



VILLAGE OF BROCKPORT

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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 05/31/18

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 05/31/18 has been completed. 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: 7/8/19

Mayor Margaret B. Blackman
Trustee/Deputy Mayor John D. LaPierre
Trustees Annette M. Crane, Shawn Halquist, Katherine J. Kristansen

To: Mayor Blackman
Village Trustees

From: Daniel P. Hendricks 

Date: July 8, 2019

Re: May 31, 2018 Financial Audit

Attached are the following documents, prepared by our Independent Auditors, Inero & Company:

Financial Report, May 31, 2018, Pages 1 - 50

Management Comment Letter dated June 29, 2019, Pages 1 – 3

Please let me know if you have any questions.

VILLAGE OF BROCKPORT

Brockport, New York

FINANCIAL REPORT

May 31, 2018



VILLAGE OF BROCKPORT

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INDEPENDENT AUDITORS' 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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INSERO & Co. CPAs, LLP

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

Basis for Adverse Opinion

As discussed in Note 1 to the financial statements, the Village has not maintained adequate records of property and equipment costs and has also not recorded related depreciation in valuing capital assets. Under accounting principles generally accepted in the United States of America, the Village should maintain records of property and equipment costs and record depreciation. Had the property and equipment costs been recorded, many elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the lack of adequate records have not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements referred to above do not present fairly the financial position of the Village as of May 31, 2018, or the results of its operations or its cash flows 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, 2018, the Village adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As discussed in Note 15 to the financial statements, net position as of May 31, 2017 was restated to reflect this change in accounting principle. 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 4-4h and 41-48 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. Because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph on the previous page, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

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
June 27, 2019

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

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, 2018. 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 5.

FINANCIAL HIGHLIGHTS

- During the year ended May 31, 2018, the Village adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As a result, beginning net position was reduced by \$8,701,357. GASB Statement No. 75 requires the Village to record its OPEB liability, as well add deferred outflows of resources and deferred inflows of resources to the OPEB plan. See Note 8 for more detailed information.
- The liabilities and deferred inflows of resources of the Village's governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$956,798 (net deficit) compared to a \$620,531 (net deficit) in 2017, as restated. Without the effect of other postemployment benefits, net position would have been \$8,515,753 at May 31, 2018.
- The Village's net position decreased by \$336,267 from the prior year.
- The General Fund recorded a decrease of \$261,901 in 2018 and had a fund balance at the end of the year of \$2,924,691. The decrease is due to the purchase and move to a new Village Hall.
- Debt and long-term obligations of the Village increased by \$427,922 during the current fiscal year, mainly as a result of an increase in the OPEB liability related to adoption of GASB Statement No. 75, as noted above, offset by reduction in other net pension liability - proportionate share and debt repayments.
- Resources available for appropriation in the General Fund were \$151,935 more than budgeted and expenditures were \$72,781 more than budgeted. The difference between budgeted and actual revenues is mainly due to increases in nonproperty tax items and fines and forfeitures. The budget versus actual expenditures increased primarily due to public safety costs related to purchase of vehicles.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

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 5-6) 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 7. 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 5, 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, 2018

Reporting the Village's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the Village's Major Funds begins on page 7. 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 11. 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 deficit for fiscal year ended May 31, 2018 increased from \$620,531 to \$956,798.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

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

	Governmental Activities		Dollar Change
	2018	2017	2018-2017
<i>Current Assets</i>	\$ 3,109,564	\$ 3,310,626	\$ (201,062)
<i>Noncurrent Assets</i>	1,094,303	1,112,855	(18,552)
<i>Capital Assets, Net</i>	7,568,962	7,228,582	340,380
Total Assets	11,772,829	11,652,063	120,766
<i>Pensions</i>	1,299,214	1,062,646	236,568
<i>Other Postemployment Benefits</i>	389,719	55,206	334,513
Total Deferred Outflows of Resources	1,688,933	1,117,852	571,081
<i>Current Liabilities</i>	427,198	391,447	35,751
<i>Noncurrent Liabilities</i>	12,402,092	12,541,113	(139,021)
Total Liabilities	12,829,290	12,932,560	(103,270)
<i>Pensions</i>	1,589,270	457,886	1,131,384
Total Deferred Inflows of Resources	1,589,270	457,886	1,131,384
<i>Net Investment in Capital Assets</i>	5,818,055	5,301,513	516,542
<i>Restricted</i>	1,094,303	1,112,855	(18,552)
<i>Unrestricted</i>	(7,869,156)	(7,034,899)	(834,257)
Total Net Position (Deficit)	\$ (956,798)	\$ (620,531)	\$ (336,267)

Assets of the Village's Governmental Activities increased 1.0% or \$120,766, primarily due to the increase in capital assets offset by a decrease in cash. The liabilities of the Village's Governmental Activities decreased 0.8% or \$103,270, based on reduction of the Village's proportionate share of New York State and Local Retirement System net pension liability, offset by increase in the OPEB liability. Deferred outflows and inflows of resources also increased, related to changes in pension-related actuarial and other post-employment benefit valuations. Net position of the Village's Governmental Activities decreased by \$336,267, primarily due to the decrease in other post-employment benefits expenses.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

Figure 2 - Changes in Net Position

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2018</i>	<i>2017</i>	<i>2018 - 2017</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 1,635,474	\$ 1,721,573	(5.00)%
<i>Operating Grants and Contributions</i>	289,420	221,317	30.77%
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	2,689,530	2,649,255	1.52%
<i>Real Property Tax Items</i>	27,185	26,702	1.81%
<i>Nonproperty Tax Items</i>	1,931,199	1,845,490	4.64%
<i>State Sources</i>	154,178	160,898	(4.18)%
<i>Use of Money and Property</i>	27,094	6,025	349.69%
<i>Sale of Property and Compensation for Loss</i>	64,526	54,119	19.23%
<i>Other General Revenues</i>	98,639	138,862	(28.97)%
Total Revenues	\$ 6,917,245	\$ 6,824,241	1.36%
PROGRAM EXPENSES			
<i>General Governmental Support</i>	\$ 1,328,556	\$ 1,212,524	9.57%
<i>Public Safety</i>	3,060,424	2,631,577	16.30%
<i>Transportation</i>	1,188,255	1,207,566	(1.60)%
<i>Economic Assistance and Opportunity</i>	13,766	14,500	(5.06)%
<i>Culture and Recreation</i>	286,083	310,037	(7.73)%
<i>Home and Community Services</i>	1,300,689	1,146,670	13.43%
<i>Interest on Long-Term Debt</i>	75,739	73,994	2.36%
Total Expenses	\$ 7,253,512	\$ 6,596,868	9.95%
INCREASE IN NET POSITION	\$ (336,267)	\$ 227,373	(247.89)%

Governmental Activities

The Village's nonproperty tax revenues increased by 5%, stemming from an increase in payments from Monroe County and utilities receipts. Operating grants and contributions have increased 31% based on additional aid received for the purchase of police supplies and court operations.

