i>2016</i>	<i>2017</i>	<i>2016 - 2017</i>
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for services</i>	\$ 1,496,789	\$ 1,721,573	15%
<i>Operating grants and contributions</i>	321,952	221,317	-31%
<i>General Revenues:</i>			
<i>Real property taxes</i>	2,644,082	2,649,255	0%
<i>Real property tax items</i>	27,272	26,702	-2%
<i>Nonproperty tax items</i>	1,778,761	1,845,490	4%
<i>State sources</i>	148,613	160,898	8%
<i>Use of money and property</i>	4,688	6,025	29%
<i>Sale of property and compensation for loss</i>	17,165	54,119	215%
<i>Other general revenues</i>	153,533	138,862	-10%
<i>Total Revenues</i>	\$ 6,592,855	\$ 6,824,241	4%
<i>PROGRAM EXPENSES</i>			
<i>General support</i>	\$ 986,757	\$ 1,212,524	23%
<i>Public safety</i>	2,539,628	2,631,577	4%
<i>Transportation</i>	1,172,523	1,207,566	3%
<i>Economic assistance and opportunity</i>	12,201	14,500	19%
<i>Culture and recreation</i>	402,396	310,037	-23%
<i>Home and community services</i>	1,239,744	1,146,670	-8%
<i>Interest on long-term debt</i>	77,294	73,994	-4%
<i>Total Expenses</i>	\$ 6,430,543	\$ 6,596,868	3%
<i>INCREASE IN NET POSITION</i>	\$ 162,312	\$ 227,373	40%

Revenue from charges for services increased primarily because of new water customers and increased fees. The Village's charges for services revenue increased because of higher rates and greater demand for water bond sewer services.

Governmental Activities

The Village's nonproperty tax revenues increased by 4%, stemming from an increase in payments from Monroe County and utilities gross receipts. Operating grants revenue decreased by 31.3% due to a decrease in State aid received for the Main Street Grant which ended in 2016. State sources increased due to higher mortgage taxes received.

General support expense increased 35% over the prior year due to increases in building maintenance and contractual expenses. Transportation expense increased 3% as a result of the light-emitting diode (LED) project started by the Village in an effort to reduce street lighting expenses in the future. Cultural and recreation expense decreased due to a reduction in contractual expenses.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

Figures 3 and 4 show the sources of revenue for 2017 and 2016.

Figure 3
Revenue by Source - 2017

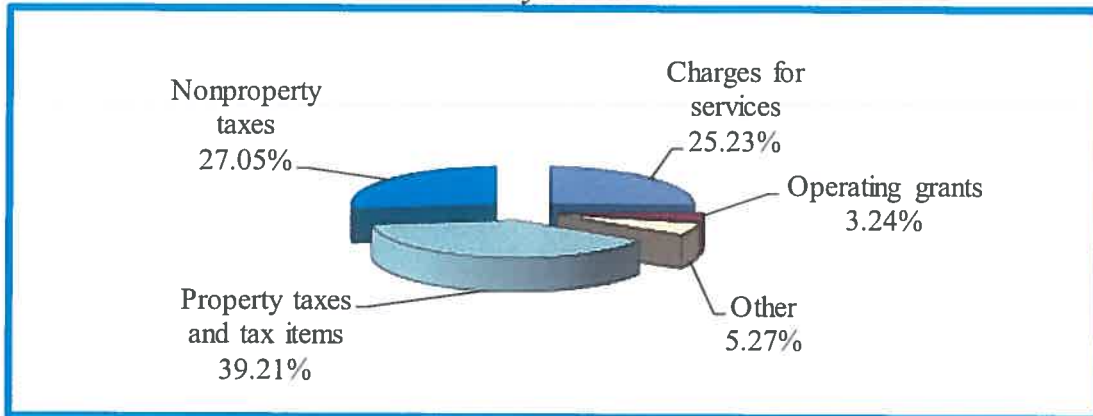
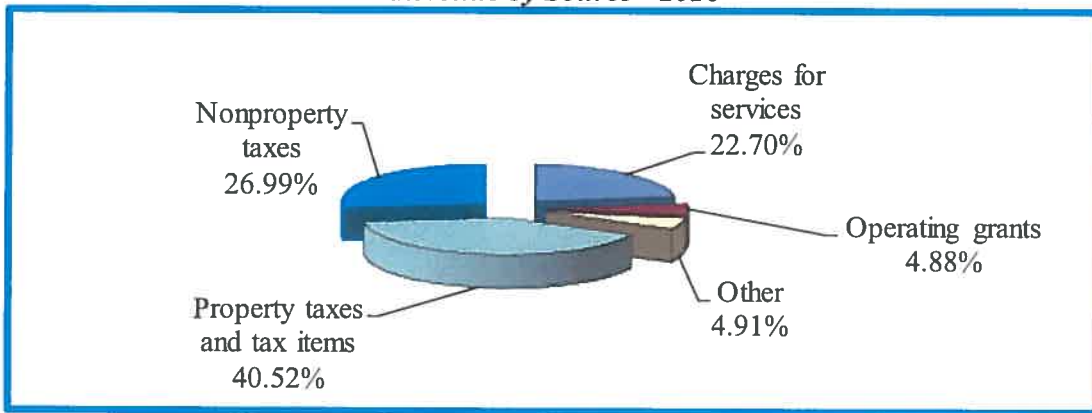


