



INCORPORATED VILLAGE OF GREENPORT, NEW YORK

FINANCIAL REPORT

May 31, 2013

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

FINANCIAL REPORT

May 31, 2013

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	15
Statement of Net Position - Enterprise Funds	16
Statement of Revenues, Expenditures and Changes in Net Position - Enterprise Funds	17
Statement of Cash Flows - Enterprise Funds	18
Statement of Net Position - Fiduciary Fund	19
Notes to Financial Statements	20-41
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	42
Schedule of Funding Progress - Other Postemployment Benefits	43

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, 2013, 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.

Opinions

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, 2013, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 3 through 9 and 42 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Greenport, New York's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, 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.

Bollam Sheedy Torani & Co. LLP

Albany, New York
December 17, 2013

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2013

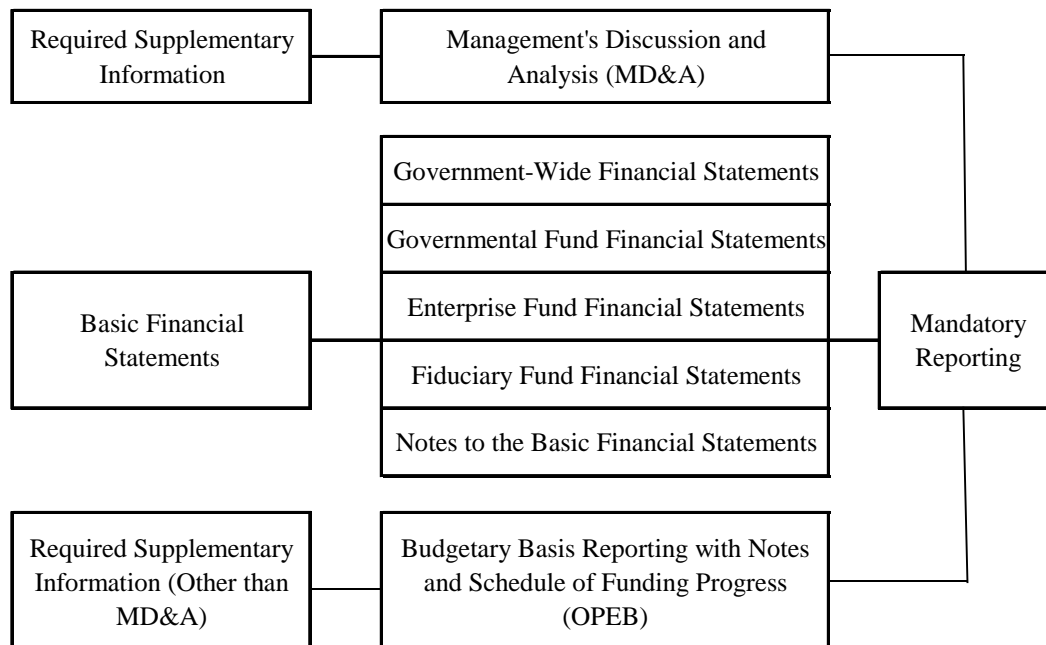
As management of the Village of Greenport, New York (Village), we offer the readers of the Village's financial statements this narrative overview and analysis as of May 31, 2013. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 10 through 41 and our supplementary information which can be found on pages 42 and 43 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the Village exceeded its liabilities on May 31, 2013, by \$21,468,222 representing net position. Of this amount, \$15,448,947 represents the Village's net investment in capital assets (capital assets, less long-term liabilities used to acquire capital assets), and \$2,917,954 is restricted for future capital improvements, debt service, and other purposes. The remaining amount, which represents unrestricted net position, is \$3,101,321.
- At May 31, 2013, the Village's governmental funds reported a combined ending fund balance of \$2,970,926. Of this amount, \$1,847,833 of the fund balance was nonspendable, restricted, or assigned for specific purposes. The combined unrestricted unassigned fund balance was \$1,123,093.
- At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,308,093.

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 (U.S. GAAP):



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 and liabilities, 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.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Statements - Continued

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 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 and economic development, culture and recreation, and home and community services. The business-type activities of the Village include the recreation, electric, water and sewer services.

The government-wide financial statements can be found on pages 10 and 11 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.

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 12 through 15 of this report.

Proprietary funds. The Village maintains enterprise 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 Recreation, 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 16 through 18 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 statements can be found on page 19 of this report.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

**MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

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 20 through 41 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 \$21,468,222 at May 31, 2013.

By far, the largest portion, \$15,448,947, of the Village's net position (72%) reflects its investment in capital assets (i.e., land, buildings, improvements, infrastructure, work-in-progress, 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.

CONDENSED STATEMENTS OF NET POSITION

The Village experienced an increase in net position during 2013 totaling \$424,411.

