



**Incorporated Village of  
Greenport, New York**

Financial Report

May 31, 2016

# Incorporated Village of Greenport, New York

## Financial Report

May 31, 2016

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## Independent Auditor's Report

Mayor and Board of Trustees  
Incorporated Village of Greenport, New York  
Greenport, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Greenport, New York (Village) as of and for the year ended May 31, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of May 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matters**

*Adoption of New Accounting Standards*

As discussed in Note 1q to the financial statements, the Village adopted the provisions of the Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, as of June 1, 2015. Our opinions are not modified with respect to this matter.

*Correction of Error*

As discussed in Note 1q to the financial statements, governmental activities' net position as of June 1, 2015 has been restated to correct an error. Our opinions are not modified with respect to this matter.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the accompanying table of contents 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York  
December 6, 2016



# Incorporated Village of Greenport, New York

## Management's Discussion and Analysis May 31, 2016

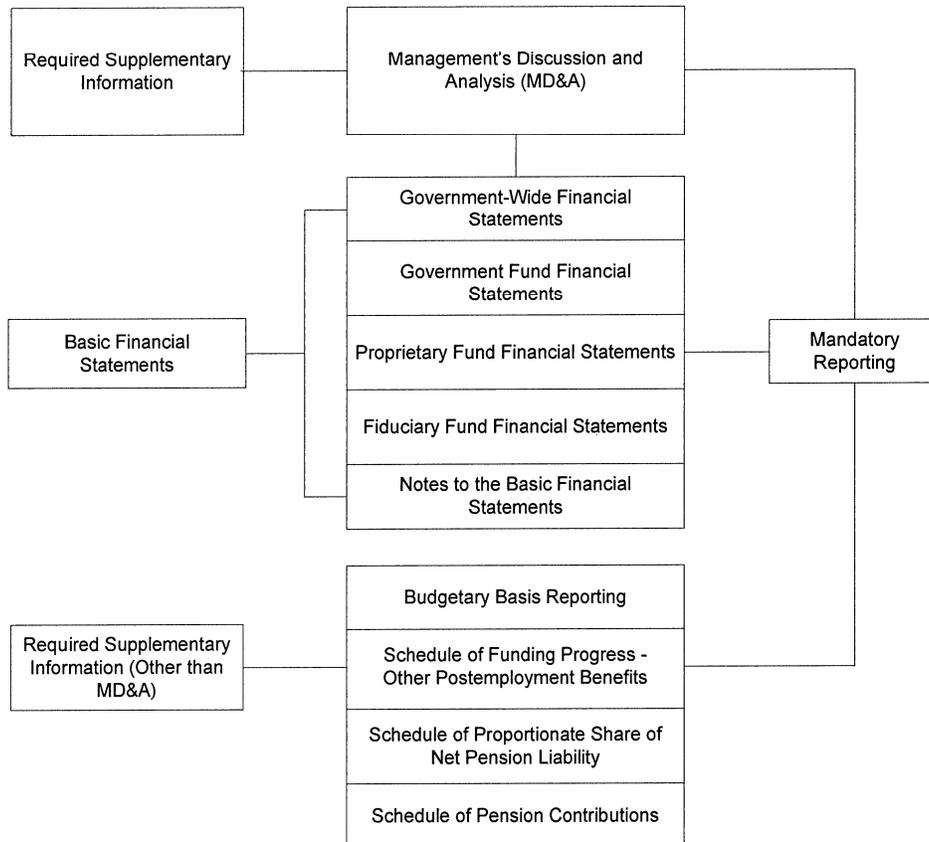
As management of the Village of Greenport, New York (Village), we offer the readers of the Village's financial statements this narrative overview and analysis as of May 31, 2016. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 11 through 46 and our supplementary information which can be found on pages 47 and 50 of this report.

### Financial Highlights

- The assets of the Village exceeded liabilities on May 31, 2016 by \$23,395,443, representing net position. Of this amount, \$17,281,229 represents the Village's net investment in capital assets (capital assets, less long-term liabilities used to acquire capital assets), and \$4,870,354 is restricted for future capital improvements and debt service. The remaining amount, which represents unrestricted net position, is \$1,243,860.
- At May 31, 2016, the Village's governmental funds reported a combined ending fund balance of \$2,815,619. Of this amount, \$1,948,317 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The remaining amount, which represents unassigned fund balance, is \$867,302.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The following diagram illustrates the minimum financial reporting requirements of the Village under accounting principles generally accepted in the United States of America (U.S. GAAP):



# Incorporated Village of Greenport, New York

## Management's Discussion and Analysis May 31, 2016

### Overview of the Financial Statements - Continued

**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 private sector business.

The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government support, public safety, health, highways and streets, economic development, culture and recreation, and home and community services. The business-type activities of the Village include electric, water, and sewer services.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**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 three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental 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 fiscal year. Such information may be useful in evaluating a government'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.

# Incorporated Village of Greenport, New York

## Management's Discussion and Analysis May 31, 2016

### Overview of the Financial Statements - Continued

#### Fund Financial Statements - Continued

The Village maintains four individual governmental funds. 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 the General Fund, Capital Projects Fund, Housing Authority, and Community Development, all of which are considered to be major funds. The Village adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund that demonstrates compliance with this budget.

The governmental fund financial statements can be found on pages 13 through 16 of this report.

**Proprietary funds.** The Village maintains proprietary funds to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, and Sewer operations, all of which are considered to be major funds of the Village.

The proprietary fund financial statements can be found on pages 17 through 19 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties other than the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village-owned programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on page 20 of this report.

**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 on pages 21 through 46 of this report.

#### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$23,395,443 at May 31, 2016.

By far, the largest portion, \$17,281,229, of the Village's net position (74%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, vehicles, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; 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.

# Incorporated Village of Greenport, New York

## Management's Discussion and Analysis May 31, 2016

### Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

### Condensed Statements of Net Position

The Village experienced an increase in net position during 2016 totaling \$738,205.

**Table 1 - Net Position as of May 31, 2016 and 2015**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015 Restated	2016	2015 Restated	2016	2015
<b>ASSETS</b>						
Cash and equivalents	\$ 2,210,525	\$ 2,517,836	\$ 2,944,263	\$ 2,660,882	\$ 5,154,788	\$ 5,178,718
Cash and cash equivalents, restricted	1,393,220	1,870,994	3,598,018	3,246,356	4,991,238	5,117,350
Receivables, net of uncollectibles	197,610	205,027	663,979	1,143,559	861,589	1,348,586
Inventories	-	-	185,497	194,772	185,497	194,772
Prepaid expenses	95,259	67,233	37,843	51,556	133,102	118,789
Internal balances	(50,343)	(49,076)	50,343	49,076	-	-
Total non-capital assets	3,846,271	4,612,014	7,479,943	7,346,201	11,326,214	11,958,215
Capital assets, net	10,084,836	9,015,944	15,202,604	15,165,380	25,287,440	24,181,324
Total assets	13,931,107	13,627,958	22,682,547	22,511,581	36,613,654	36,139,539
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension deferrals	429,942	19,233	528,331	52,702	958,273	71,935
Total assets and deferred outflows of resources	14,361,049	13,647,191	23,210,878	22,564,283	37,571,927	36,211,474
<b>LIABILITIES</b>						
Accounts payable and other current liabilities	204,180	161,504	345,070	223,761	549,250	385,265
Interest payable	14,252	14,464	23,995	41,708	38,247	56,172
Unearned revenues	807,582	660,777	100	100	807,682	660,877
Due to NYS retirement system	17,926	21,141	24,755	29,195	42,681	50,336
Due to other governments	-	-	-	-	-	-
Due to fiduciary fund	964	145,920	1,186	187,158	2,150	333,078
Customer deposits	-	-	120,884	116,315	120,884	116,315
Long-term liabilities						
Due within one year	448,500	453,500	295,700	337,700	744,200	791,200
Due in more than one year						
Bonds payable	2,342,500	2,791,000	3,323,500	3,560,000	5,666,000	6,351,000
State loan payable	-	-	1,596,011	1,655,211	1,596,011	1,655,211
Compensated absences	64,239	62,133	92,453	92,755	156,692	154,888
Net pension liability	472,033	93,503	576,929	114,282	1,048,962	207,785
Other postemployment liability	1,250,261	1,065,992	2,008,458	1,712,442	3,258,719	2,778,434
Total liabilities	5,622,437	5,469,934	8,409,041	8,070,627	14,031,478	13,540,561
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension deferrals	65,253	6,154	79,753	7,521	145,006	13,675
Total liabilities and deferred inflows of resources	5,687,690	5,476,088	8,488,794	8,078,148	14,176,484	13,554,236
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	7,293,836	5,771,444	9,987,393	9,612,469	17,281,229	14,848,936
Restricted for						
Capital improvements	448,970	802,802	3,477,134	3,130,041	3,926,104	2,589,435
Debt service	944,250	1,068,192	-	-	944,250	1,068,192
Unrestricted	(13,697)	528,665	1,257,557	1,743,625	1,243,860	3,408,419
<b>Total net position</b>	<b>\$ 8,673,359</b>	<b>\$ 8,171,103</b>	<b>\$ 14,722,084</b>	<b>\$ 14,486,135</b>	<b>\$ 23,395,443</b>	<b>\$ 22,657,238</b>

# Incorporated Village of Greenport, New York

## Management's Discussion and Analysis May 31, 2016

### Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

**Governmental activities.** Governmental activities increased the Village's net position by \$502,256. The following chart shows the revenues and expenses of the various governmental activities:

**Table 2 - Changes in Net Position for the Fiscal Years Ended May 31, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 2,941,922	\$ 2,871,743	\$ 5,223,695	\$ 5,587,143	\$ 8,165,617	\$ 8,458,886
Operating grants and contributions	1,116,476	974,260	-	-	1,116,476	974,260
Capital grants and contributions	-	6,120	-	-	-	6,120
General revenues						
Real property tax and related tax items	1,098,607	1,083,619	-	-	1,098,607	1,083,619
Non-property taxes	-	-	45,502	26,984	45,502	26,984
Other general revenue items	547,328	197,359	6,816	729,710	554,144	927,069
Interest earnings	3,043	7,945	5,781	8,521	8,824	16,466
Total revenues	<u>5,707,376</u>	<u>5,141,046</u>	<u>5,281,794</u>	<u>6,352,358</u>	<u>10,989,170</u>	<u>11,493,404</u>
<b>EXPENSES</b>						
Public safety	676,660	728,951	-	-	676,660	728,951
Health	151,403	3,283	-	-	151,403	3,283
Transportation	1,131,477	597,858	-	-	1,131,477	597,858
Economic opportunity and development	43,195	36,599	-	-	43,195	36,599
Culture and recreation	1,418,430	1,210,385	-	-	1,418,430	1,210,385
Home and community service	586,458	1,088,733	-	-	586,458	1,088,733
General government support	1,316,096	774,536	-	-	1,316,096	774,536
Electric	-	-	3,036,435	3,344,939	3,036,435	3,344,939
Water	-	-	410,442	459,180	410,442	459,180
Sewer	-	-	1,480,368	1,536,780	1,480,368	1,536,780
Total expenses	<u>5,323,720</u>	<u>4,440,345</u>	<u>4,927,245</u>	<u>5,340,899</u>	<u>10,250,965</u>	<u>9,781,244</u>
<b>Increase (decrease) in net position before transfers</b>	<b>383,656</b>	<b>700,701</b>	<b>354,549</b>	<b>1,011,459</b>	<b>738,205</b>	<b>1,712,160</b>
Capital contributions	30,600	-	(30,600)	(30,600)	-	(30,600)
Transfers	88,000	118,000	(88,000)	(118,000)	-	-
<b>CHANGES IN NET POSITION</b>	<b><u>502,256</u></b>	<b><u>818,701</u></b>	<b><u>235,949</u></b>	<b><u>862,859</u></b>	<b><u>738,205</u></b>	<b><u>1,681,560</u></b>
<b>NET POSITION, beginning of year</b>	<u>8,171,103</u>	<u>8,222,605</u>	<u>14,486,135</u>	<u>13,692,377</u>	<u>22,657,238</u>	<u>21,914,982</u>
<b>NET POSITION, end of year as previously stated</b>	8,673,359	9,041,306	14,722,084	14,555,236	23,395,443	23,596,542
Correction of misstatement	-	(789,779)	-	-	-	(789,779)
Effects of adoption of GASB 68 & 71	-	(80,424)	-	(69,101)	-	(149,525)
<b>NET POSITION, end of year</b>	<b><u>\$ 8,673,359</u></b>	<b><u>\$ 8,171,103</u></b>	<b><u>\$ 14,722,084</u></b>	<b><u>\$ 14,486,135</u></b>	<b><u>\$ 23,395,443</u></b>	<b><u>\$ 22,657,238</u></b>

# Incorporated Village of Greenport, New York

## Management's Discussion and Analysis May 31, 2016

### Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

#### Governmental activities - Continued

For the most part, increases in expenses were the result of the Village's accounting for postemployment benefits in accordance with Governmental Accounting Standard Board Statement (GASB) No. 45 (GASB 45), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions*, and increases in public safety and transportation expenses. As a result of GASB 45 and GASB 68, the Village recorded an expense in governmental activities of \$184,270 and \$378,531, respectively, during the current fiscal year. The Village's major governmental activities are financed mostly by a combination of charges for services, grants, and contributions, and by real property taxes and other general revenues. To meet the demand for these services, the Village increased property tax rates by 2.14% during the current fiscal year.

**Business-type activities.** Business-type activities increased the Village's net position by \$235,949. Net position increased for the Electric and Water Funds by \$462,809 and \$18,203, respectively. Net position decreased in the Sewer Fund by \$245,063.

#### Financial Analysis of the Village's 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$2,815,619, a decrease of \$807,053 from the prior year. Out of the total fund balance, \$95,259 is in non-spendable form and, therefore, is not available for new spending, and \$1,393,220 is restricted for future capital improvements. \$459,838 of the Village's total fund balance is assigned for specific purposes, including community development, Housing Authority activities, and capital projects.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$891,235, while total fund balance was \$2,379,714. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 19% of total General Fund expenditures, while total fund balance represents 50% of that same amount. The overall fund balance of the Village's General Fund decreased by \$682,853 during the current fiscal year, primarily due to operating transfers to the Capital Projects Fund, in addition to expenditures within the General Fund for future acquisition, construction, and renovation of Village capital facilities, infrastructure, or equipment.

The difference between the adopted General Fund budget and actual amounts for revenues and transfers-in was \$590,544. The primary driver of this increase was miscellaneous local sources. Various budget amendments during the year kept the Village's actual revenue in line with the budget. The difference between the adopted General Fund budget and actual amounts for expenditures and transfers was \$196,990. As previously discussed, the primary driver of this difference is due to operating transfers to the Capital Projects Fund, in addition to expenditures within the General Fund for future acquisition, construction, and renovation of Village capital facilities, infrastructure, or equipment.

# Incorporated Village of Greenport, New York

## Management's Discussion and Analysis May 31, 2016

### Overview of the Financial Statements - Continued

#### Capital Asset and Debt Administration

**Capital Assets.** The Village's investment in capital assets for its governmental and business-type activities as of May 31, 2016, amounts to \$25,287,440 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, vehicles, and infrastructure assets, such as roads, streets, and electrical, sewer, and water systems. Major capital asset events that occurred during the current fiscal year included repairs to the 3<sup>rd</sup> and 5<sup>th</sup> Street park and playground and the paving of various village street and sidewalks.

**Table 3 - Capital Assets as of May 31, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,687,935	\$ 2,687,935	\$ 22,750	\$ 22,750	\$ 2,710,685	\$ 2,710,685
Buildings	4,708,252	4,708,252	1,617,130	1,617,130	6,325,382	6,325,382
Machinery and equipment	7,736,813	7,453,843	4,443,565	4,395,733	12,180,378	11,849,576
Infrastructure	6,671,952	5,989,815	-	-	6,671,952	5,989,815
Distribution, transmission, and other operational equipment	-	-	19,759,367	19,211,661	19,759,367	19,211,661
Vehicles	1,373,183	789,779	660,568	627,828	2,033,751	1,417,607
Total capital	23,178,135	21,629,624	26,503,380	25,875,102	49,681,515	47,504,726
Accumulated depreciation	(13,093,299)	(12,613,680)	(11,300,776)	(10,709,722)	(24,394,075)	(23,323,402)
<b>Total capital assets, net of depreciation</b>	<b>\$ 10,084,836</b>	<b>\$ 9,015,944</b>	<b>\$ 15,202,604</b>	<b>\$ 15,165,380</b>	<b>\$ 25,287,440</b>	<b>\$ 24,181,324</b>

Additional information on the Village's capital assets can be found in Note 1k on page 26 and Note 3 on pages 30 and 31 of this report.

#### Long-Term Debt

**Table 4 - Long-Term Debt as of May 31, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
General Fund						
2012 Public Improvement Serial Bond	\$ 326,000	\$ 444,500	\$ -	\$ -	\$ 326,000	\$ 444,500
2014 Public Improvement Serial Bond	515,000	550,000	-	-	515,000	550,000
2002 Public Improvement Serial Bond	-	20,000	-	-	-	20,000
2012 Public Improvement Serial Bond	1,950,000	2,230,000	-	-	1,950,000	2,230,000
Sewer Fund						
2002 Public Improvement Serial Bond	-	-	301,000	353,000	301,000	353,000
2013 EFC Loan	-	-	1,655,211	1,714,411	1,655,211	1,714,411
Electric Fund						
1998 Public Improvement Serial Bond	-	-	-	45,000	-	45,000
2012 Public Improvement Serial Bond	-	-	469,000	585,500	469,000	585,500
2014 Public Improvement Serial Bond	-	-	2,790,000	2,855,000	2,790,000	2,855,000
<b>Totals</b>	<b>\$ 2,791,000</b>	<b>\$ 3,244,500</b>	<b>\$ 5,215,211</b>	<b>\$ 5,552,911</b>	<b>\$ 8,006,211</b>	<b>\$ 8,797,411</b>

# **Incorporated Village of Greenport, New York**

## **Management's Discussion and Analysis May 31, 2016**

### **Overview of the Financial Statements - Continued**

#### **Long-Term Debt - Continued**

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$6,351,000. This entire amount comprises debt backed by the full faith and credit of the Village. Additionally, the Village is obligated under a loan payable with the New York State Environmental Facilities Corporation, totaling \$1,655,211 as of May 31, 2016. The loan is non-interest bearing, and is for the construction of the Village's new Wastewater Treatment Facility.

The Village maintains an "Aa3" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average of the total assessed valuation. The current debt limitation for the Village is approximately \$31.8 million, which is significantly in excess of the Village's outstanding general obligation debt.

Additional information on the Village's long-term debt can be found in Note 5 on pages 32 and 33 of this report.

#### **Economic Factors**

The Village is growing and thriving. The Village hosts tens of thousands of tourists who vacation on Long Island's East End every summer, to visit the world renowned Vineyards. The Village operates one of the largest public marinas on the East End of Long Island, as well as a campground and ice rink for public enjoyment which helps to drive the North Fork tourism industry. The Village is also home to the only hospital on the North Fork of Long Island. The Village has added commercial and residential properties. In the past year, however, certain assessment claims netted against these additions, resulting in a slight increase of the overall value.

#### **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 Office of the Village Treasurer, 236 Third Street, Greenport, New York 11944.