General governmental support expense increased 10% over the prior year due to the purchase of an office building and increases in building maintenance and contractual expenses. Public safety expense increased 16% as a result of increase in contractual and equipment expenses. Home and community services expense increased due to repair in the water and sewer systems.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

Figures 3 and 4 show the sources of revenue for 2018 and 2017.

Figure 3
Revenue by Source - 2018

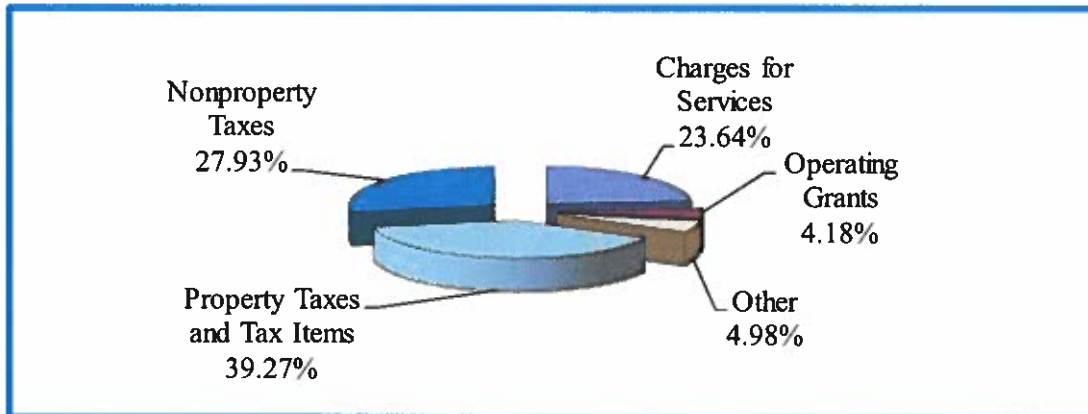
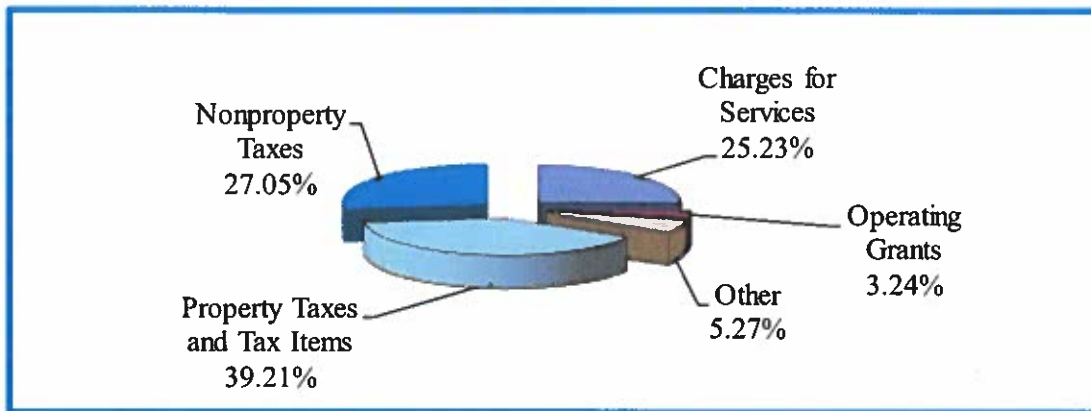


Figure 4
Revenue by Source - 2017



The cost of all Governmental Activities this year was \$7,253,512. 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 \$1,635,474, and by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$289,420. Overall, the Village's governmental program revenues, including fees for services and grants were \$1,924,894. The Village paid for the remaining "public benefit" portion of Governmental Activities with \$4,992,351 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, 2018

Figure 5
Net Program Cost - Governmental Activities
2018

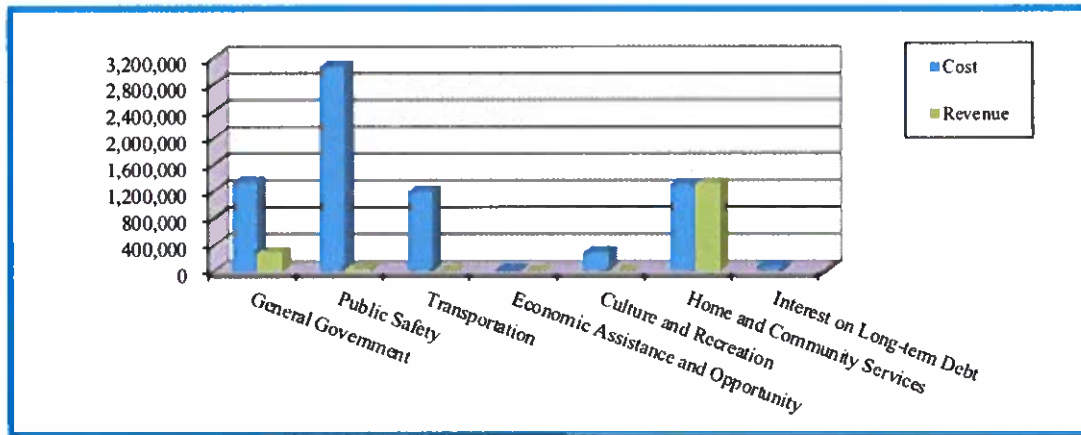
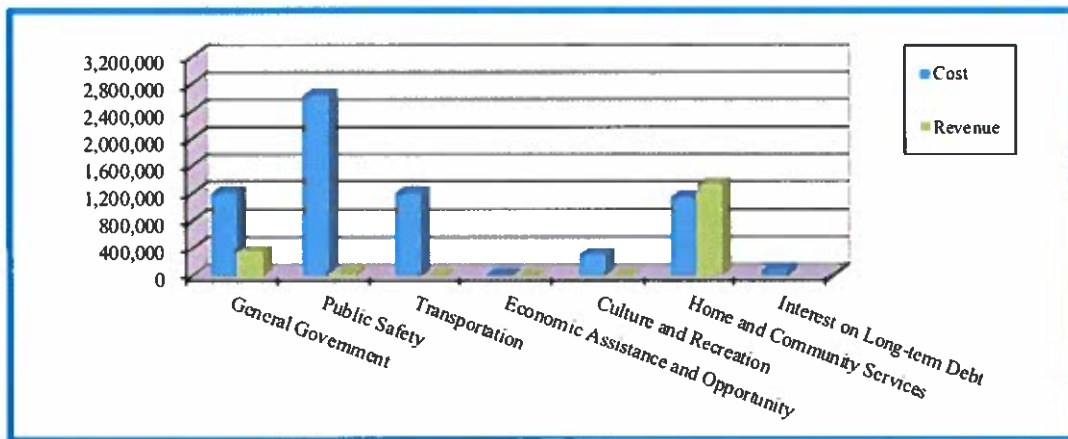