Table 1 - Net Position as of May 31, 2013 and 2012.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
ASSETS						
Cash and equivalents	\$ 2,197,355	\$ 1,801,481	\$ 2,416,048	\$ 2,312,953	\$ 4,613,403	\$ 4,114,434
Cash and cash equivalents, restricted	1,559,684	1,739,574	1,463,952	1,243,587	3,023,636	2,983,161
Receivables, net of uncollectibles	220,363	270,389	630,158	607,523	850,521	877,912
Inventories	-	-	176,676	165,804	176,676	165,804
Prepaid expenses	85,473	80,543	197,949	58,383	283,422	138,926
Due from other governments	112,810	11,347	79,202	8,509	192,012	19,856
Due from fiduciary funds	36,441	214,190	21,533	21,670	57,974	235,860
Internal balances	(105,650)	(5,157)	105,650	5,157	-	-
Total non-capital assets	4,106,476	4,112,367	5,091,168	4,423,586	9,197,644	8,535,953
Capital assets, net	1,959,915	1,851,079	22,313,643	22,188,019	24,273,558	24,039,098
Total assets	6,066,391	5,963,446	27,404,811	26,611,605	33,471,202	32,575,051
LIABILITIES						
Accounts payable and other current liabilities	293,766	158,869	203,970	348,318	497,736	507,187
Interest payable	2,141	2,141	36,262	53,736	38,403	55,877
Unearned revenues	636,956	654,708	57,206	45,943	694,162	700,651
Bond anticipation notes payable	185,000	54,000	1,930,000	2,405,000	2,115,000	2,459,000
Due to NYS retirement system	19,828	16,841	88,031	29,071	107,859	45,912
Due to other governments	-	26,691	37,526	34,789	37,526	61,480
Customer deposits	-	-	105,682	103,534	105,682	103,534
Long-term liabilities						
Due within one year	107,340	106,700	515,660	729,300	623,000	836,000
Due in more than one year						
Bonds payable	563,000	642,100	3,750,000	4,118,900	4,313,000	4,761,000
State loan payable	-	-	1,773,611	964,173	1,773,611	964,173
Compensated absences	68,475	62,129	102,119	92,750	170,594	154,879
Other postemployment liability	513,930	296,817	1,012,477	584,730	1,526,407	881,547
Total liabilities	2,390,436	2,020,996	9,612,544	9,510,244	12,002,980	11,531,240

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

**MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS - Continued

Government-Wide Financial Analysis - Continued

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
NET POSITION						
Invested in capital assets, net of related debt	1,104,575	1,102,279	14,344,372	14,934,819	15,448,947	16,037,098
Restricted for						
Capital improvements	416,598	225,468	1,358,270	1,140,053	1,774,868	1,365,521
Debt service	1,143,086	1,514,106	-	-	1,143,086	1,514,106
Unrestricted	1,011,696	1,100,597	2,089,625	1,026,489	3,101,321	2,127,086
Total net position	\$ 3,675,955	\$ 3,942,450	\$ 17,792,267	\$ 17,101,361	\$ 21,468,222	\$ 21,043,811

Governmental activities. Governmental activities decreased the Village's net position by \$266,495, while business-type activities increased net position by \$690,906. The following chart shows the expenses and program revenues of the various governmental activities:

Table 2 - Changes in Net Position for the Fiscal Years Ended May 31, 2013 and 2012.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues						
Charges for services	\$ 1,524,201	1,834,067	\$ 6,147,181	\$ 5,658,084	\$ 7,671,382	\$ 7,492,151
Operating grants and contributions	897,224	837,325	68,435	-	965,659	837,325
Capital grants and contributions	98,212	61,079	-	5,358,365	98,212	5,419,444
General revenues						
Real property tax and related tax items	1,000,592	1,011,937	-	-	1,000,592	1,011,937
Non-property taxes	-	-	26,984	26,984	26,984	26,984
Other general revenue items	168,886	171,677	5,881	53,132	174,767	224,809
Interest earnings	3,037	7,639	8,228	9,709	11,265	17,348
State aid and mortgage taxes not restricted to specific purposes	53,681	51,555	-	-	53,681	51,555
Total revenues	3,745,833	3,975,279	6,256,709	11,106,274	10,002,542	15,081,553
EXPENSES						
Public safety	1,244,097	909,978	-	-	1,244,097	909,978
Health	4,918	4,439	-	-	4,918	4,439
Transportation	893,300	727,847	-	-	893,300	727,847
Economic opportunity and development	48,877	41,197	-	-	48,877	41,197
Culture and recreation	44,573	433,077	-	-	44,573	433,077
Home and community service	1,100,062	1,060,981	-	-	1,100,062	1,060,981
General government support	497,632	455,198	-	-	497,632	455,198
Electric	-	-	2,985,786	2,770,890	2,985,786	2,770,890
Water	-	-	387,738	360,556	387,738	360,556
Sewer	-	-	1,366,339	1,366,652	1,366,339	1,366,652
Recreation	-	-	1,004,809	909,482	1,004,809	909,482
Total expenses	3,833,459	3,632,717	5,744,672	5,407,580	9,578,131	9,040,297
Increase (decrease) in net position before transfers	(87,626)	342,562	512,037	5,698,694	424,411	6,041,256
Transfers	(178,869)	(458,693)	178,869	458,693	-	-
CHANGES IN NET POSITION	(266,495)	(116,131)	690,906	6,157,387	424,411	6,041,256
NET POSITION, beginning of year	3,942,450	3,826,319	17,101,361	10,943,974	21,043,811	14,770,293
NET POSITION, end of year	\$ 3,675,955	\$ 3,942,450	\$ 17,792,267	\$ 17,101,361	\$ 21,468,222	\$ 21,043,811

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2013

OVERVIEW OF THE FINANCIAL STATEMENTS - 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 No. 45 (GASB 45), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, public safety and transportation, offset by a decrease in culture and recreation. As a result of GASB 45, the Village recorded an expense in governmental activities of \$217,112 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 1.82% during the current fiscal year.

Business-type activities. Business-type activities increased the Village's net position by \$690,906. Net position increased for the Electric Fund, Water Fund, and Recreation Fund by \$394,838, \$62,053, and \$360,946, respectively. Net position decreased in the Sewer Fund by \$129,931. Operating expenses in the Sewer Fund exceeded operating revenues by \$107,825. The Sewer Fund's share of OPEB expense was \$143,785 and depreciation expense was \$255,654. Both of these expenses had no cash impact on the Sewer Fund's operations.

The Recreation Fund requires a transfer of resources from the General Fund to meet its debt service requirements. During the current fiscal year, the General Fund transferred \$293,869 to the Recreation Fund.