# Incorporated Village of Greenport, New York

## Statement of Net Position

	<b>May 31, 2016</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,210,525	\$ 2,944,263	\$ 5,154,788
Cash and cash equivalents, restricted	1,393,220	3,598,018	4,991,238
Receivables, net	197,610	663,979	861,589
Inventories	-	185,497	185,497
Prepaid expenses	95,259	37,843	133,102
Internal balances	(50,343)	50,343	-
Capital assets, net			
Non-depreciable	2,687,935	22,750	2,710,685
Depreciable	7,396,901	15,179,854	22,576,755
Total assets	13,931,107	22,682,547	36,613,654
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	429,942	528,331	958,273
Total assets and deferred outflows of resources	14,361,049	23,210,878	37,571,927
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	204,180	345,070	549,250
Interest payable	14,252	23,995	38,247
Unearned revenues	807,582	100	807,682
Due to NYS retirement system	17,926	24,755	42,681
Due to fiduciary fund	964	1,186	2,150
Customer deposits	-	120,884	120,884
Long-term liabilities			
Due within one year	448,500	295,700	744,200
Due in more than one year			
Bonds payable	2,342,500	3,323,500	5,666,000
State loan payable	-	1,596,011	1,596,011
Compensated absences	64,239	92,453	156,692
Net pension liability	472,033	576,929	1,048,962
Other postemployment benefits	1,250,261	2,008,458	3,258,719
Total liabilities	5,622,437	8,409,041	14,031,478
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	65,253	79,753	145,006
Total liabilities and deferred inflows of resources	5,687,690	8,488,794	14,176,484
<b>NET POSITION</b>			
Net investment in capital assets	7,293,836	9,987,393	17,281,229
Restricted for			
Capital improvements	448,970	3,477,134	3,926,104
Debt service	944,250	-	944,250
Unrestricted	(13,697)	1,257,557	1,243,860
<b>Total net position</b>	<b>\$ 8,673,359</b>	<b>\$ 14,722,084</b>	<b>\$ 23,395,443</b>

See accompanying Notes to Financial Statements.

# Incorporated Village of Greenport, New York

## Statement of Activities

Year Ended May 31, 2016

Functions/Programs	Program Revenue			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
Public safety	\$ 676,660	\$ 834,958	\$ 153,095	\$ -	\$ 311,393	\$ -	\$ 311,393
Health	151,403	-	-	-	(151,403)	-	(151,403)
Transportation	1,131,477	-	-	-	(1,131,477)	-	(1,131,477)
Economic opportunity and development	43,195	-	-	-	(43,195)	-	(43,195)
Culture and recreation	1,418,430	1,172,982	-	-	(245,448)	-	(245,448)
Home and community service	586,458	-	873,020	-	286,562	-	286,562
General government support	1,255,467	933,982	90,361	-	(231,124)	-	(231,124)
Interest on long-term debt	60,629	-	-	-	(60,629)	-	(60,629)
Total governmental activities	<u>5,323,720</u>	<u>2,941,922</u>	<u>1,116,476</u>	<u>-</u>	<u>(1,265,322)</u>	<u>-</u>	<u>(1,265,322)</u>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Electric	3,036,435	3,586,263	-	-	-	549,828	549,828
Water	410,442	430,468	-	-	-	20,026	20,026
Sewer	1,480,368	1,206,964	-	-	-	(273,404)	(273,404)
Total business-type activities	<u>4,927,245</u>	<u>5,223,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>296,450</u>	<u>296,450</u>
<b>Total government</b>	<u>\$ 10,250,965</u>	<u>\$ 8,165,617</u>	<u>\$ 1,116,476</u>	<u>\$ -</u>	<u>(1,265,322)</u>	<u>296,450</u>	<u>(968,872)</u>
<b>GENERAL REVENUES</b>							
Real property tax and related tax items					1,098,607	-	1,098,607
Non-property taxes					-	45,502	45,502
Other general revenue items					547,328	6,816	554,144
Interest earnings					3,043	5,781	8,824
Total general revenues					<u>1,648,978</u>	<u>58,099</u>	<u>1,707,077</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>							
Capital contribution from business-type activities to governmental activities					30,600	(30,600)	-
Transfer from business-type to governmental activities					88,000	(88,000)	-
Total general revenues, transfers, and capital contributions					<u>1,767,578</u>	<u>(60,501)</u>	<u>1,707,077</u>
<b>CHANGE IN NET POSITION</b>					<u>502,256</u>	<u>235,949</u>	<u>738,205</u>
<b>NET POSITION, beginning of year as previously stated</b>					9,041,306	14,555,236	23,596,542
Correction of error					(789,779)	-	(789,779)
Effects of adoption of GASB 68 & 71					(80,424)	(69,101)	(149,525)
<b>NET POSITION, beginning of year as restated</b>					<u>8,171,103</u>	<u>14,486,135</u>	<u>22,657,238</u>
<b>NET POSITION, end of year</b>					<u>\$ 8,673,359</u>	<u>\$ 14,722,084</u>	<u>\$ 23,395,443</u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Greenport, New York

## Balance Sheet - Governmental Funds

	May 31, 2016			March 31, 2016	Eliminations	Total
	General	Community Development	Capital Projects	Housing Authority		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,721,283	\$ 245,486	\$ 237,189	\$ 6,567	\$ -	\$ 2,210,525
Cash and cash equivalents, restricted	1,393,220	-	-	-	-	1,393,220
Accounts receivable	187,995	3,092	-	6,523	-	197,610
Due from other funds	-	38,752	-	-	(38,752)	-
Prepaid expenses	95,259	-	-	-	-	95,259
	<u>\$ 3,397,757</u>	<u>\$ 287,330</u>	<u>\$ 237,189</u>	<u>\$ 13,090</u>	<u>\$ (38,752)</u>	<u>\$ 3,896,614</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 139,499	\$ 1,413	\$ 63,268	\$ -	\$ -	\$ 204,180
Due to NYS Retirement System	17,926	-	-	-	-	17,926
Due to fiduciary fund	964	-	-	-	-	964
Due to other funds	52,072	-	-	37,023	(38,752)	50,343
Unearned revenue	807,582	-	-	-	-	807,582
	<u>1,018,043</u>	<u>1,413</u>	<u>63,268</u>	<u>37,023</u>	<u>(38,752)</u>	<u>1,080,995</u>
<b>FUND BALANCES</b>						
Nonspendable	95,259	-	-	-	-	95,259
Restricted	1,393,220	-	-	-	-	1,393,220
Assigned	-	285,917	173,921	-	-	459,838
Unassigned	891,235	-	-	(23,933)	-	867,302
Total fund balances	<u>2,379,714</u>	<u>285,917</u>	<u>173,921</u>	<u>(23,933)</u>	<u>-</u>	<u>2,815,619</u>
	<u>\$ 3,397,757</u>	<u>\$ 287,330</u>	<u>\$ 237,189</u>	<u>\$ 13,090</u>	<u>\$ (38,752)</u>	<u>\$ 3,896,614</u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Greenport, New York

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

	<u>May 31, 2016</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 2,815,619
This amount differs from the amount of net position shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	10,084,836
Deferred outflows and inflows for pensions are included in the government-wide statements and are added.	
Deferred outflows - pension resources	429,942
Deferred inflows - pension resources	(65,253)
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(2,791,000)
Net pension liability	(472,033)
Compensated absences	(64,239)
Accrued interest	(14,252)
Other postemployment benefits	(1,250,261)
<b>Total net position, end of year</b>	<b><u><u>\$ 8,673,359</u></u></b>

# Incorporated Village of Greenport, New York

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended May 31, 2016			Year Ended March 31, 2016	Total
	General	Community Development	Capital Projects	Housing Authority	
	General	Community Development	Capital Projects	Housing Authority	
<b>REVENUES</b>					
Real property taxes	\$ 1,034,860	\$ -	\$ -	\$ -	\$ 1,034,860
Real property tax items	63,747	-	-	-	63,747
Departmental revenues	1,076,533	116,987	-	-	1,193,520
Intergovernmental charges	834,958	-	-	-	834,958
Rental of real property	913,444	-	-	-	913,444
Use of money and property	2,697	294	49	3	3,043
Licenses and permits	40,448	-	-	-	40,448
Miscellaneous local sources	393,515	769	-	16,903	411,187
Other revenues	95,693	-	-	-	95,693
State aid	90,361	-	-	-	90,361
Federal aid	153,095	-	-	873,020	1,026,115
Total revenues	<u>4,699,351</u>	<u>118,050</u>	<u>49</u>	<u>889,926</u>	<u>5,707,376</u>
<b>EXPENDITURES</b>					
General government support	416,785	-	783,709	-	1,200,494
Public safety	1,441,437	-	-	-	1,441,437
Health	3,587	-	-	-	3,587
Transportation	651,163	-	-	-	651,163
Economic opportunity and development	-	43,195	-	-	43,195
Culture and recreation	1,066,466	-	87,781	-	1,154,247
Home and community services	170,537	-	498	863,840	1,034,875
Employee benefits	552,489	-	-	37,201	589,690
Debt service					
Principal	453,500	-	-	-	453,500
Interest	60,841	-	-	-	60,841
Total expenditures	<u>4,816,805</u>	<u>43,195</u>	<u>871,988</u>	<u>901,041</u>	<u>6,633,029</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(117,454)</u>	<u>74,855</u>	<u>(871,939)</u>	<u>(11,115)</u>	<u>(925,653)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	118,600	-	683,999	-	802,599
Operating transfers out	(683,999)	-	-	-	(683,999)
	<u>(565,399)</u>	<u>-</u>	<u>683,999</u>	<u>-</u>	<u>118,600</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>(682,853)</u>	<u>74,855</u>	<u>(187,940)</u>	<u>(11,115)</u>	<u>(807,053)</u>
<b>FUND BALANCES, beginning of year</b>	<u>3,062,567</u>	<u>211,062</u>	<u>361,861</u>	<u>(12,818)</u>	<u>3,622,672</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 2,379,714</u>	<u>\$ 285,917</u>	<u>\$ 173,921</u>	<u>\$ (23,933)</u>	<u>\$ 2,815,619</u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Greenport, New York

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

		<u>May 31, 2016</u>
Net change in fund balances shown for total governmental funds	\$	(807,053)
This amount differs from the change in net position shown in the statement of activities because of the following:		
<p>Capital outlays for acquisition of capital assets are recorded in governmental funds 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 expenditures for acquisition of capital assets exceeded depreciation expense for the period.</p>		
Capital expenditures and loss on disposal of capital assets	1,548,511	
Depreciation expense	<u>(479,619)</u>	1,068,892
<p>Other postemployment obligations are not reported in the governmental funds. This liability is shown in the statement of net position as a noncurrent liability and in the statement of activities as an expense.</p>		
		(184,270)
<p>Bond principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net position as a reduction of the related liabilities, and not shown as expenses in the statement of activities. This is the payment amount for the current year.</p>		
		453,500
<p>Net pension liability is not reported in the governmental funds. This liability is shown in the statement of net position as a noncurrent liability and in the statement of activities as an expense.</p>		
		(378,531)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; this is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.</p>		
Accrued interest	212	
Deferred outflows of resources - pension related	396,000	
Deferred inflows of resources - pension related	(44,388)	
Compensated absence	<u>(2,106)</u>	<u>349,718</u>
<b>Change in net position of governmental activities shown in the statement of activities</b>		<b><u>\$ 502,256</u></b>