Figure 4
Revenue by Source - 2016



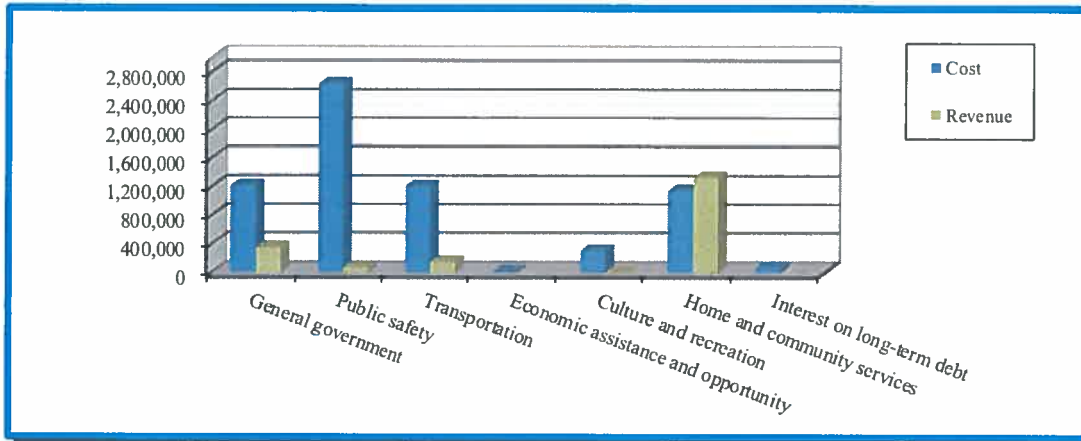
The cost of all Governmental Activities this year was \$6,596,868. As shown in the Statement of Activities, some of the cost was paid by those who directly benefited from the programs in the amount of \$1,721,573, and by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$221,317. Overall, the Village's governmental program revenues, including fees for services and grants were \$1,942,890. The Village paid for the remaining "public benefit" portion of Governmental Activities with \$4,653,978 in taxes and other revenues, such as interest and general entitlements.

The total cost less revenues generated by activities, or the net cost, for each of the Village's largest programs is presented below. The net cost shows the financial burden that was placed on the Village's taxpayers by each of these functions.

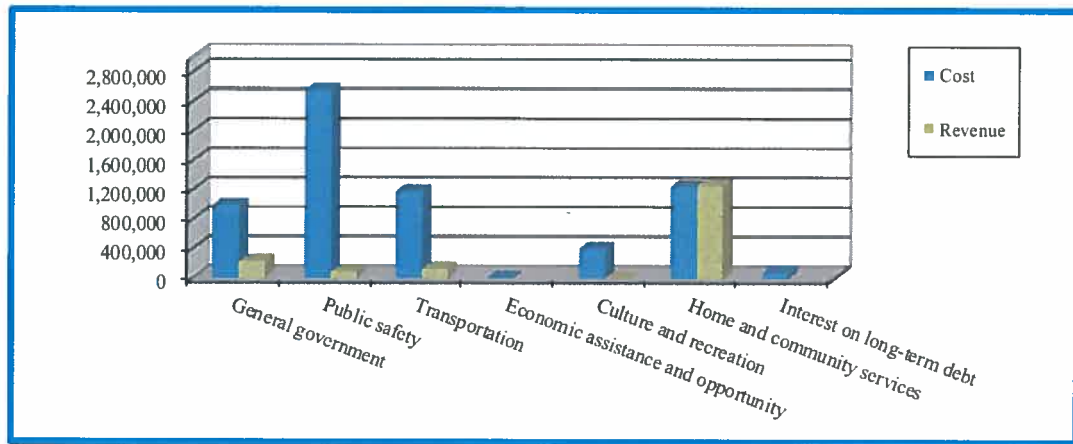
VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

*Figure 5
Net Program Cost - Governmental Activities
2017*



*Figure 6
Net Program Cost - Governmental Activities
2016*



THE VILLAGE'S FUNDS

As the Village completed the year, its Governmental Funds, as presented in the Balance Sheet on page 6, reported a combined fund balance of \$4,208,196, which is \$(70,167) less than last year's total of \$4,278,363. Figure 7 shows the changes in fund balances for the year for the Village's funds. The General Fund increased primarily as a result of an increase of nonproperty tax revenues, and an increase in fines and forfeitures. The Water Fund decreased because expenditures exceeded departmental income, specifically due to the purchase of a new dump truck.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

*Figure 7
Major Governmental Funds
Fund Balance at Year Ended*

	2016	2017	<i>Dollar Change 2016-2017</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 3,156,163	\$ 3,186,592	\$ 30,429
<i>Water Fund</i>	956,533	855,728	(100,805)
<i>Non-major Funds</i>	165,667	165,876	209
<i>Totals</i>	\$ 4,278,363	\$ 4,208,196	\$ (70,167)

General Fund Budgetary Highlights

Over the course of the year, the Village Board, as well as management of the Village, revised the Village budget several times. These budget amendments consisted of budget transfers between functions which do not increase the budget overall. The Village did increase the overall budget for unanticipated revenues and expenditures.

After these adjustments, the actual charges to appropriations (expenditures) were \$41,692 below the final budget amounts. Resources available for appropriation were \$447,191 above the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At May 31, 2017, the Village invested in a broad range of capital assets, including buildings, machinery and equipment, and infrastructure. This amount represents a net increase of \$718,188, related to the purchase of a new dump truck and street sweeper.

*Figure 8
Capital Assets*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	2016	2017	2016 - 2017
<i>Land</i>	\$ 178,950	\$ 178,950	\$ -
<i>Buildings</i>	1,890,510	1,890,510	-
<i>Equipment</i>	2,676,614	3,128,297	451,683
<i>Infrastructure</i>	1,764,320	2,030,825	266,505
<i>Totals</i>	\$ 6,510,394	\$ 7,228,582	\$ 718,188

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

Debt

Debt totaled \$1,927,069 as of May 31, 2017, as shown in Figure 9. Of this amount, \$1,275,172 is subject to the constitutional debt limit and represents 5.7% of the Village's statutory debt limit.