Figure 6
Net Program Cost - Governmental Activities
2017



THE VILLAGE'S FUNDS

As the Village completed the year, its Governmental Funds, as presented in the Balance Sheet on page 7, reported a combined fund balance of \$3,959,471, which is \$248,725 less than last year's total of \$4,208,196. Figure 7 shows the changes in fund balances for the year for the Village's funds. The General Fund decreased primarily as a result of the purchase of a new building for Village offices. The Water Fund decreased because expenditures exceeded departmental income.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

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

	2018	2017	Dollar Change
			2018 - 2017
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 2,924,691	\$ 3,186,592	\$ (261,901)
<i>Water Fund</i>	843,771	855,728	(11,957)
<i>Non-major Funds</i>	191,009	165,876	25,133
Totals	\$ 3,959,471	\$ 4,208,196	\$ (248,725)

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 \$72,781 above the final budget amounts. Resources available for appropriation were \$151,935 above the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At May 31, 2018, the Village invested in a broad range of capital assets, including buildings, machinery and equipment, and infrastructure. This amount represents a net increase of \$340,380, related to the purchase of a new office building and vehicles.

*Figure 8
Capital Assets*

	Governmental Activities		Dollar Change
	2018	2017	2018 - 2017
<i>Land</i>	\$ 178,950	\$ 178,950	\$ -
<i>Buildings</i>	2,140,510	1,890,510	250,000
<i>Equipment</i>	3,218,677	3,128,297	90,380
<i>Infrastructure</i>	2,030,825	2,030,825	-
Totals	\$ 7,568,962	\$ 7,228,582	\$ 340,380

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED MAY 31, 2018

Debt

Debt totaled \$1,750,907 as of May 31, 2018, as shown in Figure 9. Of this amount, \$1,133,624 is subject to the constitutional debt limit and represents 5.0% of the Village's statutory debt limit.

*Figure 9
Debt at Year Ended May 31,*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2018</i>	<i>2017</i>	<i>2018 - 2017</i>
<i>Installment Purchase Debt</i>	\$ 145,907	\$ 232,069	\$ (86,162)
<i>Serial Bonds</i>	1,605,000	1,695,000	(90,000)
<i>Totals</i>	\$ 1,750,907	\$ 1,927,069	\$ (176,162)

Economic Factors and Next Year's Budgets and Rates

- The Village is negotiating with National Grid to purchase approximately 600 streetlights 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 initiated to purchase and install street light replacements with energy efficient LED lighting.
- The Village is currently working with an energy consultant to obtain approval for a solar farm on a Village owned landfill which is no longer in operation. Various grants and incentives are available to assist in acquisition of equipment for the solar farm, and savings from generation of electricity will reduce Village electricity costs .
- A new labor contract with the Village CSEA union will be negotiated. 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.
- A new lease purchase agreement for the purchase of a 6 Wheel Dump truck, will be negotiated soon, with an anticipated delivery date of June, 2019. Total cost for the truck is \$186,400. The lease purchase agreement totaling \$140,000 will be for four years, with the first payment scheduled for July 1, 2019, last payment, July 1, 2022.

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 127 Main Street, Brockport, New York 14420.

VILLAGE OF BROCKPORT

STATEMENT OF NET POSITION MAY 31, 2018

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 2,532,210
Investments - Unrestricted	11,253
Due from Other Governments	287,822
Other Receivables	192,686
Prepaid Expenses	85,593
Total Current Assets	3,109,564
Noncurrent Assets	
Cash and Cash Equivalents - Restricted	1,094,303
Land and Other Nondepreciable Capital Assets	178,950
Depreciable Capital Assets	7,390,012
Total Noncurrent Assets	8,663,265
Total Assets	11,772,829
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	1,299,214
Other Postemployment Benefits	389,719
Total Deferred Outflows of Resources	1,688,933
LIABILITIES	
Current Liabilities	
Accounts Payable	121,805
Accrued Liabilities	45,557
Due to Retirement Systems	77,034
Current Portion of Long-Term Liabilities:	
Installment Purchase Debt	87,802
Bonds Payable	95,000
Total Current Liabilities	427,198
Noncurrent Liabilities	
Installment Purchase Debt	58,105
Bonds Payable	1,510,000
Compensated Absences	402,371
Other Postemployment Benefits Liability	9,862,270
Net Pension Liability - Proportionate Share	569,346
Total Noncurrent Liabilities	12,402,092
Total Liabilities	12,829,290
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,589,270
NET POSITION	
Net Investment in Capital Assets	5,818,055
Restricted	1,094,303
Unrestricted	(7,869,156)
Total Net Position (Deficit)	\$ (956,798)

See Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2018

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
FUNCTIONS/PROGRAMS					
Governmental Activities					
General Governmental Support	\$ 1,328,556	\$ 276,966	\$	\$	\$ (1,051,590)
Public Safety	3,060,424	43,733	73,126		(2,943,565)
Transportation	1,188,255	5,936	128,469		(1,053,850)
Economic Assistance and Opportunity	13,766				(13,766)
Culture and Recreation	286,083	2,740			(283,343)
Home and Community Services	1,300,689	1,306,099	87,825		93,235
Interest on Long-Term Debt	75,739				(75,739)
Total	\$ 7,253,512	\$ 1,635,474	\$ 289,420	\$ -	(5,328,618)