# Incorporated Village of Greenport, New York

## Statement of Net Position - Proprietary Funds

	May 31, 2016				
	Electric Fund	Water Fund	Sewer Fund	Eliminations	Total
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 640,234	\$ 744,869	\$ 1,559,160	\$ -	\$ 2,944,263
Cash and cash equivalents, restricted	3,412,166	-	185,852	-	3,598,018
Accounts receivable, net	398,174	83,175	182,630	-	663,979
Due from other funds	-	114,613	34,580	(98,850)	50,343
Inventory	112,321	73,176	-	-	185,497
Prepaid expenses	18,268	4,705	14,870	-	37,843
Total current assets	<u>4,581,163</u>	<u>1,020,538</u>	<u>1,977,092</u>	<u>(98,850)</u>	<u>7,479,943</u>
Non-depreciable capital assets	500	-	22,250	-	22,750
Depreciable capital assets	<u>5,656,617</u>	<u>736,169</u>	<u>8,787,068</u>	<u>-</u>	<u>15,179,854</u>
Total assets	<u>10,238,280</u>	<u>1,756,707</u>	<u>10,786,410</u>	<u>(98,850)</u>	<u>22,682,547</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension deferrals	<u>334,115</u>	<u>48,341</u>	<u>145,875</u>	<u>-</u>	<u>528,331</u>
Total assets and deferred outflows of resources	<u>10,572,395</u>	<u>1,805,048</u>	<u>10,932,285</u>	<u>(98,850)</u>	<u>23,210,878</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	216,505	24,735	71,146	-	312,386
Accrued interest payable	19,966	-	4,029	-	23,995
Accrued payroll related expenses	10,559	2,021	8,774	-	21,354
Accrued sales tax payable	11,330	-	-	-	11,330
Accrued compensated absences	43,463	11,442	37,548	-	92,453
Customer deposits	120,884	-	-	-	120,884
Due to other funds	84,234	-	14,616	(98,850)	-
Due to fiduciary fund	649	91	446	-	1,186
Due to NYS Retirement System	13,658	2,561	8,536	-	24,755
Unearned revenues	-	60	40	-	100
State loan payable, due in one year	-	-	59,200	-	59,200
Bonds payable, due in one year	181,500	-	55,000	-	236,500
Total current liabilities	<u>702,748</u>	<u>40,910</u>	<u>259,335</u>	<u>(98,850)</u>	<u>904,143</u>
Noncurrent liabilities					
State loan payable	-	-	1,596,011	-	1,596,011
Net pension liability	367,137	52,448	157,344	-	576,929
Bonds payable	3,077,500	-	246,000	-	3,323,500
Other postemployment benefits	1,086,240	195,523	726,695	-	2,008,458
Total noncurrent liabilities	<u>4,530,877</u>	<u>247,971</u>	<u>2,726,050</u>	<u>-</u>	<u>7,504,898</u>
Total liabilities	<u>5,233,625</u>	<u>288,881</u>	<u>2,985,385</u>	<u>(98,850)</u>	<u>8,409,041</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension deferrals	<u>50,752</u>	<u>7,250</u>	<u>21,751</u>	<u>-</u>	<u>79,753</u>
Total liabilities and deferred inflows of resources	<u>5,284,377</u>	<u>296,131</u>	<u>3,007,136</u>	<u>(98,850)</u>	<u>8,488,794</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,398,117	736,169	6,853,107	-	9,987,393
Restricted					
Capital improvements	3,291,282	-	185,852	-	3,477,134
Unrestricted	<u>(401,381)</u>	<u>772,748</u>	<u>886,190</u>	<u>-</u>	<u>1,257,557</u>
Total net position	<u>\$ 5,288,018</u>	<u>\$ 1,508,917</u>	<u>\$ 7,925,149</u>	<u>\$ -</u>	<u>\$ 14,722,084</u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Greenport, New York

## Statement of Revenues, Expenditures, and Changes in Net Position - Proprietary Funds

	Year Ended May 31, 2016			Total
	Electric Fund	Water Fund	Sewer Fund	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 3,586,263	\$ 430,468	\$ 1,206,964	\$ 5,223,695
<b>OPERATING EXPENSES</b>				
Personal services	480,944	75,423	429,416	985,783
Employee benefits	546,311	96,149	410,610	1,053,070
Contractual expenses				
Administration and other government support	166,890	3,202	7,558	177,650
Insurance	57,684	9,166	14,448	81,298
Services, supplies, and operations	1,400,176	205,686	278,911	1,884,773
Bad debt expense	20,000	-	-	20,000
Depreciation	247,177	20,816	323,060	591,053
Total operating expenses	<u>2,919,182</u>	<u>410,442</u>	<u>1,464,003</u>	<u>4,793,627</u>
<b>Operating income (loss)</b>	<u>667,081</u>	<u>20,026</u>	<u>(257,039)</u>	<u>430,068</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest revenue	981	3,651	1,149	5,781
Other revenue	-	6,766	50	6,816
Sales tax revenues	-	-	26,984	26,984
State and Federal aid	-	-	18,518	18,518
Interest expense	(117,253)	-	(16,365)	(133,618)
Total nonoperating revenues (expenses)	<u>(116,272)</u>	<u>10,417</u>	<u>30,336</u>	<u>(75,519)</u>
<b>Income (loss) before transfers and and capital contributions</b>	<u>550,809</u>	<u>30,443</u>	<u>(226,703)</u>	<u>354,549</u>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS</b>				
Operating transfers out	(88,000)	-	-	(88,000)
Capital contribution to governmental funds	-	(12,240)	(18,360)	(30,600)
	<u>(88,000)</u>	<u>(12,240)</u>	<u>(18,360)</u>	<u>(118,600)</u>
<b>CHANGE IN NET POSITION</b>	<u>462,809</u>	<u>18,203</u>	<u>(245,063)</u>	<u>235,949</u>
<b>NET POSITION, <i>beginning of year as previously stated</i></b>	4,871,653	1,496,630	8,186,953	14,555,236
Effect of adoption of GASB 68 and 71	<u>(46,444)</u>	<u>(5,916)</u>	<u>(16,741)</u>	<u>(69,101)</u>
<b>NET POSITION, <i>beginning of year as restated</i></b>	<u>4,825,209</u>	<u>1,490,714</u>	<u>8,170,212</u>	<u>14,486,135</u>
<b>NET POSITION, <i>end of year</i></b>	<u>\$ 5,288,018</u>	<u>\$ 1,508,917</u>	<u>\$ 7,925,149</u>	<u>\$ 14,722,084</u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Greenport, New York

## Statement of Cash Flows - Proprietary Funds

	Year Ended May 31, 2016			
	Electric Fund	Water Fund	Sewer Fund	Total
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Cash received from providing services	\$ 3,662,826	\$ 459,495	\$ 1,220,954	\$ 5,343,275
Cash payments for contractual expenses	(1,649,846)	(238,187)	(327,489)	(2,215,522)
Cash payments for personal services and benefits	(832,568)	(136,239)	(710,662)	(1,679,469)
	<u>1,180,412</u>	<u>85,069</u>	<u>182,803</u>	<u>1,448,284</u>
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Other activities	4,569	6,766	360,050	371,385
Sales tax revenues	-	-	26,984	26,984
State and Federal aid	-	-	18,518	18,518
Transfers to governmental activities	(88,000)	(12,240)	(18,360)	(118,600)
	<u>(83,431)</u>	<u>(5,474)</u>	<u>387,192</u>	<u>298,287</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal payments on bonds	(226,500)	-	(52,000)	(278,500)
Principal payments on loans	-	-	(59,200)	(59,200)
Interest expense	(134,222)	-	(17,109)	(151,331)
Acquisition of capital assets	(549,056)	-	(79,222)	(628,278)
	<u>(909,778)</u>	<u>-</u>	<u>(207,531)</u>	<u>(1,117,309)</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>				
Interest income	<u>981</u>	<u>3,651</u>	<u>1,149</u>	<u>5,781</u>
<b>Net increase in cash and cash equivalents</b>	<b>188,184</b>	<b>83,246</b>	<b>363,613</b>	<b>635,043</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<u>3,864,216</u>	<u>661,623</u>	<u>1,381,399</u>	<u>5,907,238</u>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<u><b>\$ 4,052,400</b></u>	<u><b>\$ 744,869</b></u>	<u><b>\$ 1,745,012</b></u>	<u><b>\$ 6,542,281</b></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 667,081	\$ 20,026	\$ (257,039)	\$ 430,068
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Depreciation	247,177	20,816	323,060	591,053
Bad debt expense	20,000	-	-	20,000
Change in assets and liabilities				
Prepaid expenses	7,422	(1,698)	7,989	13,713
Accounts receivable	56,563	29,027	13,990	99,580
Inventory	(5,257)	14,532	-	9,275
Due from other funds	-	(3,660)	(2,223)	(5,883)
Deferred outflows of resources	(303,047)	(43,184)	(129,397)	(475,628)
Accounts payable and accrued expenses	109,260	1,803	9,944	121,007
Due to other funds	(116,810)	(29,576)	(34,970)	(181,356)
Net pension liability	294,411	42,059	126,176	462,646
Deferred inflows of resources	45,967	6,566	19,700	72,233
Other postemployment benefits	160,095	28,817	107,104	296,016
Due to New York State retirement system	(2,450)	(459)	(1,531)	(4,440)
	<u><b>\$ 1,180,412</b></u>	<u><b>\$ 85,069</b></u>	<u><b>\$ 182,803</b></u>	<u><b>\$ 1,448,284</b></u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Greenport, New York

## Statement of Net Position - Fiduciary Fund

	<u>May 31, 2016</u>
	<u>Trust and Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 379,953
Service award assets	2,278,591
Due from other funds	<u>2,150</u>
	<b><u>\$ 2,660,694</u></b>
<b>LIABILITIES</b>	
Agency liabilities	\$ 382,103
Service awards program	<u>2,278,591</u>
	<b><u>\$ 2,660,694</u></b>

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### **Note 1 - Organization and Summary of Significant Accounting Policies**

The accompanying basic financial statements of the Incorporated Village of Greenport, New York (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing government accounting and financial reporting principles in the United States of America.