*Figure 9
Debt at Year Ended May 31,*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2016</i>	<i>2017</i>	<i>2016-2017</i>
<i>Installment purchase debt</i>	\$ 188,987	\$ 232,069	\$ 43,082
<i>Serial bonds</i>	1,780,000	1,695,000	(85,000)
<i>Totals</i>	\$ 1,968,987	\$ 1,927,069	\$ (41,918)

Economic Factors and Next Year's Budgets and Rates

- The Village is purchasing a new building for Village Offices at 127 Main Street, Brockport, New York. Closing date is anticipated prior to December 1, 2017.
- The Village is negotiating with National Grid to purchase approximately 600 street lights currently owned by National Grid. After purchase, the Village will install energy efficient LED lighting to reduce electric consumption and improve lighting. An energy performance contract will be used to finance the purchase and light replacements.
- The Village is currently working with an energy consultant to obtain approval for a solar farm on a Village owned landfill; the landfill is no longer in operation. Various grants and incentives are available to assist in acquisition of equipment for the solar farm. Savings from the generation of electricity will reduce energy costs.
- Contracts with the Village's two unions will be negotiated. The contract with the Stetson Club, the Village Police Department, ends May 31, 2018, and it is anticipated a new contract will be negotiated prior to the end of the current contract. The contract with CSEA, Local 1000 AFSCME, AFL-CIO, Department of Public works employees, ends May 31, 2019, and it is anticipated a new contract will be negotiated prior to the end of the current contract.
- The amount available for appropriation in the 2017-18 General Fund budget is \$5,302,526; an increase of 2.5% from the adopted May 31, 2017 budget of \$5,174,317 including appropriations and transfers out. The tax rate increased from \$11.87 per thousand to \$11.98 per thousand.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2017

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Daniel Hendricks, Treasurer, at 49 State Street, Brockport, New York 14420.

VILLAGE OF BROCKPORT

STATEMENT OF NET POSITION MAY 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents - Unrestricted	\$ 2,693,914
Investments - Unrestricted	11,104
Due from other governments	277,789
Other receivables	237,333
Prepaid expenses	90,486
Total Current Assets	<u>3,310,626</u>
Noncurrent Assets	
Cash and cash equivalents - Restricted	1,112,855
Land and other nondepreciable capital assets	178,950
Depreciable capital assets	7,049,632
Total Noncurrent Assets	<u>8,341,437</u>
Total Assets	<u>11,652,063</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>1,062,646</u>
LIABILITIES	
Current Liabilities	
Accounts payable	112,785
Accrued liabilities	19,349
Unearned revenue	11,097
Due to retirement systems	72,054
Current portion of long-term liabilities:	
Installment purchase debt	86,162
Bonds payable	90,000
Total Current Liabilities	<u>391,447</u>
Noncurrent Liabilities	
Installment purchase debt	145,907
Bonds payable	1,605,000
Compensated absences	410,810
Other postemployment benefits liability	243,147
Net pension liability - Proportionate share	1,379,686
Total Noncurrent Liabilities	<u>3,784,550</u>
Total Liabilities	<u>4,175,997</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>457,886</u>
NET POSITION	
Net investment in capital assets	5,301,513
Restricted	1,112,855
Unrestricted	1,666,458
Total Net Position	<u>\$ 8,080,826</u>

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2017

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position Governmental Activities
Governmental Activities					
General governmental support	\$ 1,212,524	\$ 348,734	\$ 2,866	\$ -	\$ (860,924)
Public safety	2,631,577	38,225	30,636	-	(2,562,716)
Transportation	1,207,566	4,406	147,815	-	(1,055,345)
Economic assistance and opportunity	14,500	-	-	-	(14,500)
Culture and recreation	310,037	3,560	-	-	(306,477)
Home and community services	1,146,670	1,326,648	40,000	-	219,978
Interest on long-term debt	73,994	-	-	-	(73,994)
Total	\$ 6,596,868	\$ 1,721,573	\$ 221,317	\$ -	(4,653,978)

GENERAL REVENUES

Real property taxes	2,649,255
Real property tax items	26,702
Nonproperty tax items	1,845,490
Use of money and property	6,025
Sale of property and compensation for loss	54,119
Miscellaneous local sources	138,862
State sources	160,898
Total General Revenues	4,881,351
Change in Net Position	227,373
Net Position - Beginning	7,853,453
Net Position - Ending	\$ 8,080,826

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

BALANCE SHEET GOVERNMENTAL FUNDS MAY 31, 2017

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Special Revenue Fund Water Fund</u>	<u>Total Non-Major Governmental Funds</u>	
ASSETS				
Cash and cash equivalents - Unrestricted	\$ 1,995,366	\$ 563,551	\$ 134,997	\$ 2,693,914
Cash and cash equivalents - Restricted	878,852	234,003		1,112,855
Investments - Unrestricted			11,104	11,104
Due from other governments	277,789			277,789
Other receivables	93,130	124,078	20,125	237,333
Prepaid expenses	90,486			90,486
Total Assets	\$ 3,335,623	\$ 921,632	\$ 166,226	\$ 4,423,481
LIABILITIES				
Accounts payable	\$ 54,080	\$ 58,355	\$ 350	\$ 112,785
Accrued liabilities	16,598	2,751		19,349
Due to employees' retirement system	67,256	4,798		72,054
Unearned revenue	11,097			11,097
Total Liabilities	149,031	65,904	350	215,285
FUND BALANCES				
Nonspendable	90,486			90,486
Restricted	878,852	234,003		1,112,855
Assigned	242,795	621,725	165,876	1,030,396
Unassigned	1,974,459			1,974,459
Total Fund Balances	3,186,592	855,728	165,876	4,208,196
Total Liabilities and Fund Balances	\$ 3,335,623	\$ 921,632	\$ 166,226	\$ 4,423,481

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION MAY 31, 2017

Total Governmental Fund Balances **\$ 4,208,196**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Historical cost	\$ 7,228,582	
Accumulated depreciation	<u>-</u>	7,228,582

The Village's proportionate share of the collective net pension liability is not reported in the funds.

ERS net pension liability - Proportionate share	\$ (456,947)	
PFRS net pension liability - Proportionate share	<u>(922,739)</u>	(1,379,686)

Deferred outflows of resources, including deferred charges on defeased debt and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including unavailable revenue and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

ERS deferred inflows - Pension	\$ (89,567)	
PFRS deferred inflows - Pension	(368,319)	
ERS deferred outflows - Pension	298,980	
PFRS deferred outflows - Pension	<u>763,666</u>	604,760

Long-term liabilities, including installment purchase debt, bonds payable, compensated absences and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in the funds.