GENERAL REVENUES

Real Property Taxes	2,689,530
Real Property Tax Items	27,185
Nonproperty Tax Items	1,931,199
Use of Money and Property	27,094
Sale of Property and Compensation for Loss	64,526
Miscellaneous Local Sources	98,639
State Sources	154,178

Total General Revenues 4,992,351

Change in Net Position (336,267)

Net Position (Deficit) - Beginning (620,531)

Net Position (Deficit) - Ending **\$ (956,798)**

See Notes to Financial Statements

VILLAGE OF BROCKPORT

BALANCE SHEET GOVERNMENTAL FUNDS MAY 31, 2018

	Major Funds			
	General Fund	Special Revenue Fund Water Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 1,811,579	\$ 564,388	\$ 156,243	\$ 2,532,210
Cash and Cash Equivalents - Restricted	847,517	246,786		1,094,303
Investments - Unrestricted			11,253	11,253
Due from Other Governments	287,822			287,822
Other Receivables	58,048	110,656	23,982	192,686
Prepaid Expenses	85,593			85,593
Total Assets	\$ 3,090,559	\$ 921,830	\$ 191,478	\$ 4,203,867
LIABILITIES				
Accounts Payable	\$ 55,055	\$ 66,281	\$ 469	\$ 121,805
Accrued Liabilities	42,459	3,098		45,557
Due to Employees' Retirement System	68,354	8,680		77,034
Total Liabilities	165,868	78,059	469	244,396
FUND BALANCES				
Nonspendable	85,593			85,593
Restricted	847,517	246,786		1,094,303
Assigned	440,794	596,985	191,009	1,228,788
Unassigned	1,550,787			1,550,787
Total Fund Balances	2,924,691	843,771	191,009	3,959,471
Total Liabilities and Fund Balances	\$ 3,090,559	\$ 921,830	\$ 191,478	\$ 4,203,867

See Notes to Financial Statements

VILLAGE OF BROCKPORT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION MAY 31, 2018

Total Governmental Fund Balances **\$ 3,959,471**

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	\$ 7,568,962	
Accumulated Depreciation	<u>-</u>	7,568,962

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

ERS Net Pension Liability - Proportionate Share	\$ (162,481)	
PFRS Net Pension Liability - Proportionate Share	<u>(406,865)</u>	(569,346)

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 of Resources - Pension	\$ (534,662)	
PFRS Deferred Inflows of Resources - Pension	(1,054,608)	
ERS Deferred Outflows of Resources - Pension	442,741	
PFRS Deferred Outflows of Resources - Pension	856,473	
Deferred Outflows of Resources - Other Postemployment Benefits	<u>389,719</u>	99,663

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	\$ (145,907)	
Bonds Payable	(1,605,000)	
Compensated Absences	(402,371)	
Other Postemployment Benefits Liability	<u>(9,862,270)</u>	<u>(12,015,548)</u>

Net Position (Deficit) of Governmental Activities **\$ (956,798)**

See Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2018

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund Water Fund	Non-major Governmental Funds	
REVENUES				
Real Property Taxes	\$ 2,689,530	\$	\$	\$ 2,689,530
Real Property Tax Items	27,185			27,185
Nonproperty Tax Items	1,931,199			1,931,199
Departmental Income	65,434	1,155,729	140,644	1,361,807
Intergovernmental Charges	28,863			28,863
Use of Money and Property	18,712	6,007	2,375	27,094
Linceses and Permits	59,131			59,131
Fines and Forfeitures	185,673			185,673
Sale of Property and Compensation for Loss	64,526			64,526
Miscellaneous Local Sources	90,089		8,550	98,639
State Sources	355,773			355,773
Federal Sources			87,825	87,825
Total Revenues	5,516,115	1,161,736	239,394	6,917,245
EXPENDITURES				
Current				
General Governmental Support	1,195,010	68,743		1,263,753
Public Safety	1,872,375			1,872,375
Transportation	923,855			923,855
Economic Assistance and Opportunity	13,766			13,766
Culture and Recreation	266,039			266,039
Home and Community Services	97,437	887,007	108,805	1,093,249
Employee Benefits	1,358,965	122,067		1,481,032
Debt Service				
Principal	53,336	67,440	55,386	176,162
Interest	3,925	28,436	43,378	75,739
Total Expenditures	5,784,708	1,173,693	207,569	7,165,970
Excess of (Expenditures) Revenues	(268,593)	(11,957)	31,825	(248,725)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	6,692			6,692
Interfund Transfers (Out)			(6,692)	(6,692)
Total Other Financing Sources (Uses)	6,692		(6,692)	-
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(261,901)	(11,957)	25,133	(248,725)
Fund Balances, Beginning of Year	3,186,592	855,728	165,876	4,208,196
Fund Balances, End of Year	\$ 2,924,691	\$ 843,771	\$ 191,009	\$ 3,959,471

See 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, 2018

Net Change in Fund Balances - Total Governmental Funds **\$ (248,725)**

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 capitalized.

Capital Outlay		340,380
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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	\$ 90,000	
Repayment of Installment Purchase Debt	86,162	176,162

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	\$ 8,439	
Change in Other Postemployment Benefits Liability	(862,560)	(854,121)

(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 (decrease) in the proportionate share of net pension liability and pension related deferred inflows and outflows of resources.

ERS	\$ (6,868)	
PFRS	(77,608)	
Other Postemployment Benefits	334,513	250,037

Change in Net Position of Governmental Activities **\$ (336,267)**

See Notes to Financial Statements

VILLAGE OF BROCKPORT

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
MAY 31, 2018**

	Private Purpose Trust Fund
ASSETS	
Investments:	
Restricted	<u>\$ 93,103</u>
Total Assets	<u><u>\$ 93,103</u></u>
NET POSITION	
Restricted for Seymour Library	<u><u>\$ 93,103</u></u>

See Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED MAY 31, 2018

	Private Purpose Trust Fund
ADDITIONS	
Investment Earnings	<u>\$ 2,909</u>
Total Additions	<u>2,909</u>
Change in Net Position	2,909
Net Position - Beginning of Year	<u>90,194</u>
Net Position - End of Year	<u><u>\$ 93,103</u></u>

See Notes to Financial Statements

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

***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 component unit in the Village's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and GASB Statement No. 85, "Omnibus 2017," 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%.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

***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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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:

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 Fund - 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, 2018.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

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

Fiduciary Fund Types - Continued

- **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.

