

VILLAGE OF BROCKPORT
MONROE COUNTY, NEW YORK
BASIC FINANCIAL STATEMENTS
For Year Ended May 31, 2012

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Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Village Board
The Village of Brockport
Monroe County, New York

We have audited the accompanying basic financial statements of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of the Village of Brockport, Monroe County, New York (the Village) as of and for the year ended May 31, 2012, which collectively comprise the Village's basic financial statements as listed in the accompanying table of contents. We also have audited the financial statements of the Village's non-major governmental fund for the year ended May 31, 2012. These basic financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village as of May 31, 2012, and the respective changes in financial position, thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund of the Village, as of May 31, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion there on.

Raymond F. Wager, CPA, P.C.

January 31, 2013

Village of Brockport, Monroe County, New York

Management's Discussion and Analysis (MD&A)

May 31, 2012

Introduction

Our discussion and analysis of the Village of Brockport, Monroe County, New York's financial performance provides an overview of the Village's financial activities for the year ended May 31, 2012. It should be read in conjunction with the basic financial statements to enhance understanding of the Village's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2012 are as follows:

- ◆ At the end of the current year, the fund balance of the General Fund was \$2,549,487 an increase of \$795,525 compared to the prior year.
- ◆ The Village's governmental fund financial statements report a combined ending fund balance of \$2,571,179. Approximately \$1,400,569 of this total amount is available for spending at the Village's discretion (unassigned fund balance).
- ◆ On the government-wide financial statements, the assets of the Village exceeded liabilities by \$5,193,203 an increase of \$102,537 over the prior year. Of this amount, the unrestricted portion is \$2,286,510. The balance of net assets is either restricted for specific purposes or the net book value of capital assets.
- ◆ General revenues which include Property Taxes, Non-Property Taxes, Mortgage Tax, Compensation for Loss, Investment Earnings, Licenses and Permits, Fines and Forfeitures and Miscellaneous accounted for \$4,576,336 or 67% of all revenues. Program specific revenues in the form of Charges for Services and Operating Grants and Contributions accounted for \$2,267,397 or 33% of total revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

1. Government-Wide Financial Statements

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

- ◆ The *statement of net assets* presents information on all of the Village's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

- ◆ The *statement of activities* presents information showing how the government's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- ◆ The *governmental* activities of the Village include highway maintenance, snow removal, general administrative support, community service, and interest on long-term debt.

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

2. Fund Financial Statements

- ◆ A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the Village can be divided into two categories: Governmental Funds and Fiduciary Funds.
- ◆ *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the Village's near-term financing requirements.
- ◆ Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- ◆ The Village maintains one major individual governmental fund; General Fund,. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for each fund. The Village has elected to report the Capital Projects Fund as a non-major fund.
- ◆ The Village adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund within the basic financial statements to demonstrate compliance with the budget.
- ◆ The *Proprietary Fund* - The Village maintains two proprietary funds. The Water Fund and the Sewer Fund are reported as Business Type Activities. The Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- ◆ The *Fiduciary Funds* are used to account for assets held by the Village in an agency capacity which accounts for assets held by the Village on behalf of others. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of these funds are *not* available to support the Village's programs.

The financial statements for the Village of Brockport, Monroe County, New York can be found in the basic financial statement section of this report.

Major Features of the Village-Wide and Fund Financial Statements			
Features	Village-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Village	The activities of the Village that are not proprietary or fiduciary, such as General Administration, Highway.	Instances in which the Village administers resources on behalf of someone else
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Fiduciary Net Assets, and Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resource focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long- term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

3. *Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Village's financial position. In the case of the Village of Brockport, Monroe County, New York, net assets at the close of the current year were \$5,193,203.

Net Assets

	Governmental	Business-Type	Total	Total	
<u>ASSETS</u>	<u>Activities</u>	<u>Activities</u>	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Current Assets	\$ 3,097,981	\$ 827,568	\$ 3,925,549	\$ 2,509,017	\$ 1,416,532
Capital Assets, Net	3,057,217	1,176,821	4,234,038	5,109,604	(875,566)
Total Assets	\$ 6,155,198	\$ 2,004,389	\$ 8,159,587	\$ 7,618,621	\$ 540,966
<u>LIABILITIES</u>					
Current Liabilities	\$ 321,684	\$ 206,343	\$ 528,027	\$ 259,058	\$ 268,969
Noncurrent Liabilities	1,638,389	799,968	2,438,357	2,268,897	169,460
Total Liabilities	\$ 1,960,073	\$ 1,006,311	\$ 2,966,384	\$ 2,527,955	\$ 438,429
<u>NET ASSETS</u>					
Invested in Capital Assets, Net of Related Debt	\$ 1,777,185	\$ 376,853	\$ 2,154,038	\$ 2,959,604	\$ (805,566)
<u>Restricted -</u>					
Capital Reserves	628,228	-	628,228	783,360	(155,132)
Capital Projects	12,230	-	12,230	12,230	-
Workers Comp Reserve	112,197	-	112,197	385,625	(273,428)
Unrestricted	1,665,285	621,225	2,286,510	949,847	1,336,663
Total Net Assets	\$ 4,195,125	\$ 998,078	\$ 5,193,203	\$ 5,090,666	\$ 102,537