Installment purchase debt	\$ (232,069)	
Bonds payable	(1,695,000)	
Compensated absences	(410,810)	
Other postemployment benefits liability	<u>(243,147)</u>	<u>(2,581,026)</u>

Net Position of Governmental Activities **\$ 8,080,826**

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2017

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund Water Fund	Non-major Governmental Funds	
REVENUES				
Real property taxes	\$ 2,649,255	\$ _____	\$ _____	\$ 2,649,255
Real property tax items	26,702	_____	_____	26,702
Nonproperty tax items	1,845,490	_____	_____	1,845,490
Departmental income	67,943	1,163,437	145,364	1,376,744
Intergovernmental charges	82,861	_____	_____	82,861
Use of money and property	2,011	387	3,627	6,025
Licenses and permits	57,186	_____	_____	57,186
Fines and forfeitures	204,782	_____	_____	204,782
Sale of property and compensation for loss	49,428	4,691	_____	54,119
Miscellaneous local sources	136,745	_____	2,117	138,862
State sources	339,349	_____	_____	339,349
Federal sources	2,866	40,000	_____	42,866
Total Revenues	5,464,618	1,208,515	151,108	6,824,241
EXPENDITURES				
Current				
General governmental support	825,001	199,875	8,079	1,032,955
Public safety	1,641,517	_____	_____	1,641,517
Transportation	1,411,045	_____	_____	1,411,045
Economic assistance and opportunity	14,500	_____	_____	14,500
Culture and recreation	310,959	_____	_____	310,959
Home and community services	104,886	953,674	36,290	1,094,850
Employee benefits	1,269,568	103,307	_____	1,372,875
Debt Service				
Principal	_____	32,691	52,309	85,000
Interest	_____	28,458	45,536	73,994
Total Expenditures	5,577,476	1,318,005	142,214	7,037,695
Excess of (Expenditures) Revenues	(112,858)	(109,490)	8,894	(213,454)
OTHER FINANCING SOURCES (USES)				
Proceeds of obligations	143,287	_____	_____	143,287
Interfund transfers in	_____	8,685	13,027	21,712
Interfund transfers (out)	_____	_____	(21,712)	(21,712)
Total Other Financing (Uses) Sources	143,287	8,685	(8,685)	143,287
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	30,429	(100,805)	209	(70,167)
Fund Balances, Beginning of Year	3,156,163	956,533	165,667	4,278,363
Fund Balances, End of Year	\$ 3,186,592	\$ 855,728	\$ 165,876	\$ 4,208,196

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2017

Net Change in Fund Balances - Total Governmental Funds **\$ (70,167)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report purchases of capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay		718,188
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Long-term debt proceeds, and related issue costs and deferred amounts on refunding, provide current financial resources to Governmental Funds, but issuing debt and the related premiums, increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of bond principal	\$ 85,000		
Repayment of installment purchase debt	100,205		
Proceeds of obligations	<u>(143,287)</u>		41,918

Long-term obligations, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements. This is the (increase) in the amount reported in the Statement of Activities.

Change in compensated absences	\$ (50,657)		
Change in other postemployment benefits liability	<u>(98,857)</u>		(149,514)

(Increases) decreases in proportionate share of net pension liability and deferred inflows and outflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. This is the (increase) in the proportionate share of net pension liability and pension related deferred inflows and outflows of resources.

ERS	\$ (78,534)		
PFRS	<u>(234,518)</u>		<u>(313,052)</u>

Change in Net Position of Governmental Activities **\$ 227,373**

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
MAY 31, 2017**

	Private Purpose Trust Fund
ASSETS	
Investments:	
Restricted	\$ <u>90,194</u>
Total Assets	\$ <u><u>90,194</u></u>
 NET POSITION	
Restricted for Seymour Library	\$ <u><u>90,194</u></u>

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED MAY 31, 2017**

	Private Purpose Trust Fund
ADDITIONS	
Investment earnings	\$ <u>6,106</u>
Total Additions	<u>6,106</u>
Change in Net Position	6,106
Net Position - Beginning of Year	<u>84,088</u>
Net Position - End of Year	\$ <u><u>90,194</u></u>

See Independent Auditor's Report and Notes to Financial Statements

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

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

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 and 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 No. 39 and No. 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.

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 operating cost is distributed among the participating municipalities on the basis of population, with the Village of Brockport contributing 41% of the government contributions.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Basic Financial Statements - Government-wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. The focus of the Government-wide financial statements addresses the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities column is presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the Village's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Village.

Basic Financial Statements - Governmental Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows of resources, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund Accounting

The Village records its transactions in the funds described below:

Governmental Fund Types

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the Village's Governmental Funds:

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Governmental Fund Types - Continued

Major Funds

- General Fund - Principal operating fund; includes all operations not required to be recorded in other funds.
- Special Revenue Fund
 - Water Fund - Accounts for revenues derived from charges for water consumption and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.

Non-Major Funds

- Special Revenue Funds
 - Sewer Funds - Accounts for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.
 - Other Special Revenues - Accounts for other dedicated special revenue streams.
- 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** - used to account for money and/or property received and held in the capacity of trustee, custodian, or agent. There was no balance in the Agency Fund at May 31, 2017.
- **Private Purpose Trust Fund** - Accounts for revenues and expenditures from assets contributed with restrictions on their use; although 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 basic 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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Accrual Basis

The Government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this 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. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The Village considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when the asset is received. Exceptions to this general rule are 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

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 2% 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, 2017

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

Sales Tax

The County of Monroe currently imposes a sales and use tax. Based on 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.