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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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.

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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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.

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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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.

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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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.

Other Postemployment Benefits

In addition to pension benefits described in Note 5, the Village provides other postemployment benefits for health and dental insurance to eligible retirees and their spouses. The benefits are provided in accordance with Village ordinances, collective bargaining agreements and the Consolidated Omnibus Budget Reconciliation Act (COBRA). The criterion to determine eligibility includes years of services and employee age.

The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the fund financial statements.

The Village follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The Village's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with that statement. See Note 8 for additional information.

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 and OPEB plans in the Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 5 and 8, respectively.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

Deferred Outflows and Inflows of Resources - Continued

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 and OPEB plans which are further described in Notes 5 and 8, respectively.

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

In the fund statements there are five classification of fund balance:

- **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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

Equity Classifications - Governmental Fund Financial Statements - Continued

- **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.
- **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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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, 2018:

- 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.

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. 83, "Certain Asset Retirement Obligations," effective for the year ending May 31, 2020.
- 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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

Future Changes in Accounting Standards - Continued

- 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.
- GASB has issued Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements," effective for the year ending May 31, 2020.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending May 31, 2021.
- GASB has issued Statement No. 90, "Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61," effective for the year ending May 31, 2020.

***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 \$1,094,303 consists of funds restricted in the Village's reserves.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 2 Cash and Investments - Continued

Total financial institution (bank) balances at May 31, 2018, per the bank, were \$3,656,639. 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 categorizes 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.

The Village has the following recurring fair value measurements as of May 31, 2018:

<u>Description</u>	<u>Fund Type</u>	<u>Level</u>	<u>Amount</u>
Mutual Funds	Other Special Revenue Fund	(1)	\$ 11,253
Mutual Funds	Private Purpose Trust Fund	(1)	93,103

Note 3 Other Receivables

Other receivables for the year ended May 31, 2018 consisted of:

General Fund

Accounts Receivable	\$ 49,434
Tax Sale Certificates Receivable	8,614
Total General Fund	<u>58,048</u>

Water Fund

Water Rents Receivable	<u>110,656</u>
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Non-major Sewer Fund

Sewer Rents Receivable	17,266
Accounts Receivable	6,716
	<u>23,982</u>

Total	<u>\$ 192,686</u>
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VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 4 Capital Assets

A summary of changes in capital assets at May 31, 2018 follows:

	<u>Balance at 05/31/2017</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance at 05/31/2018</u>
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	250,000		2,140,510
Machinery and Equipment	3,128,297	90,380		3,218,677
Infrastructure	2,030,825			2,030,825
Total Depreciable Capital Assets	7,049,632	340,380	-	7,390,012
Total Historical Cost	<u>\$ 7,228,582</u>	<u>\$ 340,380</u>	<u>\$ -</u>	<u>\$ 7,568,962</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,228,582</u>	<u>\$ 340,380</u>	<u>\$ -</u>	<u>\$ 7,568,962</u>

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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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

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.

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:

	<u>ERS</u>	<u>PFRS</u>
2018	\$ 189,229	\$ 235,587
2017	177,862	256,287
2016	198,424	261,200

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

At May 31, 2018, 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, 2018. 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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

**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**

	ERS	PFRS
Actuarial Valuation Date	4/1/2017	4/1/2017
Net Pension Liability	\$ 3,227,444,946	\$ 1,010,756,881
Village's Proportionate Share of the Plan's Total Net Pension Liability	162,481	406,865
Village's Share of the Plan's Total Net Pension Liability	0.0402535%	0.0050344%

For the year ended May 31, 2018, the Village recognized pension expense of \$165,060 for ERS and \$239,204 for PFRS in the Government-wide financial statements. At May 31, 2018 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	\$ 57,952	\$ 167,462	\$ 47,889	\$ 108,113
Changes of Assumptions	107,738	308,274	-	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	235,991	329,309	465,822	663,211
Changes in Proportion and Differences Between the Village's Contributions and Proportionate Share of Contributions	13,809	7,411	20,951	283,284
Village's Contributions Subsequent to the Measurement Date	27,251	44,017	-	-
Total	\$ 442,741	\$ 856,473	\$ 534,662	\$ 1,054,608

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>PFRS</u>
2019	\$ 30,045	\$ 11,463
2020	24,733	2,163
2021	(119,240)	(143,126)
2022	(54,710)	(103,627)
2023		(9,025)
Thereafter		

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:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2018	March 31, 2018
Actuarial Valuation Date	April 1, 2017	April 1, 2017
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, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

Actuarial Assumptions - Continued

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:

Measurement Date	<u>ERS and PFRS</u>
Asset Type:	March 31, 2018
Domestic Equities	4.6%
International Equities	6.4%
Real Estate	5.6%
Private Equity/Alternative Investments	7.5%
Absolute Return Strategies	3.8%
Opportunistic Portfolio	5.7%
Real Assets	5.3%
Cash	(0.3)%
Inflation-indexed Bonds	1.3%
Mortgages and Bonds	1.3%

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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

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

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

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,229,375	\$ 162,481	\$ (740,068)
PFRS			
Village's Proportionate Share of the Net Pension Liability (Asset)	1,992,934	406,865	(923,475)

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
Measurement Date	March 31, 2018	March 31, 2018
Employers' Total Pension Liability	\$ 183,400,590	\$ 32,914,423
Plan Net Position	(180,173,145)	(31,903,666)
Employers' Net Pension Liability	\$ 3,227,445	\$ 1,010,757
Ratio of Plan Net Position to the Employers' Total Pension Liability	98.2%	96.9%

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, 2018 represent the projected employer contribution for the period of April 1, 2018 through May 31, 2018 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2018 amounted to \$77,034.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

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

Effect on Net Position

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended May 31, 2018 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	\$ 456,947	\$ (294,466)	\$ 162,481
Deferred Outflows of Resources	(298,980)	(143,761)	(442,741)
Deferred Inflows of Resources	89,567	445,095	534,662
Subtotal	<u>247,534</u>	<u>6,868</u>	<u>254,402</u>
PFRS			
Net Pension Liability	922,739	(515,874)	406,865
Deferred Outflows of Resources	(763,666)	(92,807)	(856,473)
Deferred Inflows of Resources	368,319	686,289	1,054,608
Subtotal	<u>527,392</u>	<u>77,608</u>	<u>605,000</u>
Total Effect on Net Position	<u><u>\$ 774,926</u></u>	<u><u>\$ 84,476</u></u>	<u><u>\$ 859,402</u></u>

Note 6 Short-term Debt

There was no outstanding short-term debt or activity for the year ended May 31, 2018.