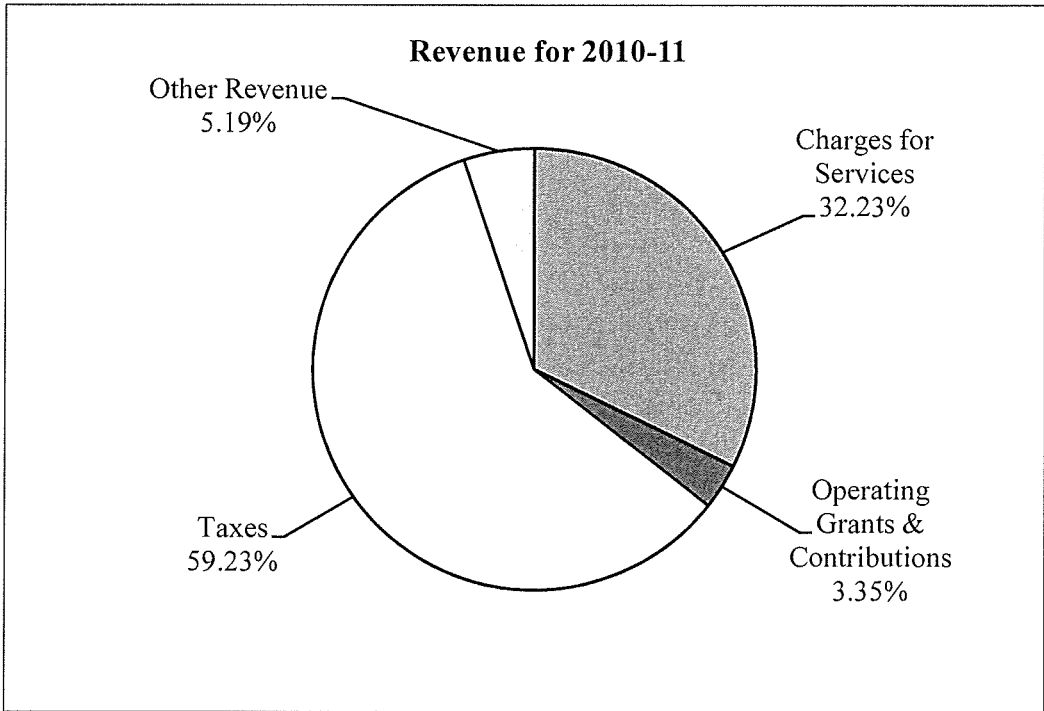
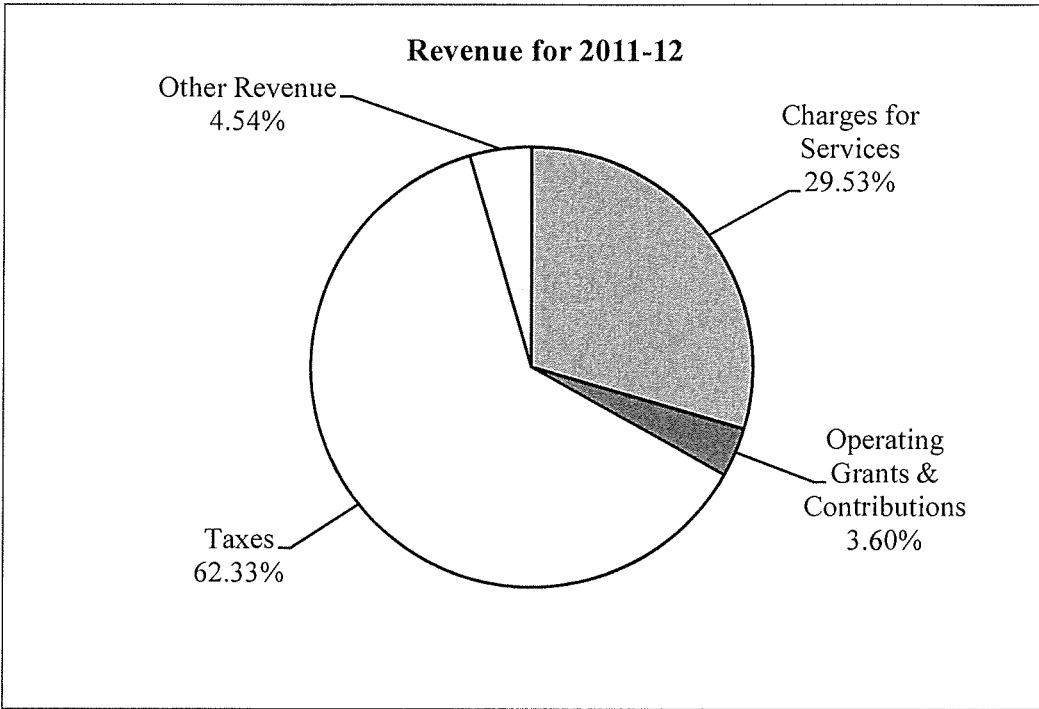
One of the largest component of the Village's net assets (41%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to the residents and consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

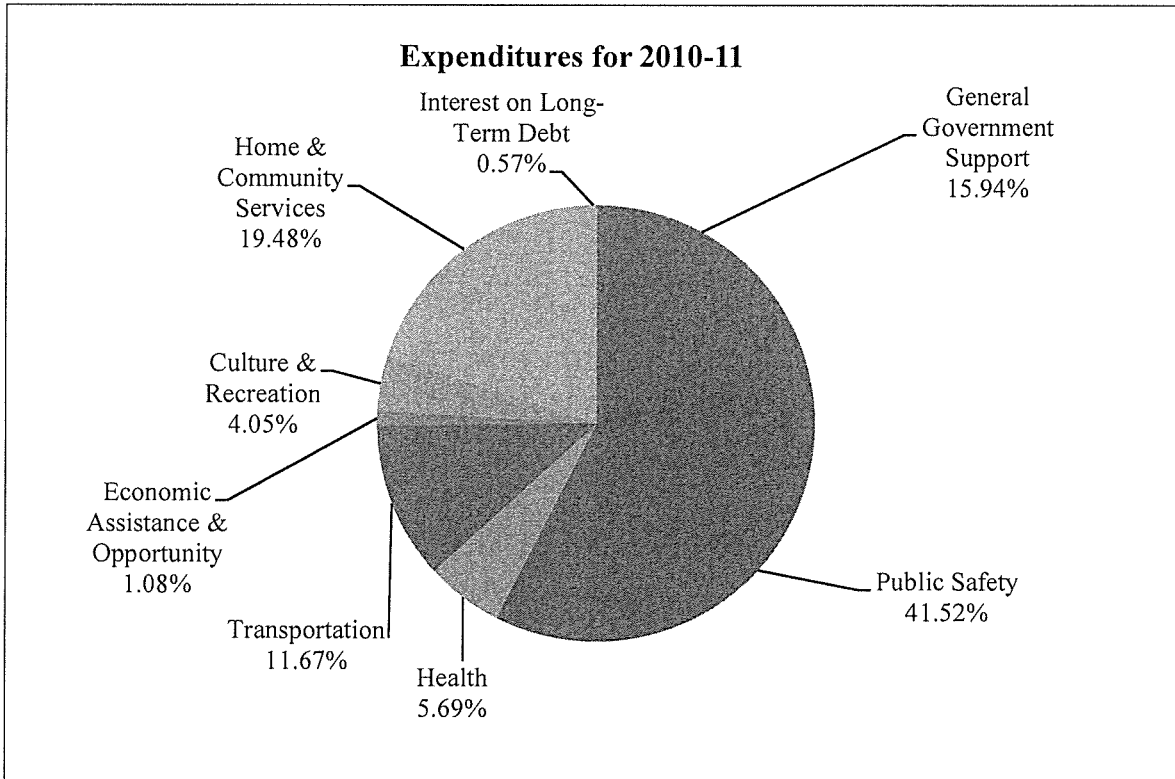
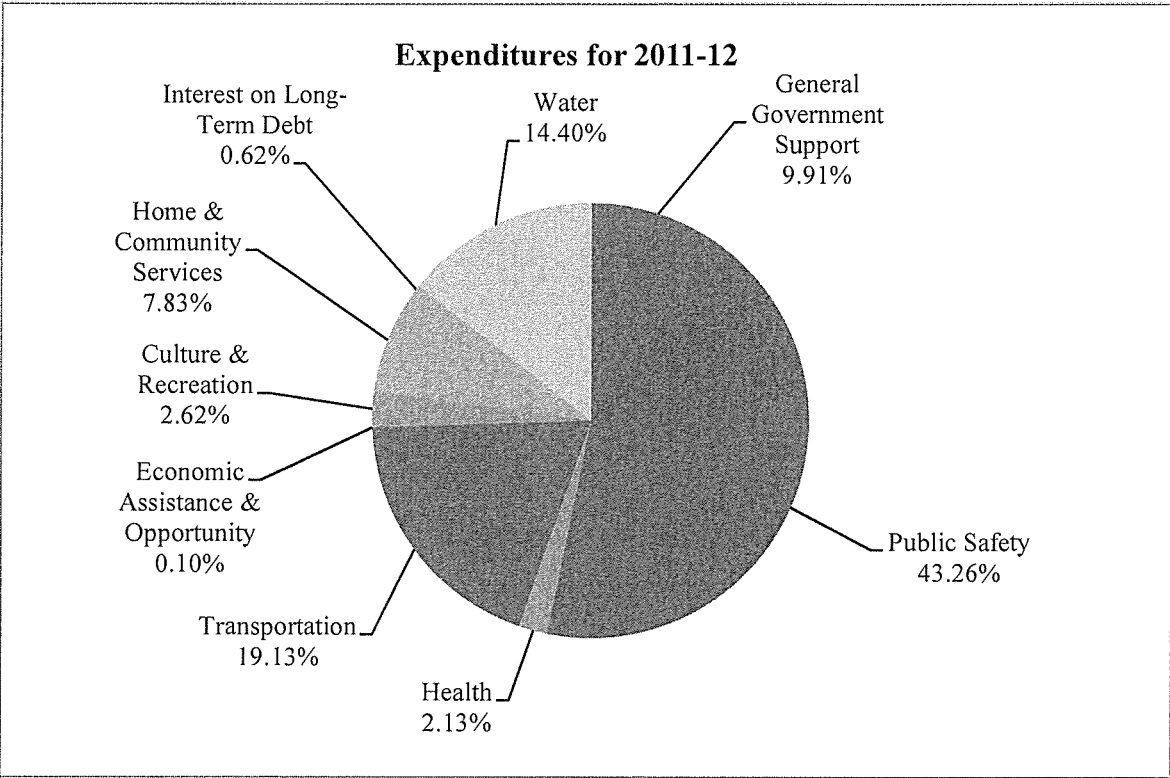
There are restricted net asset balances in Capital Reserves, Capital Projects, and Worker Compensation Reserve, which constitutes 15% of total net assets. The remaining balance is unrestricted net assets totalling \$2,286,510 or 44%.