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 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 balances of \$2,970,926, a decrease of \$293,638 from the prior year. Out of the total fund balance, \$85,473 is in non-spendable form and, therefore, is not available for new spending, and \$1,559,684 is restricted for future capital improvements. \$202,676 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 \$1,308,093, while total fund balance reached \$2,953,250. 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 49% of total General Fund expenditures, while total fund balance represents 112% of that same amount. The overall fund balance of the Village's General Fund increased by \$69,682 during the current fiscal year.

The difference between the adopted General Fund budget and actual amounts for revenues and transfers-in was \$153,793. 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 out was (\$60,533). The primary cause of the increase is other financing uses of \$178,869, as compared to a budgeted other financing source of \$147,329. This \$326,198 negative variance was offset by lower than expected expenditures of \$266,665.

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, 2013, amounts to \$24,273,558 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, work-in-progress, and infrastructure assets, such as roads, streets, and electrical, sewer and water systems.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

**MANAGEMENT'S DISCUSSION AND ANALYSIS
May 31, 2013**

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

Major capital asset events that occurred during the current fiscal year included the following:

- Completion of the \$8.1 million new Wastewater Treatment Plant.
- Initial upgrade of the Marina Electric Facilities.

Table 3 - Capital assets as of May 31, 2013 and 2012.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 55,223	\$ 55,223	\$ 2,600,462	\$ 2,596,263	\$ 2,655,685	\$ 2,651,486
Buildings	1,429,083	1,427,629	4,729,579	4,244,182	6,158,662	5,671,811
Machinery and equipment	3,730,124	3,643,432	7,381,292	7,350,976	11,111,416	10,994,408
Infrastructure	5,785,103	5,695,120	-	-	5,785,103	5,695,120
Distribution, transmission, and other operational equipment	-	-	17,762,599	9,924,955	17,762,599	9,924,955
Construction in progress	-	-	708,087	8,304,138	708,087	8,304,138
Vehicles	789,779	606,155	615,882	624,382	1,405,661	1,230,537
Total capital	11,789,312	11,427,559	33,797,901	33,044,896	45,587,213	44,472,455
Accumulated depreciation	(9,829,397)	(9,576,480)	(11,484,258)	(10,856,877)	(21,313,655)	(20,433,357)
Total capital assets, net of depreciation	\$ 1,959,915	\$ 1,851,079	\$ 22,313,643	\$ 22,188,019	\$ 24,273,558	\$ 24,039,098

Additional information on the Village's capital assets can be found in Note 1k on page 24 and Note 3 on pages 28 and 29 of this report.

Long-Term Debt. At the end of the current fiscal year, the Village had total bonded debt outstanding of \$4,936,000. This entire amount comprises debt backed by the full faith and credit of the Village. Additionally, the Village has taken out a loan payable from the New York State Environmental Facilities Corporation, totaling \$1,773,661 as of May 31, 2013. The loan is a 0% short-term instrument that will convert to 0% long term debt in December 2013, for the construction of the Village's new Wastewater Treatment Facility.

The Village has outstanding bond anticipation notes (BANs) payable in the Capital Projects Fund and Electric Fund of \$185,000 and \$1,930,000, respectively. It is the Village's intent to refinance substantially all BANs on a long-term basis.

The Village maintains an "Aa2" 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 \$31,775,677, which is significantly in excess of the Village's outstanding general obligation debt.

The Village participates in the New York State and Local Retirement Systems for its employees (ERS).

Additional information on the Village's long-term debt can be found in Note 6 on pages 30 through 31 of this report.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2013

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's residential and commercial tax base increased at a rate of .1% in 2013. 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

	May 31, 2013		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and equivalents	\$ 2,197,355	\$ 2,416,048	\$ 4,613,403
Cash and cash equivalents, restricted	1,559,684	1,463,952	3,023,636
Receivables, net of uncollectibles	220,363	630,158	850,521
Inventories	-	176,676	176,676
Prepaid expenses	85,473	197,949	283,422
Due from other governments	112,810	79,202	192,012
Due from fiduciary funds	36,441	21,533	57,974
Internal balances	(105,650)	105,650	-
Capital assets, net	1,959,915	22,313,643	24,273,558
Total assets	6,066,391	27,404,811	33,471,202
 LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable and other current liabilities	293,766	203,970	497,736
Interest payable	2,141	36,262	38,403
Unearned revenues	636,956	57,206	694,162
Bond anticipation notes payable	185,000	1,930,000	2,115,000
Due to NYS retirement system	19,828	88,031	107,859
Due to other governments	-	37,526	37,526
Customer deposits	-	105,682	105,682
Long-term liabilities			
Due within one year	107,340	515,660	623,000
Due in more than one year			
Bonds payable	563,000	3,750,000	4,313,000
State loan payable	-	1,773,611	1,773,611
Compensated absences	68,475	102,119	170,594
Other postemployment liability	513,930	1,012,477	1,526,407
Total liabilities	2,390,436	9,612,544	12,002,980
 NET POSITION			
Net investment in capital assets	1,104,575	14,344,372	15,448,947
Restricted for			
Capital improvements	416,598	1,358,270	1,774,868
Debt service	1,143,086	-	1,143,086
Unrestricted	1,011,696	2,089,625	3,101,321
Total net position	\$ 3,675,955	\$ 17,792,267	\$ 21,468,222

The accompanying Notes to Financial Statements are an integral part of these statements.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