The basic financial statements have been prepared primarily from accounts maintained by the Village Treasurer.

The Village 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 overall operations, the Mayor serves as Chief Executive Officer, and the Treasurer serves as Chief Fiscal Officer.

The basic services that the Village provides are general support, water, recreation, sewer, electric, public safety, health, transportation, economic assistance and opportunity; culture and recreation; and home and community services.

#### *a. Financial Reporting Entity*

The reporting entity consists of: (a) the primary government, the Village, and (b) other organizational entities determined to be includable in the Village's financial reporting entity, based on the nature and significance of their relationship with the Village. The financial reporting entity is based on criteria set forth by GASB. These criteria include legal standing, fiscal dependency, and financial accountability. Based upon the application of these criteria, the Village of Greenport Housing Authority (Housing Authority) has been included within the reporting entity as a Special Revenue Fund. The Village Board appoints the trustees of the Housing Authority and has full financial oversight of the operations of the Housing Authority.

#### *b. Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of Interfund activity within the governmental and business-type activities has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *b. Government-Wide and Fund Financial Statements - Continued*

Separate statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. The Village has decided to present all governmental and proprietary funds as major based on qualitative factors.

#### *c. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year in which they are earned. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collected within twelve months of the end of the current fiscal period. Receivables not expected to be collected within the next twelve months are offset by unearned revenues. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next twelve months, with the exception of items covered by GASB Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASBI 6 requires that expenditures and liabilities, such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies are recognized as expenditures when all requirements of the grant and/or subsidy have been satisfied.

In addition, New York Power Authority (NYPA) regulations require that the records for the Electric Fund be maintained in accordance with the *Uniform System of Accounts for Municipal Electric Utilities*. The financial statements of the Electric Fund are presented in a form prescribed by the Federal Energy Regulatory Commission (FERC) and NYPA. Operating revenues of the Electric Fund are determined based on customer usage and demand charged at base rates for each consumer class approved by NYPA. Purchased power costs incurred in excess of those costs included in the base rate calculation are passed on to the consumer at no profit or loss to the Electric Fund by means of a "Purchased Power Adjustment" (PPA) factor.

The Village reports the following governmental funds:

*General Fund* - is the principal operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

*Community Development Fund* - is used to account for community development block grants and supportive housing program funds received from the U.S. Department of Housing and Urban Development (HUD).

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *c. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued*

*Housing Authority* - is used to account for federal money received from HUD pursuant to Section 8 Programs, which enable low income families to obtain adequate housing.

*Capital Projects Fund* - is used to account for and report financial resources to be used for the acquisition, construction, and renovation of major capital facilities or equipment other than those financed by the Proprietary Funds.

The governmental fund financial statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include differing measurement focuses and bases of accounting between the statements. The statement of activities reflects the net costs of each major function of Village operations, which differs from the presentation of expenditures in the statement of revenues, expenditures, and changes in fund balances - governmental funds, which closely matches the Village's budgetary presentation.

The following are the Village's proprietary funds:

*Water Fund* - is self-supporting through charges to customers based on water usage.

*Sewer Fund* - is self-supporting through charges to customers based on sewer usage.

*Electric Fund* - is self-supporting through charges to customers in the Village's franchise area based on electric usage. The Electric Fund is subject to regulation by NYPA with respect to wholesale power purchased, rate structure, accounting, and other matters.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Fiduciary Fund* - The Village maintains an agency fund which is generally used to account for assets that the Village holds on behalf of others as their agent.

#### *d. Estimates*

The preparation of the financial statements in conformity with U.S. GAAP and NYPA requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and other financing sources (uses) during the reporting period. Actual results could differ from those estimates.

#### *e. Budgets*

Budgets are adopted on the modified accrual basis as required by the State of New York. Annual appropriated budgets are adopted for each governmental and proprietary fund.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### **Note 1 - Organization and Summary of Significant Accounting Policies - Continued**

#### *e. Budgets - Continued*

The Village employs the following budgetary procedures:

- i. No later than March 20, the budget officer submits a tentative budget to the Village Clerk for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all operating funds for the Village.
- ii. After a public hearing is conducted to obtain taxpayer comments, but no later than May 1, the Village adopts the budget.
- iii. All revisions that alter appropriations of any department or fund must be approved by the Village Board. Unencumbered budgetary appropriations lapse at the close of each fiscal year, with the exception of capital projects.
- iv. Budgetary appropriations are established for individual capital projects through resolutions authorizing the corresponding Capital Projects Fund to be established which remain in effect for the life of the project.

#### *f. Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and time deposits, which mature no more than three months after the date purchased.

The Village's investment policies are governed by State statutes and various resolutions of the Board of Trustees. Village monies must be maintained in demand accounts or certificates of deposit in the Federal Deposit Insurance Corporation (FDIC) insured commercial bank or trust company authorized to do business in New York State. Other permissible investments include obligations of the U.S. Treasury, U.S. Agencies, and New York State or its localities.

The Village is required to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation limit. This collateral is in the form of government and government agencies' securities pledged by the bank, under a third-party trust agreement. As of May 31, 2016, the collateral was sufficient to secure the Village's deposits.

Restricted cash and cash equivalents are reserved for purposes stipulated by external parties and purposes established by the Board.

Restricted cash and cash equivalents are held by the Electric Fund for (1) capital replacements (depreciation fund), (2) transmission congestion credits, (3) customer deposits, and (4) proceeds from a bond anticipation note.

Restricted cash and cash equivalents held by the Sewer Fund represent unspent proceeds from the issuance of loans payable to the New York State Environmental Facilities Corporation, used to help finance the construction of a new sewer plant.

Restricted cash and cash equivalents held by the General Fund represent (1) proceeds from the sale of property reserved for the payment of future debt, and (2) cash held for the replacement of certain fire equipment.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *g. Investments and Length of Service Award Program*

The Village's investments consist of securities placed in an irrevocable trust for the Length of Service Awards Program (LOSAP), which was established on behalf of Village of Greenport Fire Department volunteers. The LOSAP is considered to be a non-qualified deferred compensation plan; accordingly, if the Village were to declare bankruptcy protection, these investments may be subject to claims made by the Village's general unsecured creditors.

These investments are held in trust on behalf of the Village by RBC Wealth Management, an outside management company, and consist of cash and cash equivalents, U.S. and international equities, and fixed income securities. The Village's investments are reported in the Fiduciary Fund.

#### *h. Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet and statement of net position.

#### *i. Accounts Receivable*

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts is as follows:

	<u>May 31, 2016</u>
Electric Fund	<u>\$ 115,000</u>
Sewer Fund	<u>\$ 35,890</u>
Water Fund	<u>\$ 25,000</u>

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than twenty days. Interest is charged on accounts receivable that are outstanding for more than twenty days at 1.50% per month and is recognized as it is charged.

#### *j. Inventory*

Inventory of the Electric Fund is valued at the lower of cost or market, with cost determined using a rolling average unit cost method. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices. Inventory of the Water Fund is stated at the lower of average cost or market. Inventory of the Water Fund consists of components, parts, and tools held for consumption. Each year, the inventory is reviewed for obsolescence, and an adjustment is made to record the affected inventory item at its fair value. There were no obsolete inventory items identified in these funds as of May 31, 2016.

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *k. Capital Assets*

##### *Governmental Funds*

Capital assets in governmental activities consist of land, buildings, machinery and equipment, vehicles, and infrastructure and are used to carry out day-to-day government services. Depreciation of capital assets for governmental funds is computed using the straight-line method of depreciation over useful lives ranging from five to fifty years, but is not recorded as an expenditure in the related funds.

##### *Electric Fund*

Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, operating property is recorded at cost, including capitalized labor and overhead. Overhead costs include fringe benefits, warehouse, and truck costs. Operating property constructed with capital fees received from customers or other parties is included in utility plant. When operating property is retired, the book cost, together with the cost of removal, is charged to accumulated depreciation. The provision for depreciation has been computed, based on asset groups, under the straight-line method utilizing rates that vary from 2% to 10.5% per annum, which are within the ranges recommended by FERC and NYPA.

##### *Water and Sewer Funds*

Capital assets of the Water and Sewer Funds include property, plant, and equipment with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the operating property.

Depreciation of capital assets of the Water and Sewer Funds is computed using the straight-line method of depreciation during the useful lives of the related assets, as the following schedule indicates:

Water Fund	
Machinery and equipment	5-15 years
Vehicles	5 years
Distribution, transmission, and other operational equipment	20-100 years
Sewer Fund	
Buildings	25-40 years
Machinery and equipment	10-25 years
Vehicles	5 years
Distribution, transmission, and other operational equipment	50-100 years

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified in 2016.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *l. Deferred Outflows/Inflows of Resources*

Pension related deferred outflows of resources and deferred inflows of resources may occur due to differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual experience, changes in actuarial assumptions, the net difference between projected and actual investment earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. In addition, pension contributions made subsequent to the measurement date are reported as deferred inflows of resources. Pension related deferred outflows of resources are \$958,273 at May 31, 2016. Pension related deferred inflows of resources are \$145,006 at May 31, 2016.

#### *m. Employee Benefits*

##### *Compensated Absences*

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees or their beneficiaries may be eligible to receive the value of unused accumulated sick leave.

The liability for compensated absences was as follows:

	<u>May 31, 2016</u>
Governmental funds	\$ 64,239
Proprietary funds	<u>92,453</u>
	<u>\$ 156,692</u>

##### *Postretirement Benefits*

Other postemployment benefits are measured and disclosed using the alternative measurement method under the accrual basis of accounting in the government-wide statements (Note 10). The Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the respective fund when paid. During the year, approximately \$282,300 was paid on behalf of 21 retired/deceased beneficiaries. Retiree health insurance contributions are allocated and paid based on each fund's payroll as a percentage of total payroll.