Changes in Net Assets

	Governmental	Business-Type	Total	Total	
<u>Revenues:</u>	<u>Activities</u>	<u>Activities</u>	<u>2012</u>	<u>2011</u>	<u>Variance</u>
Charges for Services	\$ 809,652	\$ 1,211,302	\$ 2,020,954	\$ 2,180,842	\$ (159,888)
Operating Grants & Contributions	246,443	-	246,443	226,643	19,800
Taxes	4,265,428	-	4,265,428	4,007,000	258,428
Other Revenues	308,932	1,976	310,908	351,023	(40,115)
Total Revenues	\$ 5,630,455	\$ 1,213,278	\$ 6,843,733	\$ 6,765,508	\$ 78,225
<u>Expenditures:</u>					
General Government Support	\$ 668,119	\$ -	\$ 668,119	\$ 933,589	\$ (265,470)
Public Safety	2,915,780	-	2,915,780	2,432,067	483,713
Health	143,565	-	143,565	333,470	(189,905)
Transportation	1,289,831	-	1,289,831	683,388	606,443
Economic Assistance & Opportunity	6,917	-	6,917	63,437	(56,520)
Culture & Recreation	176,663	-	176,663	237,209	(60,546)
Home & Community Services	527,585	-	527,585	1,141,316	(613,731)
Interest on Long-Term Debt	41,748	-	41,748	33,128	8,620
Water	-	970,988	970,988	-	970,988
Total Expenditures	\$ 5,770,208	\$ 970,988	\$ 6,741,196	\$ 5,857,604	\$ 883,592
Change in Net Assets	\$ (139,753)	\$ 242,290	\$ 102,537	\$ 907,904	\$ (805,367)
Net Assets - Beginning of Year	4,334,878	755,788	5,090,666	4,182,762	907,904
Net Assets - End of Year	\$ 4,195,125	\$ 998,078	\$ 5,193,203	\$ 5,090,666	\$ 102,537

The Village's net assets increased by \$102,537. As previously indicated and shown on the following graphs, the Village relies upon taxes and charges for services as their primary revenue sources. Expenditures are evenly distributed dependent on the Village's services.





Financial Analysis of the Village Funds

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

Governmental Funds

The focus of the Village's *governmental funds* is to provide information on near term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Village's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year and amounts to be applied against next years fund balance.

As of the end of the current year, the Village's combined governmental fund balances are \$2,571,179. Of this amount \$1,400,569 is primarily for providing cash and for future spending needs, \$762,117 is restricted, and \$408,493 is assigned.

The General Fund is the chief operating fund of the Village. At the end of the current year, the total fund balance of the General Fund was \$2,549,487, of which \$951,171 was unassigned.

Budgetary Highlights

The key budget variances for the General Fund are listed below.

<u>Expense Items</u>	Budget Variance Original Vs Amended	<u>Explanation for Budget Variance</u>
Public Safety	\$150,155	Purchase of Fire Equipment and Police Car
Transportation	\$265,763	Purchase of Dump Truck and Equipment for Department
Employee Benefits	(\$285,787)	Retirement and health insurance below budget estimates
Operating Transfers-Out	(\$158,000)	To balance accounts

<u>Revenue Items</u>	Budget Variance Amended Vs Actual	<u>Explanation for Budget Variance</u>
Non-Property Taxes	\$213,997	Sales Taxes revenues received, higher than budgeted
Sale of Property and Compensation for Loss	\$94,614	Unanticipated sale of equipment
Miscellaneous	175,790	Refund from Worker's Comp. Insurance, and Insurance Recoveries not anticipated
<u>Expense Items</u>	Budget Variance Amended Vs Actual	<u>Explanation for Budget Variance</u>
Employee Benefits	\$67,381	To balance accounts

Capital Assets

At May 31, 2012 the Village of Brockport, Monroe County, New York had \$4,234,038, net of accumulated depreciation invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, and infrastructure. The capital assets, net of accumulated depreciation, are below:

<u>Class</u>	<u>2012</u>
<u>Governmental Activities</u>	
Land	\$ 178,950
Land Improvements	149,561
Buildings	1,102,028
Equipment	231,611
Infrastructure	<u>1,395,067</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 3,057,217</u>
<u>Business-Type Activities</u>	
Buildings	\$ 2,035
Infrastructure	<u>1,174,786</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 1,176,821</u>

More detailed information about the Village's capital assets is presented in the notes to the financial statements.