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.

Constitutional Debt Limit

At May 31, 2018, the total outstanding indebtedness of the Village aggregated to \$1,750,907. Of this amount, \$1,133,624 was subject to the City's constitutional debt limit, and represented approximately 5.0% of its debt limit.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 7 Long-term Debt - Continued

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, 2018:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Serial Bonds	\$ 1,695,000	\$	\$ (90,000)	\$ 1,605,000	\$ 95,000
IPD	232,069		(86,162)	145,907	87,802
Total	<u>\$ 1,927,069</u>	<u>\$ -</u>	<u>\$ (176,162)</u>	<u>\$ 1,750,907</u>	<u>\$ 182,802</u>

As of May 31, 2018, 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 Maturity</u>	<u>Interest Rate</u>	<u>Payable to Maturity</u>
Serial Bonds			
Public Improvement Bond - Water	May, 2031	4.125%	\$ 617,283
Public Improvement Bond - Sewer	May, 2031	4.125%	987,717
			<u>1,605,000</u>
Installment Purchase Debt			
Bucket Truck	August, 2018	2.000%	26,337
Wheel Loader	October, 2019	2.000%	33,483
Dump Truck	August, 2021	2.530%	86,087
			<u>145,907</u>
Total			<u>\$ 1,750,907</u>

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

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>
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	115,000	49,863	164,863
2024-2028	625,000	176,094	801,094
2029-2031	455,000	39,313	494,313
Total	\$ 1,605,000	\$ 508,033	\$ 2,113,033

Interest expenditures/expense on serial bonds totaled \$70,488 at May 31, 2018.

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>
2019	\$ 87,802	\$ 3,612	\$ 91,414
2020	28,690	1,470	30,160
2021	29,415	744	30,159
Total	\$ 145,907	\$ 5,826	\$ 151,733

Interest expenditures on installment purchase debt totaled \$5,251 at May 31, 2018. Interest payments on installment purchase debt are recorded in the Village's financial statements as contractual expenditures.

Note 8 Postemployment Benefits Other Than Pensions (OPEB)

During the year ended May 31, 2018 the Village implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended May 31, 2018. This statement replaces the requirements of Statement 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 Multi-Employer Plans, for OPEB."

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

General Information About the OPEB Plan

Plan Description - The Village provides postemployment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The Village's plan is a single-employer postemployment benefit plan (the Plan). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The benefit coverage is a self-funded medical and prescription drug plan for retirees. The benefit levels, employee contributions, and employer contributions are governed by the Village's contractual agreements.

Employees Covered by Benefit Terms - At May 31, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	50
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments:	-
Active Employees	<u>30</u>
Total	<u><u>80</u></u>

Total OPEB Liability

The Village's total OPEB liability of \$9,862,270 was measured as of May 31, 2018, and was determined by an actuarial valuation as of June 1, 2017.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the May 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.72%
Salary Scale	3.37%
Marriage Rate	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	6.20% for 2018, decreasing to an ultimate rate of 4.23% for 2070 and later years

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

The salary scale was based on the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under entry age normal, level percent of pay actuarial cost method.

Mortality rates were based on adjusted RP-2014 combined mortality, fully generational using scale MP-2017.

Termination rates were based on 2003 Society of Actuaries small plan withdrawal.

Healthcare Cost Trend Rates were based on the National Health Expenditure Projections 2009-2025 and reflect the impact of legislative changes in 2017 and future years. Long-term trend rates were developed using the Societies of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2016_a (updated September 2016).

CPI inflation rates were based on the Livingston Survey for December 2016, Long-Term (10-year) Forecast mean rates.

Real GDP rates are based on median rates from OECD 2020-2060 GDP projections, published 2016.

The actuarial assumptions used in the May 31, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at May 31, 2017	<u>\$ 8,999,710</u>
Changes for the Year	
Service Cost	110,076
Interest Cost	333,792
Changes of Benefit Terms	111,538
Differences Between Expected and Actual Experience	503,250
Changes in Assumptions	83,216
Benefit Payments	<u>(279,312)</u>
Net Change	<u>862,560</u>
Balance at May 31, 2018	<u><u>\$ 9,862,270</u></u>

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - Continued

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% percent in 2017 to 3.72% in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.72%) or 1-percentage-point higher (4.72%) than the current discount rate:

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB Liability	\$ 11,688,876	\$ 9,862,270	\$ 8,448,241

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (5.20% to 3.23%)	Healthcare Cost Trend Rate (6.20% to 4.23%)	1% Increase (7.20% to 5.23%)
Total OPEB Liability	\$ 8,330,475	\$ 9,862,270	\$ 12,038,488

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2018, the City recognized OPEB expense of \$816,059.

At May 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 274,500	\$ -
Changes in Assumptions or Other Inputs	45,391	-
Contributions Subsequent to Measurement Date	69,828	-
Total	\$ 389,719	\$ -

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2019	\$ 266,575
2020	53,316
Thereafter	-

Current Year Activity

The following is a summary of current year activity:

	<u>Beginning</u> <u>Balance</u>	<u>Change</u>	<u>Ending</u> <u>Balance</u>
OPEB Liability	\$ 8,999,710	\$ 862,560	\$ 9,862,270
Deferred Outflows of Resources	(55,206)	(334,513)	(389,719)
Deferred Inflows of Resources	-	-	-
Total	<u>\$ 8,944,504</u>	<u>\$ 528,047</u>	<u>\$ 9,472,551</u>

Note 9 Compensated Absences

Compensated Absences - Represents unpaid accumulated sick leave, vacation, and sabbatical time. This liability is liquidated from the General Fund.