STATEMENT OF ACTIVITIES

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
GOVERNMENTAL ACTIVITIES							
Public safety	\$ 1,244,097	\$ 692,813	\$ 146,369	\$ -	\$ (404,915)	\$ -	\$ (404,915)
Health	4,918	-	-	-	(4,918)	-	(4,918)
Transportation	893,300	-	-	57,780	(835,520)	-	(835,520)
Economic opportunity and development	48,877	-	-	-	(48,877)	-	(48,877)
Culture and recreation	44,573	55,071	-	-	10,498	-	10,498
Home and community service	1,100,062	-	750,855	-	(349,207)	-	(349,207)
General government support	463,112	776,317	-	40,432	353,637	-	353,637
Interest on long-term debt	34,520	-	-	-	(34,520)	-	(34,520)
Total governmental activities	<u>3,833,459</u>	<u>1,524,201</u>	<u>897,224</u>	<u>98,212</u>	<u>(1,313,822)</u>	<u>-</u>	<u>(1,313,822)</u>
BUSINESS-TYPE ACTIVITIES							
Electric	2,985,786	3,396,595	68,435	-	-	479,244	479,244
Water	387,738	447,015	-	-	-	59,277	59,277
Sewer	1,366,339	1,231,685	-	-	-	(134,654)	(134,654)
Recreation	1,004,809	1,071,886	-	-	-	67,077	67,077
Total business-type activities	<u>5,744,672</u>	<u>6,147,181</u>	<u>68,435</u>	<u>-</u>	<u>-</u>	<u>470,944</u>	<u>470,944</u>
Total government	<u>\$ 9,578,131</u>	<u>\$ 7,671,382</u>	<u>\$ 965,659</u>	<u>\$ 98,212</u>	<u>(1,313,822)</u>	<u>470,944</u>	<u>(842,878)</u>
GENERAL REVENUES							
Real property tax and related tax items					1,000,592	-	1,000,592
Non-property taxes					-	26,984	26,984
Other general revenue items					168,886	5,881	174,767
Interest earnings					3,037	8,228	11,265
State aid and mortgage taxes not restricted to specific purposes					53,681	-	53,681
Total general revenues					<u>1,226,196</u>	<u>41,093</u>	<u>1,267,289</u>
TRANSFERS							
Transfer from governmental to business-type activities					<u>(178,869)</u>	<u>178,869</u>	<u>-</u>
Total general revenues and transfers					<u>1,047,327</u>	<u>219,962</u>	<u>-</u>
CHANGE IN NET POSITION					(266,495)	690,906	424,411
NET POSITION, beginning of year					<u>3,942,450</u>	<u>17,101,361</u>	<u>21,043,811</u>
NET POSITION, end of year					<u>\$ 3,675,955</u>	<u>\$ 17,792,267</u>	<u>\$ 21,468,222</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS

	May 31, 2013					
	<u>General</u>	<u>Community Development</u>	<u>Housing Authority</u>	<u>Capital Projects</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$ 1,909,007	\$ 126,616	\$ 56,112	\$ 105,620	\$ -	\$ 2,197,355
Cash and cash equivalents, restricted	1,559,684	-	-	-	-	1,559,684
Accounts receivable	214,149	-	6,214	-	-	220,363
Due from other governments	72,378	-	-	40,432	-	112,810
Due from other funds	87,238	3,763	-	17	(54,577)	36,441
Prepaid expenses	85,473	-	-	-	-	85,473
	<u>\$ 3,927,929</u>	<u>\$ 130,379</u>	<u>\$ 62,326</u>	<u>\$ 146,069</u>	<u>\$ (54,577)</u>	<u>\$ 4,212,126</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 212,245	\$ 1,675	\$ 2,252	\$ 77,594	\$ -	\$ 293,766
Bond anticipation notes payable	-	-	-	185,000	-	185,000
Due to NYS Retirement System	19,828	-	-	-	-	19,828
Due to other funds	105,650	-	12,733	41,844	(54,577)	105,650
Unearned revenue	636,956	-	-	-	-	636,956
	<u>974,679</u>	<u>1,675</u>	<u>14,985</u>	<u>304,438</u>	<u>(54,577)</u>	<u>1,241,200</u>
FUND BALANCE						
Nonspendable	85,473	-	-	-	-	85,473
Restricted	1,559,684	-	-	-	-	1,559,684
Assigned	-	128,704	47,341	26,631	-	202,676
Unassigned	1,308,093	-	-	(185,000)	-	1,123,093
Total fund balance	<u>2,953,250</u>	<u>128,704</u>	<u>47,341</u>	<u>(158,369)</u>	<u>-</u>	<u>2,970,926</u>
	<u>\$ 3,927,929</u>	<u>\$ 130,379</u>	<u>\$ 62,326</u>	<u>\$ 146,069</u>	<u>\$ (54,577)</u>	<u>\$ 4,212,126</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

	<u>May 31, 2013</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 2,970,926
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.	1,959,915
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(670,340)
Compensated absences	(68,475)
Accrued interest	(2,141)
Other postemployment benefits	<u>(513,930)</u>
Total net position, end of year	<u>\$ 3,675,955</u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS**

	Year Ended May 31, 2013				Total
	General	Community Development	Housing Authority	Capital Projects	
REVENUES					
Real property taxes	\$ 1,000,529	\$ -	\$ -	\$ -	\$ 1,000,529
Real property tax items	63	-	-	-	63
Departmental revenues	7,391	55,071	-	-	62,462
Intergovernmental charges	692,813	-	-	-	692,813
Use of money and property	771,762	58	48	95	771,963
Licenses and permits	22,060	-	-	-	22,060
Miscellaneous local sources	50,420	500	3,781	166	54,867
Other revenues	91,959	-	-	-	91,959
State aid	111,461	-	-	40,432	151,893
Federal aid	146,369	-	750,855	-	897,224
Total revenues	2,894,827	55,629	754,684	40,693	3,745,833
EXPENDITURES					
General government support	331,642	-	-	-	331,642
Public safety	900,948	-	-	-	900,948
Health	3,522	-	-	-	3,522
Transportation	639,710	-	-	-	639,710
Economic opportunity and development	-	35,002	-	-	35,002
Culture and recreation	31,920	-	-	-	31,920
Home and community services	106,368	-	953,977	25,717	1,086,062
Employee benefits	426,882	-	-	-	426,882
Capital outlays	-	-	-	228,630	228,630
Debt service					
Principal	170,764	-	-	-	170,764
Interest	34,520	-	-	-	34,520
Total expenditures	2,646,276	35,002	953,977	254,347	3,889,602
Excess (deficiency) of revenues over expenditures	248,551	20,627	(199,293)	(213,654)	(143,769)
OTHER FINANCING SOURCES (USES)					
Bond anticipation notes redeemed from appropriations	-	-	-	29,000	29,000
Operating transfers in	115,000	-	-	-	115,000
Operating transfers out	(293,869)	-	-	-	(293,869)
	(178,869)	-	-	29,000	(149,869)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	69,682	20,627	(199,293)	(184,654)	(293,638)
FUND BALANCE, beginning of year	2,883,568	108,077	246,634	26,285	3,264,564
FUND BALANCE, end of year	\$ 2,953,250	\$ 128,704	\$ 47,341	\$ (158,369)	\$ 2,970,926