Long-Term Debt

At May 31, 2012, the Village had \$2,438,357 in long-term debt outstanding, as follows:

	<u>2012</u>
<u>Governmental Activities</u>	
Serial Bonds	\$ 1,280,032
Compensated Absences	211,997
OPEB	146,360
<u>Business-Type Activities</u>	
Serial Bonds	<u>799,968</u>
Total	<u>\$ 2,438,357</u>

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

The Village of Brockport
49 State Street
Brockport, New York 14420

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Statement of Net Assets

May 31, 2012

ASSETS	Governmental	Business-Type	Total
	Activities	Activities	
Cash and cash equivalents	\$ 2,541,241	\$ 619,714	\$ 3,160,955
Accounts receivable, net	270,286	207,664	477,950
Due from other governments, net	286,454	-	286,454
Deferred expenditures	-	190	190
Capital assets, net of accumulated depreciation:			
Land	178,950	-	178,950
Land improvements	149,561	-	149,561
Buildings	1,102,028	2,035	1,104,063
Equipment	231,611	-	231,611
Infrastructure	1,395,067	1,174,786	2,569,853
TOTAL ASSETS	\$ 6,155,198	\$ 2,004,389	\$ 8,159,587
LIABILITIES			
Accounts payable and other current liabilities	\$ 188,472	\$ 200,546	\$ 389,018
Accrued liabilities	73,922	5,797	79,719
Due to ERS	59,290	-	59,290
Noncurrent liabilities:			
Due in one year	250,558	26,922	277,480
Due in more than one year	1,387,831	773,046	2,160,877
TOTAL LIABILITIES	\$ 1,960,073	\$ 1,006,311	\$ 2,966,384
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,777,185	376,853	\$ 2,154,038
Restricted for:			
Capital reserves	628,228	-	628,228
Capital projects	12,230	-	12,230
Workers' compensation reserve	112,197	-	112,197
Unrestricted	1,665,285	621,225	2,286,510
TOTAL NET ASSETS	\$ 4,195,125	\$ 998,078	\$ 5,193,203

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Statement of Activities

For the Year Ended May 31, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government	
					Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General government support	\$ 668,119	\$ 1,924	\$ 118,498	\$ (547,697)	\$ -	\$ (547,697)
Public safety	2,915,780	520,437	-	(2,395,343)	-	(2,395,343)
Health	143,565	89,162	-	(54,403)	-	(54,403)
Transportation	1,289,831	11,461	127,945	(1,150,425)	-	(1,150,425)
Economic assistance and opportunity	6,917	-	-	(6,917)	-	(6,917)
Culture and recreation	176,663	1,430	-	(175,233)	-	(175,233)
Home and community services	527,585	185,238	-	(342,347)	-	(342,347)
Interest on long-term debt	41,748	-	-	(41,748)	-	(41,748)
Total Governmental Activities	\$ 5,770,208	\$ 809,652	\$ 246,443	\$ (4,714,113)	\$ -	\$ (4,714,113)
Business-Type Activities:						
Water fund	\$ 970,988	\$ 1,211,302	\$ -	\$ -	\$ 240,314	\$ 240,314
Total Business-Type Activities	\$ 970,988	\$ 1,211,302	\$ -	\$ -	\$ 240,314	\$ 240,314
Total Primary Government	\$ 6,741,196	\$ 2,020,954	\$ 246,443	\$ (4,714,113)	\$ 240,314	\$ (4,473,799)
General Revenues:						
Taxes:						
Property taxes				\$ 2,569,351	\$ -	\$ 2,569,351
Non-property taxes				1,668,997	-	1,668,997
Mortgage tax				27,080	-	27,080
Compensation for loss				50,114	-	50,114
Investment earnings				1,772	1,976	3,748
Licenses and permits				20,575	-	20,575
Fines and forfeitures				52,681	-	52,681
Miscellaneous				183,790	-	183,790
Total General Revenues				\$ 4,574,360	\$ 1,976	\$ 4,576,336
Change in Net Assets				\$ (139,753)	\$ 242,290	\$ 102,537
Net Assets - Beginning (restated)				4,334,878	755,788	5,090,666
Net Assets - Ending				\$ 4,195,125	\$ 998,078	\$ 5,193,203

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Balance Sheet

Governmental Funds

May 31, 2012

	<u>Major</u>	<u>Non-major</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Assets			
Cash and cash equivalents	\$ 2,519,549	\$ 21,692	\$ 2,541,241
Receivables, net	270,286	-	270,286
Due from other governments, net	286,454	-	286,454
Total Assets	<u>\$ 3,076,289</u>	<u>\$ 21,692</u>	<u>\$ 3,097,981</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable and other current liabilities	\$ 188,472	\$ -	\$ 188,472
Accrued liabilities	279,040	-	279,040
Due to retirement system	59,290	-	59,290
Total Liabilities	<u>\$ 526,802</u>	<u>\$ -</u>	<u>\$ 526,802</u>
Fund Balances:			
Restricted	\$ 740,425	\$ 21,692	\$ 762,117
Assigned	408,493	-	408,493
Unassigned	1,400,569	-	1,400,569
Total Fund Balances	<u>\$ 2,549,487</u>	<u>\$ 21,692</u>	<u>\$ 2,571,179</u>
Total Liabilities and Fund Balances	<u>\$ 3,076,289</u>	<u>\$ 21,692</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	3,057,217
Long-term liabilities, including serial bonds payable, are not due in the current period and therefore are not reported in the governmental funds.	(1,280,032)
Interest is accrued on outstanding bonds in the statement of net assets but not in the governmental funds.	(2,362)
The following long-term obligations are not due and payable in the current period, therefore are not reported in the governmental funds:	
OPEB Liability	(146,360)
Compensated absences are not reported in the funds under fund accounting but are expensed as the liability is incurred in the statement of net assets.	(4,517)
Net Assets of Governmental Activities	<u>\$ 4,195,125</u>

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended May 31, 2012

	<u>Major General Fund</u>	<u>Non-major Capital Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Real property and tax items	\$ 2,569,351	\$ -	\$ 2,569,351
Non-property taxes	1,668,997	-	1,668,997
Departmental income	242,089	-	242,089
Intergovernmental charges	567,563	-	567,563
Use of money and property	1,772	-	1,772
Licenses and permits	20,575	-	20,575
Fines and forfeitures	52,681	-	52,681
Sale of property and compensation for loss	105,114	-	105,114
Miscellaneous	183,790	-	183,790
State and county aid	266,051	-	266,051
Federal aid	7,472	-	7,472
Total Revenues	<u>\$ 5,685,455</u>	<u>\$ -</u>	<u>\$ 5,685,455</u>
Expenditures:			
Current:			
General government support	\$ 556,108	\$ -	\$ 556,108
Public safety	1,954,066	-	1,954,066
Health	48,037	-	48,037
Transportation	997,341	-	997,341
Economic assistance and opportunity	6,917	-	6,917
Culture and recreation	183,898	-	183,898
Home and community services	52,044	-	52,044
Employee benefits	1,007,722	-	1,007,722
Debt Service:			
Debt service - principal	43,078	-	43,078
Debt service - interest and other charges	40,719	-	40,719
Total Expenditures	<u>\$ 4,889,930</u>	<u>\$ -</u>	<u>\$ 4,889,930</u>
Excess (deficiency) of revenue over expenditures	\$ 795,525	\$ -	\$ 795,525
Fund Balance - Beginning	<u>1,753,962</u>	<u>21,692</u>	<u>1,775,654</u>
Fund Balance - Ending	<u>\$ 2,549,487</u>	<u>\$ 21,692</u>	<u>\$ 2,571,179</u>

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended May 31, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 795,525

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Addition of Assets	\$	9,575	
Depreciation		(206,366)	
Gain/(Loss) on Sale of Assets		<u>(857,128)</u>	
			(1,053,919)

Bond and installment purchase debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets. The following details these items as they effect the governmental activities:

Debt Repayment		43,078	
----------------	--	--------	--

The net OPEB liability does not require the use of current financial resources, and therefore, is not reported as an expenditure in the governmental funds. (73,180)

Compensated absences represents the value of the earned and unused portion of the liability for vacation and compensatory time. They are reported in the statement of activities but do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the net change of compensated absences. 149,772