#### *n. Net Position*

Net position is reported as restricted when constraints placed on net position use are either:

- a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or
- b. Imposed by law through constitutional provisions or enabling legislation.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *n. Net Position - Continued*

The following terms are used in reporting net position:

*Net Investment in Capital Assets* consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted for Capital Improvements* consists of monies restricted for various capital purposes as outlined in footnote 1f.

*Restricted for Debt Service* consists of proceeds from the sale of property restricted for the payment of future debt.

*Unrestricted* is the net amount of assets and liabilities that is not included in the determination of net investment in capital assets or restricted components of net position described above.

#### *o. Fund Balance*

Fund balance for governmental funds is reported in the following classifications which describe the relative strength of the constraints that control how specific amounts in the funds can be spent:

*Nonspendable* - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

*Restricted* - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

*Assigned* - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.

*Unassigned* - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Board has delegated the ability to assign fund balance to the Treasurer. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

Note 6 provides further details regarding the Village's fund balance classifications.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *p. Property Taxes*

Real property taxes are levied no later than May 15 and become a lien on June 1. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax sales.

#### *q. Prior Period Restatement*

##### *New Accounting Pronouncements*

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. This statement addresses an issue regarding the application of the transition provisions of Statement No. 68, *Accounting and Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

As a result of adopting these accounting standards and guidance, the Village now reports its proportionate share of the net pension liability as determined by the State and Local Employees' Retirement System. This liability, along with deferred outflows of resources, deferred inflows of resources, and pension expense has been allocated between the governmental activities and business-type activities using covered payroll.

#### *Correction of Error*

The financial statements of the Village as of May 31, 2015 contained an overstatement of governmental activities' capital assets, and a related overstatement of the change in net position of governmental activities.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*q. Prior Period Restatement - Continued*

Accordingly, the governmental activities and business-type activities have restated their opening net position as follows:

	Net Position May 31, 2015	Adoption of GASB 68 and 71	Correction of Error	Restated Net Position May 31, 2015
Governmental activities	\$ 9,041,306	\$ (80,424)	\$ (789,779)	\$ 8,171,103
Business-type activities				
Electric Fund	\$ 4,871,653	\$ (46,444)	\$ -	\$ 4,825,209
Water Fund	1,496,630	(5,916)	-	1,490,714
Sewer Fund	8,186,953	(16,741)	-	8,170,212
Total business-type activities	\$ 14,555,236	\$ (69,101)	\$ -	\$ 14,486,135

*r. Subsequent Events*

The Village has evaluated subsequent events for potential recognition or disclosure through December 6, 2016, the date the financial statements were available to be issued.

### Note 2 - Stewardship, Compliance, and Accountability

Village administration prepares a proposed budget for approval by the Board of Trustees for each governmental and proprietary fund. The budget is adopted annually on a basis consistent with U.S. GAAP. Appropriations are adopted at the program line item level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and any appropriated reserve funds. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

### Note 3 - Capital Assets

The following is a summary of changes in the governmental activities' capital assets during the year:

	Balance at June 1, 2015	Additions	Disposals	Balance at May 31, 2016
<i>Depreciable assets</i>				
Buildings	\$ 4,708,252	\$ -	\$ -	\$ 4,708,252
Machinery and equipment	7,453,843	282,970	-	7,736,813
Infrastructure	5,989,815	682,137	-	6,671,952
Vehicles	789,779	583,404	-	1,373,183
	18,941,689	1,548,511	-	20,490,200
Accumulated depreciation	(12,613,680)	(479,619)	-	(13,093,299)
Total depreciable assets	6,328,009	1,068,892	-	7,396,901
<i>Non-depreciable assets</i>				
Land	2,687,935	-	-	2,687,935
Total net capital assets	\$ 9,015,944	\$ 1,068,892	\$ -	\$ 10,084,836

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 3 - Capital Assets - Continued

A summary of the proprietary funds' capital assets is as follows:

	Year Ended May 31, 2016			Total
	Electric Fund	Water Fund	Sewer Fund	
<i>Depreciable assets</i>				
Buildings	\$ 546,770	\$ -	\$ 1,070,360	\$ 1,617,130
Machinery and equipment	-	563,579	3,879,986	4,443,565
Vehicles	521,148	73,031	66,389	660,568
Distribution, transmission, and other operational equipment	9,760,398	825,747	9,173,222	19,759,367
	<u>10,828,316</u>	<u>1,462,357</u>	<u>14,189,957</u>	<u>26,480,630</u>
Accumulated depreciation	(5,171,699)	(726,188)	(5,402,889)	(11,300,776)
Total depreciable assets, net	<u>5,656,617</u>	<u>736,169</u>	<u>8,787,068</u>	<u>15,179,854</u>
<i>Non-depreciable assets</i>				
Land	500	-	22,250	22,750
Total capital assets, net	<u>\$ 5,657,117</u>	<u>\$ 736,169</u>	<u>\$ 8,809,318</u>	<u>\$ 15,202,604</u>

A summary of changes in the proprietary funds' capital assets during the year:

	Balance at June 1, 2015	Additions	Retirements or Transfers*	Balance at May 31, 2016
<i>Depreciable assets</i>				
Buildings	\$ 1,617,130	\$ -	\$ -	\$ 1,617,130
Machinery and equipment	4,395,733	47,832	-	4,443,565
Vehicles	627,828	32,740	-	660,568
Distribution, transmission, and other operational equipment	19,211,661	547,706	-	19,759,367
	<u>25,852,352</u>	<u>628,278</u>	<u>-</u>	<u>26,480,630</u>
Accumulated depreciation	(10,709,722)	(591,054)	-	(11,300,776)
Total depreciable assets, net	<u>15,142,630</u>	<u>37,224</u>	<u>-</u>	<u>15,179,854</u>
<i>Non-depreciable assets</i>				
Land	22,750	-	-	22,750
Total capital assets, net	<u>\$ 15,165,380</u>	<u>\$ 37,224</u>	<u>\$ -</u>	<u>\$ 15,202,604</u>

### Note 4 - Unearned Revenue

Unearned revenue consists of the following:

	May 31, 2016
General Fund	
East/West fire protection contract	\$ 424,270
Building and planning deposits	5,375
Tax sale certificates	377,937
	<u>807,582</u>
	<u>\$ 807,582</u>

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 5 - Bonds and State Loan Payable

A summary of changes in bonds payable is as follows:

	May 31, 2016			
	General Fund	Sewer Fund	Electric Fund	Total
Bonds payable, June 1, 2015	\$ 3,244,500	\$ 353,000	\$ 3,485,500	\$ 7,083,000
Repayments	<u>(453,500)</u>	<u>(52,000)</u>	<u>(226,500)</u>	<u>(732,000)</u>
Bonds payable, May 31, 2016	<u>\$ 2,791,000</u>	<u>\$ 301,000</u>	<u>\$ 3,259,000</u>	<u>\$ 6,351,000</u>

A summary of changes in the state loan payable is as follows:

	May 31, 2015	Issuances	Repayments	May 31, 2016
EFC Loan - Sewer Fund	<u>\$ 1,714,111</u>	<u>\$ -</u>	<u>\$ (58,900)</u>	<u>\$ 1,655,211</u>

A summary of the Village's bond and loan issues at May 31, 2016 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
General Fund				
2012 Public Improvement Serial Bond	6/2012	8/2020	2.00% to 2.25%	\$ 326,000
2014 Public Improvement Serial Bond	1/2014	4/2042	2.25% to 4.25%	515,000
2012 Public Improvement Serial Bond	6/2012	8/2023	2.00% to 2.75%	<u>1,950,000</u>
				<u>2,791,000</u>
Sewer Fund				
EFC Loan Payable	12/2013	12/2043	0%	1,655,211
2002 Public Improvement Serial Bond	8/2002	9/2020	1.93% to 5.22%	<u>301,000</u>
				<u>1,956,211</u>
Electric Fund				
2012 Public Improvement Serial Bond	6/2012	8/2019	2.00% to 2.125%	469,000
2014 Public Improvement Serial Bond	1/2014	4/2042	2.25% to 4.25%	<u>2,790,000</u>
				<u>3,259,000</u>
Total bonds and state loans payable				<u>\$ 8,006,211</u>

Interest expense on General Fund debt was \$60,632 for the year ended May 31, 2016. Interest expense on Electric Fund and Sewer Fund debt was \$117,253 and \$16,365, respectively.

The Village's debt limit is approximately \$31.8 million, of which the Village has total outstanding debt obligations of approximately \$6.4 million, leaving a net debt contracting margin of approximately \$25.4 million.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 5 - Bonds Payable - Continued

The following is a summary of the future debt service requirements:

	Bond Principal	EFC Loan Principal	Bond Interest	Total
For the year ending May 31,				
2017	\$ 685,000	\$ 59,200	\$ 187,170	\$ 931,370
2018	697,000	59,200	171,485	927,685
2019	530,000	59,200	157,103	746,303
2020	538,000	59,200	143,759	740,959
2021	431,000	59,200	130,891	621,091
2022 through 2026	1,335,000	296,000	518,806	2,149,806
2027 through 2031	615,000	296,000	371,419	1,282,419
2032 through 2036	600,000	296,000	255,719	1,151,719
2037 through 2041	750,000	296,000	117,578	1,163,578
2042 through 2044	170,000	175,211	3,613	348,824
	<u>\$ 6,351,000</u>	<u>\$ 1,655,211</u>	<u>\$ 2,057,543</u>	<u>\$ 10,063,754</u>

### Note 6 - Fund Balance

Fund balance is as follows:

	General	Community Development	Capital Projects	Housing Authority
Restricted				
Nonspendable				
Prepaid expenses	\$ 95,259	\$ -	\$ -	\$ -
Restricted for				
Capital reserve	634,822	-	-	-
Reserve for debt	758,398	-	-	-
	<u>1,488,479</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted				
Assigned for				
Capital purposes	-	-	173,921	-
Special revenue purposes	-	285,917	-	-
Unassigned	891,235	-	-	(23,933)
	<u>891,235</u>	<u>285,917</u>	<u>173,921</u>	<u>(23,933)</u>
Total fund balance	<u>\$ 2,379,714</u>	<u>\$ 285,917</u>	<u>\$ 173,921</u>	<u>\$ (23,933)</u>