Activity for the year ended May 31, 2018 consists of the following:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Compensated Absences	<u>\$ 410,810</u>	<u>\$ -</u>	<u>\$ (8,439)</u>	<u>\$ 402,371</u>

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

Note 10 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.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2018

Note 11 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 12 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.

Note 13 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. Additionally 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.

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 6,692	\$
Nonmajor Funds		6,692
Total	<u>\$ 6,692</u>	<u>\$ 6,692</u>

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2018

Note 14 Fund Balance

Nonspendable, restricted, and assigned fund balance at May 31, 2018 are as follows:

	General Fund	Water Fund	Non-Major Funds
Nonspendable			
Prepaid Expenses	\$ 85,593	\$ -	\$ -
Restricted			
Workers' Compensation	\$ 256,972	\$	\$
Capital Projects	282,625	234,003	
Employee Benefits	307,920	12,783	
Total	\$ 847,517	\$ 246,786	\$ -
Assigned			
Fund Balance Appropriated for Next Year's Budget	\$ 325,000	\$	\$
Encumbrances for:			
General Governmental Support	56,926	4,548	
Public Safety	36,874		
Transportation	9,106		
Economic Assistance and Opportunity	138		
Culture and Recreation	12,750		
Home and Community Services		15,430	
Total Encumbrances	115,794	19,978	-
Remaining Fund Balance	-	577,007	191,009
Total	\$ 440,794	\$ 596,985	\$ 191,009

Note 15 Restatement

The Village's May 31, 2017 net position has been restated to reflect the following:

Net Position Beginning of Year	\$ 8,080,826
GASB Statement No. 75 Implementation	
Change in Beginning OPEB Plan Liability	(8,756,563)
Beginning OPEB Plan Deferred Outflows of Resources	55,206
Net Position (Deficit) Beginning of Year, as Restated	\$ (620,531)

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Fav. (Unfav.) Variance
REVENUES					
Real Property Taxes	\$ 2,689,530	\$ 2,689,530	\$ 2,689,530	\$ -	\$ -
Real Property Tax Items	26,560	26,560	27,185		625
Nonproperty Tax Items	1,745,000	1,745,000	1,931,199		186,199
Departmental Income	73,825	94,760	65,434		(29,326)
Intergovernmental Charges	58,000	60,095	28,863		(31,232)
Use of Money and Property	1,500	19,923	18,712		(1,211)
Licenses and Permits	48,500	48,500	59,131		10,631
Fines and Forfeitures	150,000	150,000	185,673		35,673
Sale of Property and Compensation for Loss	10,000	46,790	64,526		17,736
Miscellaneous Local Sources	27,000	58,447	90,089		31,642
State Sources	254,016	358,141	282,647		(75,494)
Total Revenues	5,083,931	5,297,746	5,442,989	-	145,243
EXPENDITURES					
General Governmental Support	851,661	1,192,539	1,195,010	56,926	(59,397)
Public Safety	1,675,265	1,806,578	1,872,375	36,874	(102,671)
Transportation	1,042,748	1,152,133	923,855	9,106	219,172
Economic Assistance and Opportunity	9,000	14,347	13,766	138	443
Culture and Recreation	213,615	251,800	266,039	12,750	(26,989)
Home and Community Services	41,204	43,444	97,437		(53,993)
Employee Benefits	1,459,030	1,366,880	1,358,965		7,915
Debt Service (Principal and Interest)			57,261		(57,261)
Total Expenditures	5,292,523	5,827,721	5,784,708	115,794	(72,781)
Excess of Revenues (Expenditures)	(208,592)	(529,975)	(341,719)	(115,794)	72,462
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In			6,692		6,692
Total Other Financing Sources (Uses)	-	-	6,692	-	6,692
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	(208,592)	(529,975)	(335,027)	\$ (115,794)	\$ 79,154
Appropriated Fund Balances	218,592	505,772			
Appropriated Reserves	(10,000)	-			
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	-	24,203			
Net Increase (Decrease)	\$ -	-	(335,027)		
Fund Balance, Beginning of Year			3,186,592		
Fund Balance, End of Year			\$ 2,851,565		

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

BUDGETED WATER FUND - NON-GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2018

	Water Fund				
	Original Budget	Final Budget	Actual	Encumbrances	Fav. (Unfav.) Variance
REVENUES					
Departmental Income	\$ 1,158,090	\$ 1,258,090	\$ 1,155,729	\$	\$ (102,361)
Use of Money and Property	1,250	4,750	6,007		1,257
Sale of Property and Compensation for Loss	8,000				-
Miscellaneous Local Sources		8,000			(8,000)
Total Revenues	<u>1,167,340</u>	<u>1,270,840</u>	<u>1,161,736</u>	<u>-</u>	<u>(109,104)</u>
EXPENDITURES					
General Governmental Support	61,250	31,950	68,743	4,548	(41,341)
Home and Community Services	928,607	1,057,257	887,007	15,430	154,820
Employee Benefits	115,759	119,909	122,067		(2,158)
Debt Service (Principal and Interest)	61,724	61,724	95,876		(34,152)
Total Expenditures	<u>1,167,340</u>	<u>1,270,840</u>	<u>1,173,693</u>	<u>19,978</u>	<u>77,169</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	<u>-</u>	<u>-</u>	<u>(11,957)</u>	<u>\$ (19,978)</u>	<u>\$ (31,935)</u>
Designated Fund Balance and Encumbrances Carried Forward from Prior Year	<u>-</u>	<u>-</u>			
Net Increase (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>(11,957)</u>		
Fund Balance, Beginning of Year			855,728		
Fund Balance, End of Year			<u>\$ 843,771</u>		

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2018	2017	2016
Total OPEB Liability			
Service Cost	\$ 110,076	\$ *	\$ *
Interest Cost	333,792	*	*
Changes of Benefit Terms	111,538	*	*
Differences Between Expected and Actual Experience	503,250	*	*
Changes in Assumptions or Other Inputs Benefit Payments	83,216	*	*
Benefit Payments	(279,312)	*	*
	862,560	*	*
 Total OPEB Liability - Beginning	 8,999,710	 *	 *
 Total OPEB Liability - Ending	 \$ 9,862,270	 \$ 8,999,710	 \$ *
 Covered Employee Payroll	 \$ 1,832,745	 \$ *	 \$ *
 Liability as a % of Covered Payroll	 538%	 *	 *