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (1,029)

Change in Net Assets of Governmental Activities \$ (139,753)

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General and Major Special Revenue Fund Types
For the Year Ended May 31, 2012

	GENERAL FUND				
	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Encumbrances	Variance
Revenues:					
Real property and tax items	\$ 2,556,727	\$ 2,556,727	\$ 2,569,351	\$ -	\$ 12,624
Non-property taxes	1,455,000	1,455,000	1,668,997	-	213,997
Departmental income	181,643	181,643	242,089	-	60,446
Intergovernmental charges	571,072	571,072	567,563	-	(3,509)
Use of money and property	4,100	4,100	1,772	-	(2,328)
Licenses and permits	3,100	3,100	20,575	-	17,475
Fines and forfeitures	45,000	45,000	52,681	-	7,681
Sale of property and compensation for loss	10,500	10,500	105,114	-	94,614
Miscellaneous	8,000	8,000	183,790	-	175,790
State and county aid	212,000	212,000	266,051	-	54,051
Federal aid	-	-	7,472	-	7,472
Total Revenues	\$ 5,047,142	\$ 5,047,142	\$ 5,685,455	\$ -	\$ 638,313
Expenditures:					
Current:					
General government support	\$ 612,487	\$ 688,987	\$ 556,108	\$ 117,158	\$ 15,721
Public safety	1,860,011	2,010,166	1,954,066	44,823	11,277
Health	25,412	54,570	48,037	-	6,533
Transportation	766,486	1,032,249	997,341	31,238	3,670
Economic assistance and opportunity	7,260	7,275	6,917	-	358
Culture and recreation	185,135	185,178	183,898	-	1,280
Home and community services	45,727	56,365	52,044	-	4,321
Employee benefits	1,360,890	1,075,103	1,007,722	-	67,381
Debt Service:					
Debt service - principal	36,925	46,925	43,078	-	3,847
Debt service - interest and other charges	76,078	41,078	40,719	-	359
Total Expenditures	\$ 4,976,411	\$ 5,197,896	\$ 4,889,930	\$ 193,219	\$ 114,747
Excess (deficiency) of revenue over expenditures	\$ 70,731	\$ (150,754)	\$ 795,525	\$ (193,219)	\$ 753,060
Other Financing Sources and Uses:					
Operating transfers - out	\$ (158,000)	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources and Uses	\$ (158,000)	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ (87,269)	\$ (150,754)	\$ 795,525	\$ (193,219)	\$ 753,060
Fund Balance - Beginning	1,753,962	1,753,962	1,753,962	-	-
Fund Balance - Ending	\$ 1,666,693	\$ 1,603,208	\$ 2,549,487	\$ (193,219)	\$ 753,060

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Statement of Net Assets

Proprietary Funds

May 31, 2012

	Business-Type Activities		Total
	Water Fund	Sewer Fund	Business-Type Activities
ASSETS			
Cash and cash equivalents	\$ 619,712	\$ 2	\$ 619,714
Accounts receivable, net	207,664	-	207,664
Deferred expenditures	190	-	190
Capital assets, net of accumulated depreciation:			
Buildings	2,035	-	2,035
Infrastructure	1,174,786	-	1,174,786
TOTAL ASSETS	<u>\$ 2,004,387</u>	<u>\$ 2</u>	<u>\$ 2,004,389</u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 200,546	\$ -	\$ 200,546
Accrued liabilities	5,797	-	5,797
Noncurrent liabilities:			
Due in one year	26,922	-	26,922
Due in more than one year	773,046	-	773,046
TOTAL LIABILITIES	<u>\$ 1,006,311</u>	<u>\$ -</u>	<u>\$ 1,006,311</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 376,853	\$ -	376,853
Restricted for:			
Unrestricted	621,223	2	621,225
TOTAL NET ASSETS	<u>\$ 998,076</u>	<u>\$ 2</u>	<u>\$ 998,078</u>

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

VILLAGE OF BROCKPORT, WAYNE COUNTY, NEW YORK
Statement of Revenues, Expenditures and Changes in Net Assets
Proprietary Funds
For the Year Ended May 31, 2012

	<u>Business-Type Activities</u>		Total Business-Type Activities
	<u>Water Fund</u>	<u>Sewer Fund</u>	
<u>OPERATING REVENUE:</u>			
Charges for services	\$ 1,211,302	\$ -	\$ 1,211,302
TOTAL OPERATING REVENUE	\$ 1,211,302	\$ -	\$ 1,211,302
<u>OPERATING EXPENSE:</u>			
General government support	\$ 14,944	\$ -	\$ 14,944
Home and community services	774,842	-	774,842
Employee benefits	70,753	-	70,753
Depreciation	61,427	-	61,427
TOTAL OPERATING EXPENSE	\$ 921,966	\$ -	\$ 921,966
OPERATING INCOME OR (LOSS)	\$ 289,336	\$ -	\$ 289,336
<u>NONOPERATING REVENUE (EXPENSE):</u>			
Interest	\$ 1,976	\$ -	\$ 1,976
Debt service interest	(49,022)	-	(49,022)
TOTAL NONOPERATING REVENUE (EXPENSE)	\$ (47,046)	\$ -	\$ (47,046)
CHANGE IN NET ASSETS	\$ 242,290	\$ -	\$ 242,290
TOTAL NET ASSETS, BEGINNING (restated)	755,786	2	755,788
TOTAL NET ASSETS, ENDING	\$ 998,076	\$ 2	\$ 998,078

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Statement of Cash Flows

Proprietary Funds

For the Year Ended May 31, 2012

	Business-Type Activities		Total Business-Type Activities
	Water Fund	Sewer Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received for services provided	\$ 1,155,316	\$ -	\$ 1,155,316
Cash payments to suppliers for goods and services	(581,627)	-	(581,627)
Cash payments to employees	(249,135)	-	(249,135)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 324,554	\$ -	\$ 324,554
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Purchase of fixed assets	\$ (239,780)	\$ -	\$ (239,780)
Interest expense	(49,022)	-	(49,022)
Principal payments on bonds	(26,922)	-	(26,922)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (315,724)	\$ -	\$ (315,724)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income	\$ 1,976	\$ -	\$ 1,976
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 1,976	\$ -	\$ 1,976
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 10,806	\$ -	\$ 10,806
CASH AND CASH EQUIVALENTS - BEGINNING	608,906	2	608,908
CASH AND CASH EQUIVALENTS - ENDING	\$ 619,712	\$ 2	\$ 619,714
OPERATING INCOME (LOSS)	\$ 289,336	\$ -	\$ 289,336
<u>ADJUSTMENT TO RECONCILE INCOME TO NET CASH BY OPERATING ACTIVITIES -</u>			
Depreciation	\$ 61,427	\$ -	\$ 61,427
(Increase) decrease in accounts receivable	(55,986)	-	(55,986)
Increase (decrease) in accounts payable	29,777	-	29,777
TOTAL ADJUSTMENTS	\$ 35,218	\$ -	\$ 35,218
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 324,554	\$ -	\$ 324,554

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Statement of Fiduciary Net Assets

Fiduciary Funds

May 31, 2012

	<u>Private Purpose Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 113,444	\$ 29,350
TOTAL ASSETS	<u>\$ 113,444</u>	<u>\$ 29,350</u>
LIABILITIES		
Accounts payable	\$ -	\$ 29,350
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 29,350</u>
NET ASSETS		
Unreserved	\$ 113,444	
TOTAL NET ASSETS	<u>\$ 113,444</u>	

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended May 31, 2012

	<u>Private Purpose Funds</u>
Additions	
Contributions	\$ 5,759
Investment earnings	<u>321</u>
Total Additions	<u>\$ 6,080</u>
Deductions	
Payments	<u>\$ 23,568</u>
Total Deductions	<u>\$ 23,568</u>
Change in net assets	\$ (17,488)
Net Assets - Beginning	<u>130,932</u>
Net Assets - Ending	<u><u>\$ 113,444</u></u>

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

VILLAGE OF BROCKPORT, MONROE COUNTY, NEW YORK

Notes To Basic Financial Statements

May 31, 2012

I. Summary of Significant Accounting Policies:

The financial statements of the Village of Brockport, Monroe County, New York have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 government's accounting policies are described below.