### Note 7 - Interfund Transactions

Interfund balances are as follows at May 31, 2016:

Due To Other Funds	Due From Other Funds					
	Community Development	Eliminations	Total Governmental Funds	Business-type Activities	Net Gov. and Business- Type Activities	Fiduciary
General	\$ 1,728	\$ -	\$ 1,728	\$ 50,343	\$ 52,071	\$ 2,150
Housing Authority	37,024	-	37,024	-	37,024	-
Elimination	-	(47,722)	(47,722)	-	(47,722)	-
Total governmental funds	<u>\$ 38,752</u>	<u>\$ (47,722)</u>	<u>\$ (8,970)</u>	<u>\$ 50,343</u>	<u>\$ 41,373</u>	<u>\$ 2,150</u>

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 8 - Changes in Long-Term Liabilities

The following table summarizes changes in long-term liabilities for both governmental activities and business-type activities:

Change in long-term liabilities - governmental activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 62,133	\$ 2,106	\$ -	\$ 64,239	\$ -
Other postemployment benefits	1,065,992	292,591	108,322	1,250,261	-
Net pension liability	93,503	500,534	122,004	472,033	-
Bonds payable	3,244,500	-	453,500	2,791,000	448,500
Total	<u>\$ 4,466,128</u>	<u>\$ 795,231</u>	<u>\$ 683,826</u>	<u>\$ 4,577,533</u>	<u>\$ 448,500</u>

Change in long-term liabilities - business type activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated absences	\$ 92,755	\$ -	\$ 302	\$ 92,453	\$ -
Other postemployment benefits	1,712,442	470,025	174,009	2,008,458	-
Net pension liability	114,282	611,763	149,116	576,929	-
State loan payable	1,714,411	-	59,200	1,655,211	59,200
Bonds payable	3,838,500	-	278,500	3,560,000	236,500
Total	<u>\$ 7,472,390</u>	<u>\$ 1,081,788</u>	<u>\$ 661,127</u>	<u>\$ 7,893,051</u>	<u>\$ 295,700</u>

### Note 9 - New York State Retirement System

#### a. Plan Description and Benefits Provided

The Village participates in the New York State and Local Employee's Retirement System (System). The System is a cost-sharing multiple-employer retirement system. 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 (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. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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 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 obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 9 - New York State Retirement System - Continued

#### *b. Contributions*

Most members of who joined on or before July 26, 1976, are enrolled in a noncontributory plan. Members who joined after July 26, 1976, are enrolled in a contributory plan which requires a 3% contribution of their salary. As a result of Article 19, of the NYSRSSL, eligible Tier 3 and Tier 4 employees, with a membership date after July 26, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Generally, members of the System may retire at 55; however, members of Tiers 2, 3, 4, and 5 will receive a reduced benefit if they retire before 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. Any employee with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. The full benefit age for Tier 6 is 63. Tier 6 members with ten years of service or more can retire as early as age 55 with reduced benefits. The contribution rate varies from 3% to 6% depending on salary. Members are required to contribute for all years of service.

The required contributions for the current year and the two preceding years were:

2016	\$	271,120
2015		283,850
2014		300,226

Contributions made to the System were equal to 100% of the contributions required for each year.

The current System contribution for the Village was charged to various departments within the governmental and proprietary funds.

#### *c. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions*

At May 31, 2016, the Village reported a liability of \$472,033 in the governmental activities statement of net position and \$576,929 in the business-type activities statement of net position for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2016, the Village's proportion in the System was .0065355%.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 9 - New York State Retirement System - Continued

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

For the year ended May 31, 2016, the Village recognized pension expense of \$166,852 in the governmental activities and \$203,930 in the business-type activities. At May 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,385	\$ 55,952
Changes of assumptions	125,877	-
Net differences between projected and actual investment earnings on pension plan investments	280,036	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,933	9,301
Pension contributions subsequent to the measurement date	14,711	-
Total	<u>\$ 429,942</u>	<u>\$ 65,253</u>
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,916	\$ 68,385
Changes of assumptions	153,850	-
Net differences between projected and actual investment earnings on pension plan investments	342,267	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,543	11,368
Pension contributions subsequent to the measurement date	24,755	-
Total	<u>\$ 528,331</u>	<u>\$ 79,753</u>

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

	Governmental Activities	Business Type-Activities	Total
Year ending May 31,			
2017	\$ 91,172	\$ 105,956	\$ 197,128
2018	91,172	105,956	197,128
2019	91,172	105,956	197,128
2020	91,173	105,955	197,128
2021	-	-	-
Total	<u>\$ 364,689</u>	<u>\$ 423,823</u>	<u>\$ 788,512</u>

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 9 - New York State Retirement System - Continued

#### *Actuarial Assumptions*

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.50%
Salary Scale	3.8%, indexed by service
Investment rate of return	7.0% compounded annually, net of expenses
Decrement	Based on FY 2011-2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected 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 the target asset allocation percentage and by adding expected inflation.

#### *Investment Asset Allocation*

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	<u>100.00%</u>	

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 9 - New York State Retirement System - Continued

#### *Discount Rate*

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (asset)	\$ 2,365,336	\$ 1,048,962	\$ (63,315)
Proprietary activities	\$ 1,300,935	\$ 576,929	\$ (34,823)
Governmental activities	1,064,401	472,033	(28,492)
	\$ 2,365,336	\$ 1,048,962	\$ (63,315)

#### *Pension Plan Fiduciary Net Position*

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

Employers' total pension liability	\$ 172,303,544
Plan net position	(156,253,265)
Employers' net pension liability	\$ 16,050,279
Ratio of plan net position to the employers' total pension liability	90.7%

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 10 - Other Postemployment Benefits (OPEB)

#### *Plan Overview*

The Village provides certain health benefits subsequent to employment for eligible retirees. Effective March 30, 2007, the service requirement for a receipt of health insurance in retirement is five consecutive years of service with the Village (ten years for all employees hired on or after March 30, 2007), and the employee must either: 1) continue to be employed by the Village on the last date immediately prior to retirement into the Plan; or 2) have been employed by the Village as his/her last public sector employer, and have continuously self-paid his/her health insurance premiums to, and remained enrolled in the Village's health insurance plan between the last date of service with the Village and the date of vesting receipt of benefits from the Plan, whichever is applicable, as set forth in the Plan Rules and Regulations (Part 256).

	<u>Number of Subscribers</u>
Active	30
Retired	19
Deceased	<u>2</u>
Total	<u><u>51</u></u>

#### *Contributions*

The Village has agreed to contribute a payment of 50% for individual coverage and 35% for family coverage, toward all retirees' hospitalization insurance premium costs for eligible retirees. The Village contributes 100% of the premium payments for individual or family coverage for all employees covered by Article III(4)(b) during the employee's retirement.

#### *Funding Policy*

The contribution requirements of plan members and the Village are established and may be amended by the Village Board. The Village is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended May 31, 2016, the Village paid approximately \$282,300 on behalf of the plan members.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 10 - Other Postemployment Benefits (OPEB) - Continued

#### *Annual OPEB Cost and Net OPEB Obligation*

The annual required contribution (ARC) represents a level of funding, that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Amounts "required" but not actually set aside to pay for these benefits are accumulated with interest as part of the net OPEB obligation, after adjusting for amounts previously "required." The Village's actual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the Village's OPEB obligation to the plan for the year ended May 31, 2016, are as follows:

Annual required contribution (ARC)	\$ 775,896
Interest on net OPEB obligation (NOO)	31,936
Adjustment to ARC	<u>(45,216)</u>
Annual OPEB cost	762,616
Contributions made	<u>(282,329)</u>
Increase	480,287
NOO at beginning of year	<u>2,778,434</u>
NOO at end of year	<u><u>\$ 3,258,721</u></u>
Actuarial accrued liability	\$ 6,879,536
Funded OPEB plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 6,879,536</u></u>
Funded ratio	0%
Covered payroll	\$ 1,697,304
UAAL as a percentage of covered payroll	405.32%

#### *Actuarial Methods and Assumptions*

Assumptions	Factor
Age adjusted factor	1.525
Average retirement age	63
Future contribution strategy	Remain a level % of the total cost over time
Community rating	No
Actuarial cost method	Entry age
Amortization method	Level of percent of payroll amortization
Assets backing OPEB liability	\$-0-
Employer asset return	0.00%
Discount rate	2.50%
Projected salary increases	2.10%
Amortization period	30
Participant percent	100.00%
UAL and ARC	Calculated using the alternative measurement method in accordance with GASB methodology
Mortality table	RP2000 mortality table or males and females projected ten years
Turnover assumption	Standard turnover assumptions - GASB 45 paragraph 35b

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### **Note 10 - Other Postemployment Benefits (OPEB) - Continued**

#### *Actuarial Methods and Assumptions - Continued*

The actuarial assumptions used to establish retiree contribution rates include trend rates of annual healthcare costs of 8.0% for medical, 8.0% for pharmacy, 3.5% for dental, and 3% for vision for the first fiscal year in the valuation declining each year to an ultimate trend rate of 4.7% for both medical and pharmacy and 3.0% for dental.

### **Note 11 - Volunteer Firefighter Service Award Program**

The Village sponsors, and is the program administrator, for a volunteer firefighter service awards program for the Village of Greenport Fire Department. The Village's financial statements are for the year ended May 31, 2016. However, the information maintained in this note is based on information for the Length of Service Awards Program for the plan year ended December 31, 2015. The actuarial calculations are as of January 1, 2015, using the beginning of the year valuation method.

#### *Length of Service Awards Program (LOSAP)*

A defined benefit service awards program for the active members of the Village of Greenport Fire Department was established effective January 1, 1994. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded, deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program.

Under Section 457(e)(11) of the Internal Revenue Code, Service Awards Programs for volunteer firefighters and EMS volunteers are referred to as LOSAP.