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed for each year going forward as it becomes available.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*

VILLAGE OF BROCKPORT

SCHEDULES OF VILLAGE CONTRIBUTIONS NYSLRS PENSION PLANS FOR THE LAST 4 FISCAL YEARS

	2018	2017	2016	2015
Contractually Required Contribution				
ERS	\$ 189,229	\$ 177,862	\$ 198,424	\$ 206,211
PFRS	235,587	256,287	261,200	216,184
Contributions in Relation to the Contractually Required Contribution				
ERS	189,229	177,862	198,424	206,211
PFRS	235,587	256,287	261,200	216,184
Contribution Deficiency (Excess)				
ERS	-	-	-	-
PFRS	-	-	-	-
Village's Covered - Employee Payroll for Year Ended May 31,				
ERS	1,411,360	1,334,093	1,245,772	1,184,948
PFRS	1,198,327	1,122,949	1,146,056	1,054,380
Contributions as a Percentage of Covered - Employee Payroll for the Year Ended May 31,				
ERS	13.4%	13.3%	15.9%	17.4%
PFRS	19.7%	22.8%	22.8%	20.5%

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

See 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,

	2018	2017	2016
Village's Proportion of the Net Pension Liability			
ERS	0.0050%	0.0049%	0.0046%
PFRS	0.0403%	0.0445%	0.0443%
 Village's Proportionate Share of the Net Pension Liability			
ERS	\$ 162,481	\$ 456,947	\$ 744,442
PFRS	406,865	922,739	1,310,155
	569,346	1,379,686	2,054,597
 Village's Covered - Employee Payroll			
ERS	\$ 1,357,565	\$ 1,263,675	\$ 1,192,063
PFRS	1,107,323	1,169,825	1,074,757
	2,464,888	2,433,500	2,266,820
 Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Employee Payroll			
ERS	12.0%	36.2%	62.5%
PFRS	36.7%	78.9%	121.9%
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			
ERS	98.2%	94.7%	90.7%
PFRS	96.9%	93.5%	90.2%

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

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2018

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, 2018.

Note 4 Stewardship, Compliance, and Accountability

The following functional areas were overexpended during the year ended May 31, 2018:

<u>General Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Overexpended</u>
General Governmental Support	\$ 1,192,539	\$ 1,195,010	\$ 56,926	\$ (59,397)
Public Safety	1,806,578	1,872,375	36,874	(102,671)
Culture and Recreation	251,800	266,039	12,750	(26,989)
Home and Community Services	43,444	97,437	-	(53,993)
Debt Service	-	57,261	-	(57,261)

VILLAGE OF BROCKPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2018

Note 4 Stewardship, Compliance and Accountability - Continued
Overall, the General Fund budget was over expended by \$(72,781).

<u>Water Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Overexpended</u>
General Governmental Support	\$ 31,950	\$ 68,743	\$ 4,548	\$ (41,341)
Employee Benefits	119,909	122,067	-	(2,158)
Debt Service	61,724	95,876	-	(34,152)

Overall the Water Fund budget was under expended by \$77,169.

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.

Note 5 Schedules of Changes in the Village's Total OPEB Liability and Related Ratios
Changes of assumptions and other inputs reflected the effect of changes in the discount rate each period. The following are the discount rates in each period.

2018 - 3.72%
2017 - 3.78%

Note 6 Schedule of the Village's Proportionate Share of the Net Pension Liability
The Schedule of the Village's Proportionate Share of the Net Pension Liability, required supplementary information, presents three years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 7 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, 2017 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, 2017 actuarial valuation.

VILLAGE OF BROCKPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2018

***Note 7* Schedules of Village Contributions - NYSLRS Pension Plans and Schedules of the Village's Proportionate Share of the Net Pension Liability - Continued**

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2017 actuarial valuation determines the employer rates for contributions payable in fiscal year 2018. 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, 2018

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Sewer Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	
ASSETS			
Cash and Cash Equivalents - Unrestricted	<u>\$ 96,261</u>	<u>\$ 59,982</u>	<u>\$ 156,243</u>
Investments - Unrestricted		<u>11,253</u>	<u>11,253</u>
Other Receivables	<u>23,982</u>		<u>23,982</u>
Total Assets	<u>\$ 120,243</u>	<u>\$ 71,235</u>	<u>\$ 191,478</u>
LIABILITIES			
Accounts Payable	<u>\$ 469</u>	<u>\$</u>	<u>\$ 469</u>
Total Liabilities	<u>469</u>	<u>-</u>	<u>469</u>
FUND BALANCES			
Assigned	<u>119,774</u>	<u>71,235</u>	<u>191,009</u>
Total Fund Balances	<u>119,774</u>	<u>71,235</u>	<u>191,009</u>
Total Liabilities and Fund Balances	<u>\$ 120,243</u>	<u>\$ 71,235</u>	<u>\$ 191,478</u>

VILLAGE OF BROCKPORT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2018

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Sewer Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	
REVENUES			
Departmental Income	\$ 140,644	\$	\$ 140,644
Use of Money and Property	93	2,282	2,375
Miscellaneous Local Sources		8,550	8,550
Federal Sources	87,825		87,825
Total Revenues	<u>228,562</u>	<u>10,832</u>	<u>239,394</u>
EXPENDITURES			
Current			
Home and Community Services	108,805		108,805
Debt Service			
Principal	55,386		55,386
Interest	43,378		43,378
Total Expenditures	<u>207,569</u>	<u>-</u>	<u>207,569</u>
Excess of Revenues (Expenditures)	<u>20,993</u>	<u>10,832</u>	<u>31,825</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In (Out)		(6,692)	(6,692)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(6,692)</u>	<u>(6,692)</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	<u>20,993</u>	<u>4,140</u>	<u>25,133</u>
Fund Balances, Beginning of Year	<u>98,781</u>	<u>67,095</u>	<u>165,876</u>
Fund Balances, End of Year	<u>\$ 119,774</u>	<u>\$ 71,235</u>	<u>\$ 191,009</u>



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, 2018, 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.

INSERO & Co. CPAs, LLP

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

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."

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

Budget Modifications

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

Resolution:

During the year ended May 31, 2018, the Village's modified budgets were in balance.

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,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 27, 2019