A. Financial Reporting Entity

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

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

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

The financial reporting entity consists of the following, as set forth in GASB Statement 14 as amended by GASB Statement 39:

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

The decision to include a potential component unit in the Village's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no component units within the Village of Brockport, Monroe County, New York.

1. 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:

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

(I .) (Continued)

B. Basic Financial Statements

1. Government-Wide Statements

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds). All of the Village's services are classified as governmental activities, except for the sewer and water funds which are classified as enterprise funds.

In the government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Village first uses restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village's functions, i.e., public safety and transportation, etc. The functions are also supported by general government revenues (property, sales taxes, mortgage tax, state revenue sharing, and investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operation grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Village's fiduciary funds are presented in the fiduciary fund financial statements by type (restricted purposes, and agency). Since by definition these assets are being held for the benefit of a third party and can not be used to address activities or obligations of the Government, these funds are not incorporated into the government-wide financial statements.

The Village does not allocate indirect costs. An administrative service fee is charged by the General Fund to the Village's special district funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of services provided (finance, personnel, purchasing, legal, technology, management, etc.).

This government-wide focus is more on the sustainability of the Village as an entity and the change in the Village's net assets resulting from the current year's activities.

2. Fund Financial Statements

The emphasis in fund financial statements is on the major fund categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental) for the determination of major funds.

- a. Governmental Funds** - Governmental funds are those major and non-major funds 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 upon determination of financial position and changes in financial position. The following are the Village's governmental fund types.

(I.) (Continued)

1. **Major Governmental Funds**

General Fund - the principal operating fund and includes all operations not required to be recorded in other funds.

2. **Non-Major Governmental Funds**

The other funds which do not meet the major fund criteria are aggregated and reported as non-major other governmental funds. The following are reported as non-major other governmental funds.

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

b. **Proprietary Funds**

Are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus is upon determination of the flow of economic resources. The following proprietary fund is utilized.

1. **Enterprise Funds** – are used to account for those operations that provide a service and are financed primarily by a user charge for that service. The Village’s Enterprise Fund includes the Water and Sewer Funds.

c. **Fiduciary Funds**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore, are not available to support Village programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

Because by definition these assets are being held for the benefit of a third party (other local governments, private parties) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Agency Fund - is custodial in nature and does not present results of operations or have measurement focus. The Agency Fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Private Purpose Trust Funds - are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

C. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

(I.) (Continued)

1. **Measurement Focus**

On the government-wide Statement of Net Assets and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net assets.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary fund types are accounted for using the accrual basis of accounting. Under this method, revenues, including unbilled amounts, are recognized when earned; expenses are recorded when the liabilities are incurred, regardless of the timing of related cash inflows and outflows. Capital assets, the related outstanding debt and other long-term liabilities related to activities of the proprietary fund type, are recorded within this fund type.

Operating revenues and expenses generally result from the proprietary funds’ principal operations, providing services and producing and delivering goods. Non-operating revenues and expenses are reported as capital and related financing activities, or investing activities which normally would not be reported as components of operating income.

2. **Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within the year) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

3. **Changes in Accounting Standards**

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Village has implemented this statement for the year ended May 31, 2012.

(I.) (Continued)

4. **Future Changes in Accounting Standards**

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending May 31, 2014.

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending May 31, 2013.

The GASB has issued Statement No. 63, *Financial Reporting of deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will be effective for the year ending May 31, 2013.

The Village is currently studying these statements and plans on adoption as required.

D. **Financial Statement Amounts**

1. **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 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.

2. **Statement of Cash Flows**

For the purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all unrestricted cash of those funds. The statement of cash flows is reported using the indirect method of reporting.

3. **Receivables**

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

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

(I.) (Continued)

4. Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the government –wide or fund financial statements.

a. Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$2,500 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Life in Years</u>
Buildings	20-40 Years
Machinery and Equipment	3-20 Years
Improvements	10-40 Years
Infrastructure	25-50 Years

b. Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

5. Deferred Revenue

The Village reports deferred revenue in its basic financial statements. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred 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 deferred revenue is removed and revenue is recognized.

6. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the village-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable 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.

(I.) (Continued)

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Assets.

a. **Compensatory Absences**

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

b. **Other Benefits**

Village employees participate in the New York State Employees' Retirement System.

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

7. **Encumbrances**

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general fund and assigned or restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, village-wide capital improvement project and non-major funds.

8. **Equity Classifications**

a. **Government-Wide Statements**

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

1. **Invested in capital assets, net of related debt** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted net assets** - consists of net assets 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.

(I .) (Continued)

3. **Unrestricted net assets** - all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

b. Fund Balances – Governmental Funds

As of May 31, 2012, fund balances of the governmental funds are classified as follows:

- 1. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- 2. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- 3. **Unassigned fund balance** – Amounts that are available for village purposes pursuant to any Law restrictions. Any positive amounts are reported only in the general fund.

E. Revenues, Expenditures/Expenses

1. Revenues

Village real property taxes are levied annually no later than May 31st 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 County of Monroe currently imposes a *sales and use tax*. Based upon a complex formula, a portion of the total revenue collected is allocated annually to the Village in four quarterly installments.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

2. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service

In the fund financial statements, governmental funds report expenditures of financial resources. Government-wide financial statements report expenses relating to use of economic resources.

(I.) (Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as inter-fund activity and balances in the fund financial statements have been eliminated or reclassified.

1. Fund Financial Statements

Inter-fund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- a. **Inter-fund loan** – amounts provided with a requirement for repayment are reported as inter-fund receivables and payables.
- b. **Inter-fund services** – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- c. **Inter-fund reimbursements** – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds
- d. **Inter-fund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

2. Government-Wide Financial Statements

Inter-fund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

- a. **Internal balances** – amounts reported in the fund financial statements as inter-fund receivables and payables are eliminated in the governmental columns of the Statement of Net Assets, except for the net residual amounts due between governmental funds.
- b. **Internal activities** – amounts reported as inter-fund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities.

G. 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.

II. Stewardship, Compliance and Accountability:

By its nature as a local government unit, the Village is subject to various federal, state and local laws and contractual regulations. An analysis of the Village's compliance with significant laws and regulations and demonstration of its stewardship over Village resources follows.