The accompanying Notes to Financial Statements are an integral part of these statements.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

**RECONCILIATION THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

May 31, 2013

Net change in fund balances shown for total governmental funds \$ (293,638)

This amount differs from the change in net position shown in the statement of activities because of the following:

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.

Capital expenditures and loss on disposal of capital assets	361,753	
Depreciation expense	<u>(252,917)</u>	108,836

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. (217,113)

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. 141,764

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.

General government support		<u>(6,344)</u>
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Change in net position of governmental activities shown in the statement of activities		<u><u>\$ (266,495)</u></u>
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INCORPORATED VILLAGE OF GREENPORT, NEW YORK

STATEMENT OF NET POSITION - ENTERPRISE FUNDS

	May 31, 2013					
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Sewer Fund</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS						
Current assets						
Cash and cash equivalents	\$ 1,013,623	\$ 554,568	\$ 102,815	\$ 745,042	\$ -	\$ 2,416,048
Cash and cash equivalents, restricted	1,215,250	-	-	248,702	-	1,463,952
Accounts receivable	356,698	104,244	-	169,216	-	630,158
Due from other funds	23,029	135,545	43,504	42,028	(116,923)	127,183
Due from other governments	68,435	-	11,204	-	-	79,639
Inventory	87,713	88,963	-	-	-	176,676
Prepaid expenses	179,417	7,548	5,728	5,256	-	197,949
Total current assets	<u>2,944,165</u>	<u>890,868</u>	<u>163,251</u>	<u>1,210,244</u>	<u>(116,923)</u>	<u>5,091,605</u>
Capital assets, net	<u>5,079,537</u>	<u>754,674</u>	<u>6,861,343</u>	<u>9,618,089</u>	<u>-</u>	<u>22,313,643</u>
Total assets	<u>8,023,702</u>	<u>1,645,542</u>	<u>7,024,594</u>	<u>10,828,333</u>	<u>(116,923)</u>	<u>27,405,248</u>
LIABILITIES						
Current liabilities						
Accounts payable	99,918	8,684	1,902	61,646	-	172,150
Accrued interest payable	17,150	-	6,376	12,736	-	36,262
Accrued payroll related expenses	8,382	1,242	996	4,394	-	15,014
Accrued sales tax payable	16,806	-	-	-	-	16,806
Bond anticipation notes payable	1,930,000	-	-	-	-	1,930,000
Accrued compensated absences	36,323	10,943	20,486	34,367	-	102,119
Customer deposits	105,682	-	-	-	-	105,682
Due to other funds	114,234	20	-	3,106	(116,923)	437
Due to other governments	-	37,526	-	-	-	37,526
Due to NYS Retirement System	72,994	3,577	4,177	7,283	-	88,031
Unearned revenues	-	59	57,107	40	-	57,206
Bonds payable, due in one year	170,360	-	297,300	48,000	-	515,660
Total current liabilities	<u>2,571,849</u>	<u>62,051</u>	<u>388,344</u>	<u>171,572</u>	<u>(116,923)</u>	<u>3,076,893</u>
Noncurrent liabilities						
State loan payable	-	-	-	1,773,611	-	1,773,611
Bonds payable	797,000	-	2,550,000	403,000	-	3,750,000
Other postemployment benefits	516,375	85,359	70,373	340,370	-	1,012,477
Total noncurrent liabilities	<u>1,313,375</u>	<u>85,359</u>	<u>2,620,373</u>	<u>2,516,981</u>	<u>-</u>	<u>6,536,088</u>
Total liabilities	<u>3,885,224</u>	<u>147,410</u>	<u>3,008,717</u>	<u>2,688,553</u>	<u>(116,923)</u>	<u>9,612,981</u>
NET POSITION						
Net investment in capital assets	2,182,177	754,674	4,014,043	7,393,478	-	14,344,372
Restricted						
Capital improvements	1,109,568	-	-	248,702	-	1,358,270
Unrestricted	846,733	743,458	1,834	497,600	-	2,089,625
Total net position	<u>\$ 4,138,478</u>	<u>\$ 1,498,132</u>	<u>\$ 4,015,877</u>	<u>\$ 8,139,780</u>	<u>\$ -</u>	<u>\$ 17,792,267</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION - ENTERPRISE FUNDS**