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Cash and Investments - Continued

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, water 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, as it is believed such allowance would not be material.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. A capitalization threshold of \$2,500 is used to report capital assets. As described below, depreciation on all assets has not been calculated and reported. Therefore, the value of capital assets is not recorded in accordance with generally accepted accounting principles.

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, the Village has not maintained adequate records of property and equipment costs, and related depreciation.

Unearned Revenue

The Village reports unearned revenue in its basic financial statements. Unearned revenue arises when 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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element 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 of resources related to pensions in the Statement of Net Position. The types of deferred outflows of resources related to pensions are described in Note 5.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element 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 of resources related to pensions which are further described in Note 5.

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 Statement of Net Position.

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 60 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 every 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 in the fund financial statements.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Equity Classifications - Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other net resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classifications - Governmental Fund Financial Statements

The Village follows Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” Statement No. 54 changed the terminology and classification of 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.

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, or 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.
- **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, and requires the same level of formal action to remove said constraint.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Equity Classifications - Governmental Fund Financial Statements - Continued

- **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.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. All interfund activities between governmental activities are eliminated on the Statement of Net Position and the Statement of Activities.

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.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Village's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

New Accounting Standards

The Village adopted and implemented the following current Statement of the Governmental Accounting Standards Board (GASB) effective for the year ended May 31, 2017:

- GASB has issued Statement No. 72, "Fair Value Measurement and Application," effective for the year ending May 31, 2017.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

New Accounting Standards - Continued

- GASB has issued Statement No. 77, "Tax Abatement Disclosures," effective for the year ended May 31, 2017.
- GASB has issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans," effective for the year ended May 31, 2017.

Future Changes in Accounting Standards

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

- GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68," effective for the year ended May 31, 2018.
- GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending May 31, 2019. This statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB."
- GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14," effective for the year ended May 31, 2018.
- GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the year ended May 31, 2018.
- GASB has issued Statement No. 82, "Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73," effective for the year ended May 31, 2018, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB has issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the year ending May 31, 2020.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

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

Future Changes in Accounting Standards - Continued

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending May 31, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 85, "Omnibus 2017," effective for the year ending May 31, 2019.
- GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ending May 31, 2019.
- GASB has issued Statement No. 87, "Leases," effective for the year ending May 31, 2021.

***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 FDIC 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. Restricted cash of \$1,112,855 consists of funds restricted in the Village's reserves.

Total financial institution (bank) balances at May 31, 2017, per the bank, were \$4,240,563. These deposits are either insured or collateralized in accordance with State statutes and Village investment policies.

GASB Statement No. 72, "Fair Value Measurement and Application," establishes a framework for measuring fair value. The Village categories its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 2 Cash and Investments - Continued

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

Description	Fund Type	Level	Amount
Mutual Funds	Other Special Revenue Fund	(1)	\$ 11,104
Mutual Funds	Private Purpose Trust Fund	(1)	90,194

Note 3 Other Receivables

Other receivables for the year ended May 31, 2017 consisted of:

General Fund		
Accounts receivable		\$ 84,516
Tax sale certificates receivable		8,614
Total General Fund		93,130
Sewer Fund		
Sewer rents receivable		20,125
Water Fund		
Water rents receivable		124,078
Total		\$ 237,333

Note 4 Capital Assets

A summary of changes in capital assets at May 31, 2017 follows:

	Balance at 05/31/16	Additions	Deletions/ Adjustments	Balance at 05/31/2017
Governmental Activities				
Non-Depreciable Capital Assets				
Land	\$ 178,950	\$ -	\$ -	\$ 178,950
Total Non-Depreciable Capital Assets	178,950	-	-	178,950
Depreciable Capital Assets				
Buildings	1,890,510			1,890,510
Machinery and equipment	2,676,614	451,683		3,128,297
Infrastructure	1,764,320	266,505		2,030,825
Total Depreciable Capital Assets	6,331,444	718,188	-	7,049,632
Total Historical Cost	\$ 6,510,394	\$ 718,188	\$ -	\$ 7,228,582
Governmental Activities Capital Assets, Net	\$ 6,510,394	\$ 718,188	\$ -	\$ 7,228,582

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

***Note 5* Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems)**

Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS)

The Village participates in the New York State and Local Retirement System which includes the New York State Employees' Retirement System plan (ERS) and the New York State Police and Fire Retirement System plan (PFRS). These plans are cost-sharing multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. 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. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective 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 Systems' annual reports.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

**Note 5 Pension Obligations - New York State and Local Retirement System (ERS and PFRS)
(the Systems) - Continued**

Contributions

The Village participated in New York State's Employer's Contribution Stabilization Program (Program), which allows it to amortize a portion of the actuarially required contribution. Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required under the Program, and were as follows:

		ERS		PFRS
2017	\$	177,862	\$	256,287
2016		198,424		261,200
2015		206,211		216,184

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

At May 31, 2017, the Village reported the following liability for its proportionate share of the net pension liability for each of the System's plans. The net pension liability was measured as of March 31, 2017. 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 Systems.

	ERS	PFRS
Actuarial valuation date	4/1/2016	4/1/2016
Net pension liability	\$ 9,396,223,126	\$ 2,072,651,958
Village's proportionate share of the Plan's total net pension liability	456,947	922,739
Village's share of the Plan's total net pension liability	0.0048631%	0.0445197%

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 5 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - Continued

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

For the year ended May 31, 2017, the Village recognized pension expense of \$153,537 for ERS and \$258,981 for PFRS in the Government-wide financial statements. At May 31, 2017 the Village's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 11,451	\$ 121,047	\$ 69,390	\$ 159,429
Changes of assumptions	156,110	454,595		
Net differences between projected and actual earnings on pension plan investments	91,271	137,810		
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	8,494	9,814	20,177	208,890
Village's contributions subsequent to the measurement date	31,654	40,400		
Total	\$ 298,980	\$ 763,666	\$ 89,567	\$ 368,319

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, 2017. 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
2018	\$ 81,713	\$ 133,705
2019	81,713	133,705
2020	76,699	123,420
2021	(62,366)	(39,111)
2022		3,228
Thereafter		

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 5 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - 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.