(II.) (Continued)

A. Budgetary Data

1. Budget Policies - The budget policies are as follows:

a. No later than March 20, the budget officer submits a tentative budget 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.

b. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the governing board adopts the budget.

c. All modifications of the budget must be approved by the Village Board.

2. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

3. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources are those revenues raised for the special district special revenue funds.

III. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. While the Village does not have a specific policy for custodial credit risk, New York State statutes govern the Village's investment policies, as discussed previously in these notes.

The Village's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$ 1,630,587
Collateralized with securities held by the pledging financial institution	1,449,876
Total	<u><u>\$ 3,080,463</u></u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$762,117 within the governmental funds and \$113,444 in the fiduciary funds.

(III.) (Continued)

B. Receivables

Receivables at May 31, 2012 consisted of the following, which are stated at net realizable value. Village management has deemed the amounts to be fully collectible:

<u>Description</u>	<u>Amount</u>
Governmental Activities:	
General Fund - Sales Tax	\$ 250,152
General Fund - Tax Certificates	9,341
General Fund - Fire Protection	68,201
General Fund - Miscellaneous	46,040
General Fund - Due From T & A	183,006
Business-Type Activities:	
Water Fund - Water Rents/Penalties	207,664
Total Receivables	\$ 764,404

C. Changes In Capital Assets

1. Governmental Activities

A summary of governmental activities changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>06/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>5/31/12</u>
<u>Capital assets not being Depreciated:</u>				
Land	\$ 178,950	\$ -	\$ -	\$ 178,950
<i>Total capital assets not being depreciated</i>	<u>\$ 178,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,950</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 2,522,792	\$ 9,575	\$ (685,635)	\$ 1,846,732
Land improvements	288,449	-	-	288,449
Machinery and equipment	5,141,264	-	(3,064,624)	2,076,640
Infrastructure	2,082,706	-	(358,386)	1,724,320
<i>Total other capital assets at historical cost</i>	<u>\$ 10,035,211</u>	<u>\$ 9,575</u>	<u>\$ (4,108,645)</u>	<u>\$ 5,936,141</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 1,174,289	\$ 50,363	\$ (479,948)	\$ 744,704
Land improvements	125,265	13,623	-	138,888
Machinery and equipment	4,308,529	57,202	(2,520,702)	1,845,029
Infrastructure	494,944	85,178	(250,869)	329,253
<i>Total accumulated depreciation</i>	<u>\$ 6,103,027</u>	<u>\$ 206,366</u>	<u>\$ (3,251,519)</u>	<u>\$ 3,057,874</u>
<i>Other capital assets, net</i>	<u>\$ 3,932,184</u>	<u>\$ (196,791)</u>	<u>\$ (857,126)</u>	<u>\$ 2,878,267</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 4,111,134</u>	<u>\$ (196,791)</u>	<u>\$ (857,126)</u>	<u>\$ 3,057,217</u>

Depreciation expense for the period was charged to functions/programs as follows:

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 3,736
Transportation	14,793
Culture and Recreation	14,957
Public Safety	41,153
Home and Community Services	131,727
Total	<u>\$ 206,366</u>

(III.) (Continued)

2. **Business-Type Activities**

A summary of business-type activity changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>06/01/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>5/31/12</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 8,150	\$ -	\$ -	\$ 8,150
Infrastructure	1,157,995	239,780	-	1,397,775
<i>Total other capital assets at historical cost</i>	<u>\$ 1,166,145</u>	<u>\$ 239,780</u>	<u>\$ -</u>	<u>\$ 1,405,925</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 5,707	\$ 408	\$ -	\$ 6,115
Infrastructure	161,970	61,019	-	222,989
<i>Total accumulated depreciation</i>	<u>\$ 167,677</u>	<u>\$ 61,427</u>	<u>\$ -</u>	<u>\$ 229,104</u>
<i>Other capital assets, net</i>	<u>\$ 998,468</u>	<u>\$ 178,353</u>	<u>\$ -</u>	<u>\$ 1,176,821</u>
<i>Business-Type Activities capital assets, net</i>	<u><u>\$ 998,468</u></u>	<u><u>\$ 178,353</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,176,821</u></u>

Depreciation expense totaling \$61,427 was charged to home and community services.

D. **Long-Term Debt**

1. **Serial/Statutory Installment Bonds** - The Village, borrows money in order to acquire land or high cost 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 are full faith and credit debt of the Village. 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 the long-term liabilities.

2. Interest on long-term debt for the year was composed of:

Governmental Activities:

Interest paid	\$ 40,719
Less: interest accrued in the prior year	(1,333)
Plus: interest accrued in the current year	2,362
Total interest expense - Governmental Activities	<u><u>\$ 41,748</u></u>

Business-Type Activities:

Interest paid	\$ 47,546
Plus: interest accrued in the current year	1,476
Total interest expense - Business-Type Activities	<u><u>\$ 49,022</u></u>

(III.) (Continued)

3. Summary of Long-Term Debt - The following is a summary of long-term liabilities outstanding at May 31, 2012:

	Balance <u>6/1/2011</u>	Additions	Deletions	Balance <u>5/31/2012</u>	Classified As	
					Current	Non-Current
Governmental Activities:						
Serial Bonds	\$ 1,323,110	\$ -	\$ 43,078	\$ 1,280,032	\$ 43,078	\$ 1,236,954
Compensated Absences	154,289	57,708	-	211,997	207,480	4,517
OPEB Costs	73,180	73,180	-	146,360	-	146,360
Business-Type Activities:						
Serial Bonds	826,890	-	26,922	799,968	26,922	773,046
Total Long-Term Debt	\$ 2,377,469	\$ 130,888	\$ 70,000	\$ 2,438,357	\$ 277,480	\$ 2,160,877

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

4. Debt Maturity Schedule - The following is a statement of bonds with corresponding maturity schedules:

<u>Serial Bonds -</u>	<u>Purpose</u>	<u>Issue Date</u>	<u>Interest</u>	<u>Amount Outstanding 5/31/2012</u>	<u>Year of Final Maturity</u>
Governmental Activities:					
Capital Improvements		2011	4.125%-4.250%	\$ 1,280,032	2031
Business Type Activities:					
Water System		2011	4.125%-4.250%	799,968	2031
Total Serial Bonds				\$ 2,080,000	

(III.) (Continued)

5. The following table summarizes the Village's future debt service requirements as of May 31, 2012.

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Bonds</u>	<u>Interest</u>	<u>Bonds</u>	<u>Interest</u>
2013	\$ 43,078	\$ 53,151	\$ 26,922	\$ 33,217
2014	46,155	51,374	28,845	32,107
2015	46,155	49,470	28,845	30,917
2016	49,232	47,567	30,768	29,727
2017	52,309	45,536	32,691	28,458
2018-22	307,700	192,774	192,300	122,476
2023-27	372,317	123,726	232,683	77,324
2028-31	363,086	39,520	226,914	24,699
Total	\$ 1,280,032	\$ 603,118	\$ 799,968	\$ 378,925

G. Fund Balances

1. Restricted

Currently, New York State laws still use the terminology reserves. The Village currently utilizes the following reserves which are classified as restricted funds:

Workers' Compensation Reserve – The Village Board established a workers' compensation reserve in accordance with General Municipal Law, Section 6(j).