	Year Ended May 31, 2013				
	Electric Fund	Water Fund	Recreation Fund	Sewer Fund	Total
OPERATING REVENUES					
Charges for services	\$ 3,396,595	\$ 447,015	\$ 1,071,886	\$ 1,231,685	\$ 6,147,181
OPERATING EXPENSES					
Personal services	504,675	102,913	305,870	408,469	1,321,927
Employee benefits	460,477	83,466	97,233	211,567	852,743
Other postemployment benefits	218,148	36,080	29,734	143,785	427,747
Contractual expenses					
Administration and other government support	110,641	8,886	5,812	18,280	143,619
Insurance	58,176	8,350	16,187	13,593	96,306
Services, supplies, and operations	1,346,783	127,921	376,434	288,162	2,139,300
Depreciation	202,335	20,122	157,769	255,654	635,880
Amortization expense	29,510	-	-	-	29,510
Total operating expenses	<u>2,930,745</u>	<u>387,738</u>	<u>989,039</u>	<u>1,339,510</u>	<u>5,647,032</u>
Operating income (loss)	<u>465,850</u>	<u>59,277</u>	<u>82,847</u>	<u>(107,825)</u>	<u>500,149</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	594	7,195	-	439	8,228
Other revenue	-	5,581	-	300	5,881
Sales tax revenues	-	-	-	26,984	26,984
State and Federal aid	68,435	-	-	-	68,435
Interest expense	(55,041)	-	(15,770)	(26,829)	(97,640)
Total nonoperating revenues (expenses)	<u>13,988</u>	<u>12,776</u>	<u>(15,770)</u>	<u>894</u>	<u>11,888</u>
Income (loss) before transfers	<u>479,838</u>	<u>72,053</u>	<u>67,077</u>	<u>(106,931)</u>	<u>512,037</u>
TRANSFERS					
Operating transfers in	-	-	293,869	-	293,869
Operating transfers out	(85,000)	(10,000)	-	(20,000)	(115,000)
	<u>(85,000)</u>	<u>(10,000)</u>	<u>293,869</u>	<u>(20,000)</u>	<u>178,869</u>
Increase (decrease) in net position	<u>394,838</u>	<u>62,053</u>	<u>360,946</u>	<u>(126,931)</u>	<u>690,906</u>
NET POSITION, beginning of year	<u>3,743,640</u>	<u>1,436,079</u>	<u>3,654,931</u>	<u>8,266,711</u>	<u>17,101,361</u>
NET POSITION, end of year	<u>\$ 4,138,478</u>	<u>\$ 1,498,132</u>	<u>\$ 4,015,877</u>	<u>\$ 8,139,780</u>	<u>\$ 17,792,267</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

	Year Ended May 31, 2013				
	<u>Electric Fund</u>	<u>Water Fund</u>	<u>Recreation Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Cash received from providing services	\$ 3,394,589	\$ 444,565	\$ 1,071,886	\$ 1,243,787	\$ 6,154,827
Cash payments for contractual expenses	(1,677,137)	(116,669)	(490,256)	(454,844)	(2,738,906)
Cash payments for personal services and benefits	(965,152)	(186,379)	(403,103)	(620,036)	(2,174,670)
	<u>752,300</u>	<u>141,517</u>	<u>178,527</u>	<u>168,907</u>	<u>1,241,251</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES					
Other revenues	-	5,581	-	300	5,881
Sales tax revenues	-	-	-	26,984	26,984
Transfers from governmental activities	-	-	293,869	-	293,869
Transfers to governmental activities	(85,000)	(10,000)	-	(20,000)	(115,000)
	<u>(85,000)</u>	<u>(4,419)</u>	<u>293,869</u>	<u>7,284</u>	<u>211,734</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from state loans	-	-	-	809,438	809,438
Principal payments on bonds and BANs	(182,640)	-	(378,900)	(496,000)	(1,057,540)
Interest expense	(55,041)	-	(15,770)	(26,829)	(97,640)
Acquisition of capital assets	(230,221)	(25,613)	(21,178)	(514,999)	(792,011)
	<u>(467,902)</u>	<u>(25,613)</u>	<u>(415,848)</u>	<u>(228,390)</u>	<u>(1,137,753)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES					
Use of restricted cash	42,679	-	-	223,933	266,612
Interest income	594	7,195	-	439	8,228
	<u>43,273</u>	<u>7,195</u>	<u>-</u>	<u>224,372</u>	<u>274,840</u>
Net increase in cash and cash equivalents	242,671	118,680	56,548	172,173	590,072
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	770,952	435,888	46,267	572,869	1,825,976
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 1,013,623</u>	<u>\$ 554,568</u>	<u>\$ 102,815</u>	<u>\$ 745,042</u>	<u>\$ 2,416,048</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 465,850	\$ 59,277	\$ 82,847	\$ (107,825)	\$ 500,149
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	202,335	20,122	157,769	255,654	635,880
Amortization	29,510	-	-	-	29,510
Change in assets and liabilities					
Prepaid expenses	(138,282)	(209)	(1,004)	(71)	(139,566)
Accounts receivable	(2,006)	(2,509)	-	(18,120)	(22,635)
Inventory	(10,872)	-	-	-	(10,872)
Due from other governments	-	2,737	(11,204)	8,509	42
Accounts payable and accrued expenses	(54,024)	(24)	(34,683)	(131,885)	(220,616)
Due from other funds	(16,284)	24,568	(58,648)	21,753	(28,611)
Unearned revenue	-	59	11,164	40	11,263
Other postemployment benefits	218,148	36,080	29,734	143,785	427,747
Due to NYS retirement system	57,925	1,416	2,552	(2,933)	58,960
	<u>\$ 752,300</u>	<u>\$ 141,517</u>	<u>\$ 178,527</u>	<u>\$ 168,907</u>	<u>\$ 1,241,251</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

STATEMENT OF NET POSITION - FIDUCIARY FUND

	<u>Fiduciary Fund Type</u>
	<u>Trust and Agency</u>
ASSETS	
Cash and cash equivalents	\$ 259,744
Service award assets	2,140,386
Due from other funds	<u>438</u>
	<u>\$ 2,400,568</u>
LIABILITIES	
Due to other funds	\$ 57,974
Agency liabilities	202,208
Service awards program	<u>2,140,386</u>
	<u>\$ 2,400,568</u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

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 account 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. Additional data has been derived from reports prescribed by the Village Treasurer and other Village departments and public benefit corporations based on subsidiary accounting systems.

a. Financial Reporting Entity

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.