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement date	March 31, 2017	March 31, 2017
Actuarial valuation date	April 1, 2016	April 1, 2016
Investment rate of return	7.0%	7.0%
Salary increases	3.8%	4.5%
Cost of living adjustments	1.3%	1.3%
Inflation rate	2.5%	2.5%

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

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

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

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

	ERS and PFRS
Measurement date	March 31, 2017
Asset Type:	
Domestic equities	4.55%
International equities	6.35%
Real estate	5.80%
Private equity/Alternative investments	7.75%
Absolute return strategies	4.00%
Opportunistic portfolio	5.89%
Real assets	5.54%
Cash	-0.25%
Inflation-indexed bonds	1.50%
Mortgages and bonds	1.31%

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 5 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - 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 on 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:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Village's proportionate share of the net pension liability	\$ 1,459,400	\$ 456,947	\$ (390,624)
PFRS			
Village's proportionate share of the net pension liability	\$ 2,615,912	\$ 922,739	\$ (497,418)

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	PFRS
	March 31, 2017	March 31, 2017
Measurement date		
Employers' total pension liability	\$ 177,400,586	\$ 31,670,483
Plan net position	(168,004,363)	(29,597,830)
Employers' Net Pension Liability	\$ 9,396,223	\$ 2,072,653
Ratio of Plan Net Position to the Employers' Total Pension Liability	94.7%	93.5%

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 5 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - Continued

Payable to the Plan

Employer contributions are paid annually based on the Systems' fiscal year which ends March 31st. Employee contributions are remitted monthly. Accrued retirement contributions as of May 31, 2017 represent the projected employer contribution for the period of April 1, 2017 through May 31, 2017 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2017 amounted to \$72,054.

Effect on Net Position

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended May 31, 2017 resulted in the following effect on net position:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net pension liability	\$ 744,442	\$ (287,495)	\$ 456,947
Deferred outflows of resources	(676,566)	377,586	(298,980)
Deferred inflows of resources	101,124	(11,557)	89,567
Subtotal	<u>169,000</u>	<u>78,534</u>	<u>247,534</u>
PFRS			
Net pension liability	1,310,155	(387,416)	922,739
Deferred outflows of resources	(1,359,512)	595,846	(763,666)
Deferred inflows of resources	342,231	26,088	368,319
Subtotal	<u>292,874</u>	<u>234,518</u>	<u>527,392</u>
Total Effect on Net Position	\$ <u>461,874</u>	\$ <u>313,052</u>	\$ <u>774,926</u>

Note 6 Short-term Debt

There was no outstanding short-term debt or activity for the year ending May 31, 2017.

Note 7 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 Statement of Net Position. 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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 7 Long-term Debt - Continued

Constitutional Debt Limit

At May 31, 2017, the total outstanding indebtedness of the Village aggregated to \$1,927,069. Of this amount, \$1,275,172 was subject to the City's constitutional debt limit, and represented approximately 5.7% of its debt limit.

Summary of Long-term Debt

The following is a summary of changes in serial bonds and installment purchase debt (IPD) for the year ended May 31, 2017:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>One Year</u>
Serial bonds	\$ 1,780,000	\$	\$ (85,000)	\$ 1,695,000	\$ 90,000
IPD	188,987	143,287	(100,205)	232,069	86,162
Total	\$ 1,968,987	\$ 143,287	\$ (185,205)	\$ 1,927,069	\$ 176,162

As of May 31, 2017, serial bonds and installment purchase debt, including issue and maturity dates and interest rates, consisted of the following:

<u>Description of Issue</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Payable to</u> <u>Maturity</u>
Serial Bonds			
Public Improvement Bond - Water	May, 2031	4.125%	\$ 651,897
Public Improvement Bond - Sewer	May, 2031	4.125%	1,043,103
			<u>1,695,000</u>
Installment Purchase Debt			
Bucket truck	August, 2018	2.000%	52,381
Wheel loader	October, 2019	2.000%	66,309
Dump truck	August, 2021	2.530%	113,379
			<u>232,069</u>
Total			\$ <u>1,927,069</u>

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 7 Long-term Debt - Continued

Summary of Long-term Debt - Continued

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>
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	110,000	54,401	164,401
2023-2027	605,000	201,051	806,051
2028-2031	590,000	64,219	654,219
Total	\$ 1,695,000	\$ 578,521	\$ 2,273,521

Interest expenditures/expense on serial bonds totaled \$73,994 at May 31, 2017.

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>
2018	\$ 86,162	\$ 5,252	\$ 91,414
2019	87,802	3,612	91,414
2020	28,690	1,470	30,160
2021	29,415	744	30,159
Total	\$ 232,069	\$ 11,078	\$ 243,147

Interest expenditures on installment purchase debt totaled \$3,790 at May 31, 2017. Principal and interest payments on installment purchase debt are recorded in the Village's financial statements as contractual expenditures.

Note 8 Other Long-term Liabilities

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

- Compensated Absences - Represents unpaid accumulated sick leave, vacation, and sabbatical time. This liability is liquidated from the General Fund.
- Other Postemployment Benefits Liability - Represents the liability for future health insurance benefits. See Note 11 for more information.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 8 Other Long-term Liabilities - Continued

2016-2017 activity consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated absences	\$ 360,153	\$ 50,657	\$	\$ 410,810
Other postemployment benefits liability	144,290	98,857		243,147
Total	\$ 504,443	\$ 149,514	\$ -	\$ 653,957

Changes to long-term compensated absences and other postemployment benefits liability are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

Note 9 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 10 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 funds 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 11 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.

The Village of Brockport owns a landfill that was closed in June, 1984. State and federal laws and regulations require the Village to place final covers on the Village of Brockport Landfill when it stops accepting waste, and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. The Village performs annual soil tests and has noted no environmental issues as a result of monitoring.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MAY 31, 2017

Note 12 Interfund Transactions

During the course of normal operations, the Village has transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers whereas the proprietary funds record such transactions as non-operating revenues or expenses. The Village generally maintains its cash in few accounts, whereby the Village pools its cash to provide both cash flow and interest income maximization across the Village as a whole.