#### *Defined Benefit Program Description*

##### *a. Participation, Vesting, and Service Credit*

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is 65. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of this program. Participants who become unable to earn 50 points per year due to an injury sustained while performing a line of duty activity covered by the Volunteer Firefighters Benefit Law will be credited with five points for each full month during which they are disabled.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 11 - Volunteer Firefighter Service Award Program - Continued

#### *Defined Benefit Program Description - Continued*

##### *b. Benefits*

A participant's service award benefit is paid as a ten-year guaranteed monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of service credit earned under the point system. The maximum number of years of service credit a participant may earn is twenty years under the program. Currently, there is one other form of payment of a volunteer's earned service award under the program (an actuarially equivalent lump sum). Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age and beginning to be paid a service award continue to have the opportunity to earn program credit and to thereby increase their service award payments.

The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement (the minimum death benefit payable is \$10,000 if the participant was an active volunteer at death). The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self-insured" and are paid from the program trust fund.

For a complete explanation of the defined benefit program, see the Program Document, a copy of which is available from the Village Attorney.

##### *c. Funding Methodology and Actuarial Assumptions*

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the aggregate cost method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments - Actuarial Valuation Assumptions	5.50%
--	-------

#### Tables used for:

Post Entitlement Age mortality	1994 Uninsured Pensioner Male Mortality Table projected with scale AA to 2007
Disability	None
Withdrawal	None
Death (active)	None

#### *Fiduciary Investment and Control*

After the end of each calendar year, the fire department prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year indicating which volunteers earned 50 points. The certified lists are delivered to the Village for the Village Board's review and approval. The fire department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Village Board.

The Village Board has retained Penflex, Inc. to assist in the administration of the program. The services provided by Penflex, Inc. are described in an agreement between Penflex, Inc. and the Village, which is available at the Village Attorney's office.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 11 - Volunteer Firefighter Service Award Program - Continued

*c. Funding Methodology and Actuarial Assumptions - Continued*

*Fiduciary Investment and Control - Continued*

Based on the certified calendar year volunteer firefighter listings, Penflex, Inc. determines and certifies in writing to the Village the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the Village Board then authorizes, in writing, the custodian of the Village's LOSAP trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. and the written directive from the authorized representative of the Village Board.

Penflex, Inc. bills the Village for the services it provides. Invoices are authorized for payment by the Village in the same manner as any other invoice presented to the Village for payment. The Village pays Penflex, Inc.'s invoices from the LOSAP trust fund, in which case the Village reimburses the trust fund for the amounts paid to Penflex, Inc. to provide services for the defined benefit program (there is no reimbursement for Penflex, Inc.'s administrative costs paid under the defined contribution program).

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The Village Board created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Village Attorney. The Village Board is the program trustee.

Authority to invest program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with the written investment policy statement adopted by the Village Board.

The Village Board has retained RBC Wealth Management to provide investment management and custodial services.

The Village Board is required to retain an actuary to determine the amount of the Village's contributions to the plan. The actuary retained by the Village for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated September 19, 2016.

#### Program Financial Condition

##### Assets and Liabilities

Actuarial present value of accrued service awards as of December 31, 2015			<u>\$ 3,296,292</u>
Less assets available for benefits as of December 31, 2015			
Cash and money market	4.45%	\$ 103,654	
U.S. equities	15.51%	360,836	
International equities	15.34%	356,947	
Fixed income	45.01%	1,047,197	
Mixed assets	19.50%	453,614	
Other assets	0.19%	4,471	
Total net assets available for benefits	<u>100.00%</u>	<u>2,326,719</u>	
Unfunded normal benefits			<u>\$ 969,573</u>

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### Note 11 - Volunteer Firefighter Service Award Program - Continued

#### *c. Funding Methodology and Actuarial Assumptions - Continued*

#### *Fiduciary Investment and Control - Continued*

#### **Receipts and Disbursements**

Plan net assets, <i>beginning of year</i>		\$2,356,456
Change during the year:		
+ Plan contributions	\$ 260,000	
+ Investment income earned	76,463	
- Investment expense	(17,636)	
+/- Changes in fair value of investments	(173,109)	
- Plan benefits withdrawals and fees	(175,455)	<u>(29,737)</u>
Plan net assets, <i>end of year</i>		<u>\$2,326,719</u>

#### **Contributions**

Amount of Fire District's contribution recommended by actuary for calendar year 2015	\$ 260,000
Amount of Fire District's actual contribution for calendar 2015	260,000

#### *Prior Service Costs*

Prior service costs have been amortized and paid.

### Note 12 - Commitments, Contingencies, Risks, and Uncertainties

#### *a. Power Supply and Transmission Contracts*

Electric power distributed by the Electric Fund is obtained from NYPA under a supply contract which expires during 2025. The Electric Fund is entitled to a specific amount of kilowatts of firm hydroelectric power and associated energy. Demand, energy, and transmission charges under this contract are subject to change and approval of regulatory authorities. There are no minimum capacity or other fixed charge components to this contract.

During 1997, the Electric Fund entered into an agreement with Consolidated Edison Company of New York, Inc. (Con Edison), whereby Con Edison would provide the Electric Fund with firm point-to-point transmission service for the transmission of energy purchased from NYPA. Under the agreement, the Electric Fund is required to notify Con Edison each year with a maximum amount of transmission capacity it will require in the succeeding year.

#### *b. Grant Programs*

The Village has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on past audits, the Village believes disallowances, if any, will be immaterial.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### **Note 12 - Commitments, Contingencies, Risks, and Uncertainties - Continued**

#### *c. Certiorari Proceedings*

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2016, which could affect future operating budgets of the Village.

#### *d. Risk and Uncertainties*

The Electric Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions, weather, and natural disaster disruptions; collective bargaining labor disputes, and governmental regulation.

The Village's LOSAP invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes in the values could materially affect plan balances and the amounts reported in the balance sheet.

#### *e. Environmental Risks*

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Village expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Village. The Village believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

#### *f. Pending Litigation*

The Village is involved in certain suits and claims arising from a variety of sources. It is the opinion of counsel and management that the liabilities that may arise from such actions would be covered by the Village's insurance carrier or would not result in losses that would materially affect the financial position of the Village or the results of its operations.

### **Note 13 - Accounting Pronouncements Issued But Not Yet Implemented**

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015.

# Incorporated Village of Greenport, New York

## Notes to Financial Statements May 31, 2016

### **Note 13 - Accounting Pronouncements Issued But Not Yet Implemented - Continued**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. GASB 75 establishes financial reporting standards for other postemployment benefits ("OPEB") plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures*. GASB 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by government, other than to abate taxes, as part of a tax abatement agreement.

The requirements of GASB 77 are effective for financial statement periods beginning after December 15, 2015.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68 and No. 73*. The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016.

Management has not estimated the extent of potential impact of these statements on the Village's financial statements.

# Incorporated Village of Greenport, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

	Year Ended May 31, 2016			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real property taxes	\$ 1,035,000	\$ 1,035,000	\$ 1,034,860	\$ (140)
Real property tax items	9,180	9,180	63,747	54,567
Departmental income	1,090,575	1,164,592	1,076,533	(88,059)
Intergovernmental charges	748,783	748,783	834,958	86,175
Rental of real property	825,000	825,000	913,444	88,444
Use of money and property	3,500	3,500	2,697	(803)
Licenses and permits	20,000	20,000	40,448	20,448
Miscellaneous local sources	81,125	93,125	393,515	300,390
Other revenues	118,600	118,600	95,693	(22,907)
State aid	91,027	91,027	90,361	(666)
Federal aid	-	-	153,095	153,095
Total revenues	4,022,790	4,108,807	4,699,351	590,544
<b>EXPENDITURES</b>				
General government support	474,345	518,281	416,785	101,496
Public safety	1,102,525	1,727,724	1,441,437	286,287
Health	3,935	3,935	3,587	348
Transportation	689,404	685,814	651,163	34,651
Culture and recreation	787,210	899,607	1,066,466	(166,859)
Home and community services	222,401	451,586	170,537	281,049
Employee benefits	639,260	639,260	552,489	86,771
Debt service				
Principal	325,000	325,000	453,500	(128,500)
Interest	64,400	64,400	60,841	3,559
Total expenditures	4,308,480	5,315,607	4,816,805	498,802
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(285,690)</b>	<b>(1,206,800)</b>	<b>(117,454)</b>	<b>1,089,346</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated interfund transfer in	310,225	310,225	118,600	(191,625)
Appropriated interfund transfer out	-	(573,812)	(683,999)	(110,187)
Total other financing sources (uses)	310,225	(263,587)	(565,399)	(301,812)
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ 24,535</b>	<b>\$ (1,470,387)</b>	(682,853)	<b>\$ 787,534</b>
<b>FUND BALANCE, beginning of year</b>			3,062,567	
<b>FUND BALANCE, end of year</b>			<b>\$ 2,379,714</b>	

# Incorporated Village of Greenport, New York

## Required Supplementary Information Schedule of Funding Progress - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
5/31/2016	\$ -	\$ 6,879,536	\$ 6,879,536	0.00%	\$ 1,697,304	405.32%

# Incorporated Village of Greenport, New York

## Required Supplementary Information Schedule of Proportionate Share of Net Pension Liability

New York State and Local Employees' Retirement System	May 31, 2016
Village's proportion of the net pension liability	0.0065355%
Village's proportionate share of the net pension liability	\$ 1,048,963
Village's covered-employee payroll	\$ 1,697,221
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.80%
Plan fiduciary net position as a percentage of the total pension liability	97.95%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

## Incorporated Village of Greenport, New York

### Required Supplementary Information Schedule of Pension Contributions

	May 31,				
	2016	2015	2014	2013	2012
Contractually required contribution	\$ 273,582	\$ 286,427	\$ 302,953	\$ 306,161	\$ 206,091
Contributions in relation to the contractually required contribution	273,582	286,427	302,953	306,161	206,091
Contribution deficiency (excess)	-	-	-	-	-
Village's covered-employee payroll	1,697,221	1,763,872	1,717,677	1,704,229	1,506,103
Contributions as a percentage of covered-employee payroll	16.12%	16.24%	17.64%	17.96%	13.68%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*