Capital Reserve - The Village maintains multiple Capital Reserve Funds, recorded in the General Fund and Water Fund as follows:

<u>Type</u>	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Equity Transfer</u>	<u>Ending Balance</u>
<u>General Fund -</u>					
Fire Equipment-22	\$ 440,906	\$ 1,141	\$ (73,250)	\$ 160,000	\$ 528,797
Equipment Replacement-24	1,804	4	-	-	1,808
Ambulance-26	16,228	39	-	-	16,267
Communication Equipment-30	25,747	-	(25,747)	-	-
Fire Chief Vehicle Replacement-39	52,144	165	(26,695)	10,000	35,614
Parks and Playgrounds-41	27,007	-	-	-	27,007
Buildings-43	18,735	-	-	-	18,735
Computer Replacement-50	2,204	-	(2,204)	-	-
Total	\$ 584,775	\$ 1,349	\$ (127,896)	\$ 170,000	\$ 628,228

2. Assigned

The Village has the following assigned funds:

- General Fund –
1. Appropriated for Taxes
 2. Encumbrances

(III.) (Continued)

3. Unassigned

Unassigned funds include the residual classification for the Village's general fund and all spendable amounts not contained in other classifications.

The following table summarizes the Village's fund balance according to the descriptions above:

<u>FUND BALANCE:</u>	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Restricted -</u>			
Capital reserve	\$ 628,228	\$ -	\$ 628,228
Workers' Compensation	112,197	-	112,197
Capital improvements	-	21,692	21,692
Total Restricted	\$ 740,425	\$ 21,692	\$ 762,117
<u>Assigned -</u>			
Appropriated for taxes	\$ 215,274	\$ -	\$ 215,274
General government support	117,158	-	117,158
Public safety	44,823	-	44,823
Transportation	31,238	-	31,238
Total Assigned	\$ 408,493	\$ -	\$ 408,493
<u>Unassigned</u>	<u>\$ 1,400,569</u>	<u>\$ -</u>	<u>\$ 1,400,569</u>
TOTAL FUND BALANCE	\$ 2,549,487	\$ 21,692	\$ 2,571,179

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the Village considers amounts to have been spent first out of assigned funds and then unassigned funds, as needed, unless the Village has provided otherwise in its commitment actions.

IV. Other Notes:

A. Employee Pension and Other Benefit Plans

1. Pension Plans

Plan Description

The Village of Brockport, Monroe County, New York participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost sharing multiple employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

(IV.) (Continued)

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village of Brockport, Monroe County, New York is required to contribute at an actuarially determined rate. The required contributions for the current year and the two preceding years were:

	<u>ERS</u>	<u>PFRS</u>
2012	\$ 123,413	\$ 223,037
2011	\$ 135,060	\$ 186,678
2010	\$ 142,775	\$ 189,681

The Village contributions made to the System were equal to 100 percent of the contributions required for each year.

2. 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.

3. Health Reimbursement Account

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

The Plan year is accounted for starting September 1 through August 31. Any participant's 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.

4. Other Postemployment Benefits – Village-Wide

Plan Description

In addition to providing pension benefits described in Note IV, the Village provides post-employment medical and prescription drug benefits (OPEB) for retirees, spouses, and their covered dependents through the Village's Postemployment Health Care Benefits Program (Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the Village and can be amended by the Village through its union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan.

(IV.) (Continued)

Funding Policy

The Village currently pays for health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the Village will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation

The Village's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Village's net OPEB obligation by governmental activities:

Annual required contribution	\$	322,665
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
Annual OPEB cost (expense)	\$	322,665
Contributions made		249,485
Increase in net OPEB obligation	\$	73,180
Net OPEB obligation - beginning of year		73,180
Net OPEB obligation - end of year	\$	146,360

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
5/31/2012	\$ 322,665	77.32%	\$ 73,180
5/31/2011	\$ 322,665	77.32%	\$ 73,180

Funded Status and Funding Progress.

As of May 31, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$6,773,867, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$6,773,867. The covered payroll (annual payroll of active employees covered by the plan) was \$2,351,661, and the ratio of the UAAL to the covered payroll was 288.05%.

(IV.) (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplemental information following the notes to the financial statements.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Actuarial Valuation Date May 31,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry Age Normal Method	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
2011	\$ -	\$ 6,773,867	0.00%	\$ 6,773,867	\$ 2,202,012	307.62%
2012	\$ -	\$ 6,773,867	0.00%	\$ 6,773,867	\$ 2,351,661	288.05%

In the May 31, 2011 actuarial valuation, the entry age normal method was used. The discount rate used was 4.5%. Because the plan is unfunded, reference to the general assets was considered in the selection of the 4.5% rate. The valuation assumes a 9.0% medical cost trend, reduced by decrements to a rate of 5% after seven years. The remaining amortization period at May 31, 2012 was twenty-eight years.

B. Risk Management

1. General Information

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 from these risks have not exceeded commercial insurance coverage for the past three years.

C. Commitments and Contingencies

1. Litigation

The Village is not aware of pending or threatened litigation as of the date of these financial statements.

(IV.) (Continued)

2. **Rental Commitments and Leased Assets**

The Village leases a copier under an operating lease. Total expenditures on this lease for the fiscal year ended May 31, 2012 totaled \$11,844. The maximum future non-cancelable operating lease payments are as follows:

Year Ended	Lease Description	Amount
<u>May 31,</u>		
2013	Copier	\$ 11,848
2014	Copier	\$ 5,894

3. **Federal and State Funded Programs**

The Village participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Village expects such amounts, if any, to be immaterial.

D. **Ambulance Services**

During the 2012 fiscal year the Village discontinued all ambulance services. On August 4, 2011 the Village Board approved via Board resolution to sell the designated ambulance vehicles and equipment for the purchase price of \$55,000 to the Brockport Volunteer Ambulance Corps, Inc.

V. **Subsequent Events:**

On August 9, 2011 the Village of Brockport, Town of Sweden, and the Town of Clarkson passed a resolution during a joint public hearing establishing the Brockport Fire District. As of July 1, 2012 fire protection is no longer a service the Village provides internally.

VI. **Restatement of Net Assets and Fund Balance:**

The Village determined that reporting of the water and sewer operations should be business-type activities. Therefore, the following restatements were made as of May 31, 2012.

	<u>Governmentwide Statements</u>		<u>Proprietary Fund Statements</u>	
	<u>Governmental</u>	<u>Business-</u>		
	<u>Activities</u>	<u>Type</u>	<u>Water</u>	<u>Sewer</u>
		<u>Activities</u>		
Net assets/fund balance as previously reported at May 31, 2012	\$ 5,090,666	\$ -	\$ -	\$ -
Adjustments -				
Investment in capital assets, net of related debt	(171,578)	171,578	171,578	-
Capital reserves	(198,585)	198,585	198,585	-
Unrestricted	<u>(385,625)</u>	<u>385,625</u>	<u>385,623</u>	<u>2</u>
Net assets/fund balance as restated at May 31, 2012	<u>\$ 4,334,878</u>	<u>\$ 755,788</u>	<u>\$ 755,786</u>	<u>\$ 2</u>