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
Water Fund	\$	\$	8,685	\$
Sewer Fund			13,027	
Capital Project Fund				21,712
Total	\$	\$	21,712	\$
	<u>-</u>	<u>-</u>	<u>21,712</u>	<u>21,712</u>

Note 13 Fund Balance

Nonspendable, restricted, and assigned fund balance at May 31, 2017 are as follows:

	General Fund	Water Fund	Non-Major Funds
Nonspendable			
Prepaid expenses	\$ 90,486	\$ -	\$ -
Restricted			
Workers' compensation	\$ 256,972	\$	\$
Capital projects	248,330	234,003	
Employee benefits	373,550		
Total	\$ 878,852	\$ 234,003	\$ -
Assigned			
Fund balance appropriated for next year's budget	\$ 218,592	\$	\$
Encumbrances for:			
General governmental support	450		
Public safety	7,663		
Transportation	13,690		
Home and community services	2,400		2,379
Total Encumbrances	<u>24,203</u>	<u>-</u>	<u>2,379</u>
Remaining fund balance		621,725	163,497
Total	\$ 242,795	\$ 621,725	\$ 165,876

Note 14 Subsequent Events

On November 30, 2017, the Village closed on the purchase of a new building for Village Offices at 127 Main Street, Brockport, New York. The purchase price was \$245,000, which included \$240,000 purchase price and \$5,000 closing costs. The purchase was funded by the Village through the use of fund balance.

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2017

	Original Budget	Final Budget	Actual	Encumbrances	Fav. (Unfav.) Variance
REVENUES					
Real property taxes	\$ 2,651,216	\$ 2,651,216	\$ 2,649,255	\$ _____	\$ (1,961)
Real property tax items	25,330	25,330	26,702	_____	1,372
Nonproperty tax items	1,730,000	1,730,000	1,845,490	_____	115,490
Departmental income	32,850	32,850	67,943	_____	35,093
Intergovernmental charges	20,130	103,838	82,861	_____	(20,977)
Use of money and property	1,000	1,000	2,011	_____	1,011
Licenses and permits	45,000	45,000	57,186	_____	12,186
Fines and forfeitures	100,000	100,000	204,782	_____	104,782
Sale of property and compensation for loss	13,500	14,250	49,428	_____	35,178
Miscellaneous local sources	46,600	54,970	136,745	_____	81,775
State sources	233,691	258,973	339,349	_____	80,376
Federal sources	-	-	2,866	_____	2,866
Total Revenues	<u>4,899,317</u>	<u>5,017,427</u>	<u>5,464,618</u>	<u>-</u>	<u>447,191</u>
EXPENDITURES					
General governmental support	826,092	785,995	825,001	450	(39,456)
Public safety	1,598,548	1,678,768	1,641,517	7,663	29,588
Transportation	1,042,393	1,464,883	1,411,045	13,690	40,148
Economic assistance and opportunity	9,000	14,600	14,500	_____	100
Culture and recreation	216,136	287,437	310,959	_____	(23,522)
Home and community services	43,543	57,483	104,886	2,400	(49,803)
Employee benefits	1,428,605	1,354,205	1,269,568	_____	84,637
Total Expenditures	<u>5,164,317</u>	<u>5,643,371</u>	<u>5,577,476</u>	<u>24,203</u>	<u>41,692</u>
Excess of (Expenditures)	<u>(265,000)</u>	<u>(625,944)</u>	<u>(112,858)</u>	<u>(24,203)</u>	<u>488,883</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of obligations	_____	_____	143,287	_____	143,287
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>143,287</u>	<u>-</u>	<u>143,287</u>
Excess of (Expenditures) and Other (Uses) over Revenues and Other Financing Sources	<u>(265,000)</u>	<u>(625,944)</u>	<u>30,429</u>	<u>\$ (24,203)</u>	<u>\$ 632,170</u>
Appropriated Fund Balances	275,000	491,630	_____	_____	_____
Appropriated Reserves	(10,000)	(10,000)	_____	_____	_____
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	_____	19,640	_____	_____	_____
Net (Decrease) Increase	<u>\$ -</u>	<u>\$ (124,674)</u>	<u>30,429</u>	_____	_____
Fund Balance, Beginning of Year	_____	_____	3,156,163	_____	_____
Fund Balance, End of Year	_____	_____	<u>\$ 3,186,592</u>	_____	_____

See Independent Auditor's Report and Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE BUDGETED SPECIAL REVENUE FUND - NON-GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2017

	Water Fund				
	Original Budget	Final Budget	Actual	Encumbrances	Fav. (Unfav.) Variance
REVENUES					
Departmental income	\$ 1,122,869	\$ 1,162,869	\$ 1,163,437	\$	\$ 568
Use of money and property	1,250	1,250	387		(863)
Sale of property and compensation for loss			4,691		4,691
Federal sources			40,000		40,000
Total Revenues	<u>1,124,119</u>	<u>1,164,119</u>	<u>1,208,515</u>	<u>-</u>	<u>44,396</u>
EXPENDITURES					
General governmental support	61,250	60,800	199,875		(139,075)
Home and community services	894,384	1,087,118	953,674		133,444
Employee benefits	107,336	107,336	103,307		4,029
Debt service (principal and interest)	61,149	61,149	61,149		-
Total Expenditures	<u>1,124,119</u>	<u>1,316,403</u>	<u>1,318,005</u>	<u>-</u>	<u>(1,602)</u>
Excess of (Expenditures) Revenues	-	(152,284)	(109,490)	-	42,794
OTHER FINANCING SOURCES (USES)					
Interfund transfers in			8,685		8,685
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,685</u>	<u>-</u>	<u>8,685</u>
Excess of (Expenditures) and Other (Uses) over Revenues and Other Financing Sources	<u>-</u>	<u>(152,284)</u>	<u>(100,805)</u>	<u>\$ -</u>	<u>\$ 51,479</u>
Designated Fund Balance and Encumbrances Carried Forward from Prior Year		12,284			
Net (Decrease)	<u>\$ -</u>	<u>\$ (140,000)</u>	<u>(100,805)</u>		
Fund Balance, Beginning of Year			956,533		
Fund Balance, End of Year			<u>\$ 855,728</u>		

See Independent Auditor's Report and Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

SCHEDULES OF VILLAGE CONTRIBUTIONS NYSLRS PENSION PLANS FOR THE LAST 3 FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution			
ERS	\$ 177,862	\$ 198,424	\$ 206,211
PFRS	256,287	261,200	216,184
Contributions in relation to the contractually required contribution			
ERS	177,862	198,424	206,211
PFRS	256,287	261,200	216,184
Contribution deficiency (excess)			
ERS	-	-	-
PFRS	-	-	-
Village's covered-employee payroll for year ending May 31,			
ERS	1,334,093	1,245,772	1,184,948
PFRS	1,122,949	1,146,056	1,054,380
Contributions as a percentage of covered-employee payroll for the year ending May 31,			
ERS	13.3%	15.9%	17.4%
PFRS	22.8%	22.8%	20.5%

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

See Independent Auditor's Report and Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLANS FOR THE YEARS ENDED MAY 31,

	2017	2016
Village's proportion of the net pension liability		
ERS	0.0049%	0.0046%
PFRS	0.0445%	0.0443%
Village's proportionate share of the net pension liability		
ERS	\$ 456,947	\$ 744,442
PFRS	922,739	1,310,155
	1,379,686	2,054,597
Village's covered-employee payroll		
ERS	\$ 1,263,675	\$ 1,192,063
PFRS	1,169,825	1,074,747
	2,433,500	2,266,810
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll		
ERS	36.2%	62.5%
PFRS	78.9%	121.9%
Plan fiduciary net position as a percentage of the total pension liability		
ERS	94.7%	90.7%
PFRS	93.5%	90.2%

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

See Independent Auditor's Report and Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED MAY 31, 2017

Note 1 Budget Basis of Accounting

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or expenditure in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

Note 2 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.

Note 3 Reconciliation of the Budget Basis to GAAP

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are shown in a separate column and are not included in the actual results at May 31, 2017.

Note 4 Stewardship, Compliance and Accountability

The following functional areas were overexpended during the year ended May 31, 2017:

<u>General Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Overexpended</u>
General governmental support	\$ 785,995	\$ 825,001	\$ 450	\$ (39,456)
Culture and recreation	287,437	310,959		(23,522)
Home and community services	57,483	104,886	2,400	(49,803)

Overall, the General Fund budget was under expended by \$41,692.

<u>Water Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Overexpended</u>
General governmental support	\$ 60,800	\$ 199,875	-	\$ (139,075)

Overall the Water Fund budget was over expended by \$1,602.

Overexpenditures are 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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED MAY 31, 2017

Note 5 Schedules of the Village's Proportionate Share of the Net Pension Liability
The Schedules of the Village's Proportionate Share of the Net Pension Liability, required supplementary information, presents two years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 6 Schedules of Village Contributions - NYSLRS Pension Plans and Schedules of the Village's Proportionate Share of the Net Pension Liability

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2015 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2015 actuarial valuation determines the employer rates for contributions payable in fiscal year 2017. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS indexed by service.
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.3% annually

VILLAGE OF BROCKPORT

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS MAY 31, 2017

	Special Revenue Funds			Total Non-Major Governmental Funds
	Sewer Fund	Miscellaneous Special Revenue Fund	Capital Projects Fund	
ASSETS				
Cash and cash equivalents - Unrestricted	\$ 79,006	\$ 55,991	\$ -	\$ 134,997
Investments - Unrestricted	-	11,104	-	11,104
Other receivables	20,125	-	-	20,125
Total Assets	\$ 99,131	\$ 67,095	\$ -	\$ 166,226
LIABILITIES				
Accounts payable	\$ 350	\$ -	\$ -	\$ 350
Total Liabilities	350	-	-	350
FUND BALANCES				
Assigned	98,781	67,095	-	165,876
Total Fund Balances	98,781	67,095	-	165,876
Total Liabilities and Fund Balances	\$ 99,131	\$ 67,095	\$ -	\$ 166,226

See Independent Auditor's Report

VILLAGE OF BROCKPORT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2017

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Sewer Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Capital Projects Fund</u>	
REVENUES				
Departmental income	\$ 145,364	\$	\$	\$ 145,364
Use of money and property	46	3,573	8	3,627
Miscellaneous local sources		2,117		2,117
Total Revenues	<u>145,410</u>	<u>5,690</u>	<u>8</u>	<u>151,108</u>
EXPENDITURES				
Current:				
General governmental support		8,079		8,079
Home and community services	36,290			36,290
Debt Service:				
Principal	52,309			52,309
Interest	45,536			45,536
Total Expenditures	<u>134,135</u>	<u>8,079</u>	<u>-</u>	<u>142,214</u>
Excess of Revenues (Expenditures)	<u>11,275</u>	<u>(2,389)</u>	<u>8</u>	<u>8,894</u>
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	13,027			13,027
Interfund transfers (out)			(21,712)	(21,712)
Total Other Financing (Uses) Sources	<u>13,027</u>	<u>-</u>	<u>(21,712)</u>	<u>(8,685)</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>24,302</u>	<u>(2,389)</u>	<u>(21,704)</u>	<u>209</u>
Fund Balances, Beginning of Year	<u>74,479</u>	<u>69,484</u>	<u>21,704</u>	<u>165,667</u>
Fund Balances, End of Year	<u>\$ 98,781</u>	<u>\$ 67,095</u>	<u>\$ -</u>	<u>\$ 165,876</u>

See Independent Auditor's Report