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 activities demonstrates the degree to which the direct expenses of a given function or program are 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.

Separate statements are provided for governmental funds, enterprise 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 enterprise funds as major based on qualitative factors.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 enterprise 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).

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 balance - governmental funds, which closely matches the Village's budgetary presentation.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The following are the Village's proprietary funds:

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

Recreation Fund - is primarily supported through charges to customers for use of a marina, carousel, ice-rink, trailer park, and other recreation facilities.

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.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with an Enterprise Fund's principal ongoing operations. Operating expenses for Enterprise 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. Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP and the New York Power Authority (NYPA) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures 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 the general fund, which employs a budgetary process based on the constraints of grant budgets.

The Village employs the following budgetary procedures:

- i. No later than March 15, 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 15, 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.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 an 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, 2013, 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.

Reserved cash and cash equivalents are held by the Electric Fund for the following purposes:

Depreciation Fund - Transfers to this fund may be made up to, but not in excess of, the prior year's depreciation expense and are used for replacements of the utility plant. The balance in the Depreciation Fund was \$556,507 at May 31, 2013.

Customer Deposits Fund - The Electric Fund requires deposits from certain customers prior to providing service. Unused deposits are returned to customers when service is terminated. The balance of the Customer Deposits Fund was \$112,288 at May 31, 2013.

BAN Proceeds - The Electric Fund issued a bond anticipation note in January 2012, and this account holds the used proceeds of \$546,455 at May 31, 2013.

Reserved cash and cash equivalents held by the Sewer Fund represent unspent proceeds from the issuance of two bond anticipation notes, used to help finance the construction of a new sewer plant.

Reserved 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.

g. Investments

The Village's investments consist of securities placed in an irrevocable trust for the Length of Service Awards Program (LOSAP). These investments are held in trust on behalf of the Village by RBC Wealth Management, an outside management company, and consist of 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.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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:

	May 31, 2013
Electric Fund	<u>\$ 182,147</u>
Sewer Fund	<u>\$ 23,890</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 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. Inventories of the Water and Sewer Funds are stated at the lower of average cost or market and include no realization reserve. Inventory 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 market value. There were no obsolete inventory items identified in the Electric Fund as of May 31, 2013.

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

k. Fixed Assets

Governmental Funds

Capital assets in governmental activities consist of land, buildings, machinery and equipment, 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 approved by the Electric Fund. These rates range from 2% to 10.5% per annum and are within the ranges recommended by FERC and NYPA.

Water, Recreation, and Sewer Funds

Capital assets of the Water, Recreation, 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.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

k. Fixed Assets - Continued

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 using the straight-line method. Fixed assets are depreciated over lives ranging from seven to seventy 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 2013.

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

Water Fund	
Plant	40 years
Equipment	5-40 years
Infrastructure	20-100 years
Recreation Fund	
Facilities	5-40 years
Equipment	15-40 years
Sewer Fund	
Plant	40 years
Equipment	5-40 years
Infrastructure	20-100 years
Electric Fund	
Plant	40 years
Equipment	10-50 years

l. 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,</u> <u>2013</u>
Governmental funds	\$ 68,475
Proprietary funds	<u>102,119</u>
	<u><u>\$ 170,594</u></u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

l. Employee Benefits - Continued

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 11). 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 \$300,000 was paid on behalf of 23 retirees. Retiree health insurance contributions are allocated and paid based on each fund's payroll as a percentage of total payroll.

m. 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.

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.

n. 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.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

n. Fund Balance - Continued

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

o. 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.

p. Subsequent Events

The Village has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through December 17, 2013, the date the financial statements were available to be issued.

q. New Accounting Pronouncements

The Village fully adopted GASB Statements No. 60, No. 62, and No. 63 as of May 31, 2013, and there was no significant impact to the financial statements.

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, was established to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnerships. This statement established recognition, measurement, and disclosure requirements for service concession arrangements for both transferors and governmental operators, requiring governments to account for and report service concession arrangements in the same manner.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

r. Early Application of Accounting Pronouncements

Management has elected to early implement the following as of May 31, 2013:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statements element deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements. The statement establishes standards of accounting and financial reporting for debt issuance costs, stating that debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Village administration prepares a proposed budget for approval by the Board of Trustees for the General Fund, the only fund with a legally adopted budget. 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, 2012	Additions	Disposals	Balance at May 31, 2013
Land	\$ 55,223	\$ -	\$ -	\$ 55,223
Buildings	1,427,629	1,454	-	1,429,083
Machinery and equipment	3,643,432	86,692	-	3,730,124
Infrastructure	5,695,120	89,983	-	5,785,103
Vehicles	606,155	183,624	-	789,779
Total capital assets	11,427,559	361,753	-	11,789,312
Accumulated depreciation	(9,576,480)	(252,917)	-	(9,829,397)
Total net capital assets	<u>\$ 1,851,079</u>	<u>\$ 108,836</u>	<u>\$ -</u>	<u>\$ 1,959,915</u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 3 - CAPITAL ASSETS - Continued

A summary of the Proprietary Fund's capital assets is as follows:

	Year Ended May 31, 2013				Total
	Electric Fund	Water Fund	Recreation Fund	Sewer Fund	
Land	\$ 500	\$ -	\$ 2,577,712	\$ 22,250	\$ 2,600,462
Buildings	407,770	-	3,251,449	1,070,360	4,729,579
Machinery and equipment	146,939	536,908	2,958,620	3,738,825	7,381,292
Vehicles	519,610	73,031	-	23,241	615,882
Distribution, transmission, and other operational equipment	7,780,401	808,977	-	9,173,221	17,762,599
Plant in service	8,855,220	1,418,916	8,787,781	14,027,897	33,089,814
Accumulated depreciation	(4,483,770)	(664,242)	(1,926,438)	(4,409,808)	(11,484,258)
Plant in service, net	4,371,450	754,674	6,861,343	9,618,089	21,605,556
Construction in progress	708,087	-	-	-	708,087
Total net utility plant and capital assets	<u>\$ 5,079,537</u>	<u>\$ 754,674</u>	<u>\$ 6,861,343</u>	<u>\$ 9,618,089</u>	<u>\$ 22,313,643</u>

A summary of changes in the Proprietary Fund's capital assets during the year:

	Balance at June 1, 2012	Additions	Retirements or Transfers	Balance at May 31, 2013
Land	\$ 2,596,263	\$ 4,199	\$ -	\$ 2,600,462
Buildings	4,244,182	485,397	-	4,729,579
Machinery and equipment	7,350,976	30,316	-	7,381,292
Vehicles	624,382	-	(8,500)	615,882
Distribution, transmission, and other operational equipment	9,924,955	7,837,644	-	17,762,599
	24,740,758	8,357,556	(8,500)	33,089,814
Accumulated depreciation	(10,856,877)	(635,881)	8,500	(11,484,258)
Plant in service, net	13,883,881	7,721,675	-	21,605,556
Construction in progress	8,304,138	-	(7,596,051)	708,087
Total net utility plant and capital assets	<u>\$ 22,188,019</u>	<u>\$ 7,721,675</u>	<u>\$ (7,596,051)</u>	<u>\$ 22,313,643</u>

The construction-in-progress primarily consists of the electric system upgrades in the Electric Fund, and these projects are anticipated to be complete in fiscal year 2014.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 4 - UNEARNED REVENUE

Unearned revenue consists of the following:

	<u>May 31,</u> <u>2013</u>
General Fund	
East/west fire protection contract	\$ 437,342
Tax sale certificates	<u>199,614</u>
	<u>\$ 636,956</u>
Recreation Fund	
User fees prepaid	<u>\$ 57,107</u>

NOTE 5 - BOND ANTICIPATION NOTES PAYABLE

The following is a summary of BANs payable:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at May 31, 2013</u>
Electric Fund	10/19/2012	10/18/2013	0.82%	\$ 200,000
Electric Fund	1/22/2013	1/22/2014	0.79%	1,730,000
Capital Projects	4/11/2013	4/11/2014	0.95%	<u>185,000</u>
				<u>\$ 2,115,000</u>

Interest expense incurred and paid on the above indebtedness was \$25,443 and \$26,336, respectively, for the year ended May 31, 2013.

NOTE 6 - BONDS PAYABLE

A summary of changes in bonds payable is as follows:

	<u>May 31, 2013</u>				
	<u>General Fund</u>	<u>Recreation Fund</u>	<u>Sewer Fund</u>	<u>Electric Fund</u>	<u>Total</u>
Bonds payable, June 1, 2012	\$ 748,800	\$ 3,226,200	\$ 497,000	\$ 1,125,000	\$ 5,597,000
Issuance	670,340	2,787,300	-	827,360	4,285,000
Repayments	(106,700)	(518,160)	(46,000)	(165,000)	(835,860)
Refundings	<u>(642,100)</u>	<u>(2,648,040)</u>	<u>-</u>	<u>(820,000)</u>	<u>(4,110,140)</u>
Bonds payable, May 31, 2013	<u>\$ 670,340</u>	<u>\$ 2,847,300</u>	<u>\$ 451,000</u>	<u>\$ 967,360</u>	<u>\$ 4,936,000</u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 6 - BONDS PAYABLE - Continued

A summary of the Village's bond issues at May 31, 2013, 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 2.250%	\$ 670,340
Recreation Fund				
2002 Public Improvement Serial Bond	3/2002	10/2015	1.36% to 4.52%	60,000
2012 Public Improvement Serial Bond	6/2012	8/2023	2.00% to 2.75%	2,787,300
				<u>2,847,300</u>
Sewer Fund				
2002 Public Improvement Serial Bond	8/2002	9/2020	1.93% to 5.22%	451,000
Electric Fund				
1998 Public Improvement Serial Bond	3/1998	7/2015	4.00% to 4.80%	140,000
2012 Public Improvement Serial Bond	6/2012	8/2019	2.00% to 2.125%	827,360
				<u>967,360</u>
Total bonds payable				<u>\$ 4,936,000</u>

Interest expense on General Fund debt was \$34,520 for the period ended May 31, 2013. Interest expense on Electric Fund, Recreation Fund, and Sewer Fund debt was \$55,041, \$15,770, and \$26,829, respectively.

The Village had authorized but unissued bonds of approximately \$1,900,000 at May 31, 2013.

In June 2012, the Village issued \$4,285,000 of general obligation refunding bonds to provide resources to purchase U.S. government, state, and local government series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$4,110,000 of Series 2001, 2002, 2004, and 2006 public improvement bonds. As a result, the refunded bonds are considered to be defeased, and the liability was removed from the impacted funds. This advance refunding was undertaken to reduce total debt service payments over the next six years by approximately \$1,438,000, and resulted in an economic gain of approximately \$1,400.

The following is a summary of the future debt service requirements including the results of the refunding discussed above:

	Principal	Interest	Total
For the year ending May 31, 2014	\$ 623,000	\$ 114,855	\$ 737,855
2015	635,000	99,226	734,226
2016	632,000	83,447	715,447
2017	585,000	68,913	653,913
2018	592,000	55,535	647,535
2019 through 2023	1,629,000	125,221	1,754,221
2024 through 2025	240,000	3,300	243,300
	<u>\$ 4,936,000</u>	<u>\$ 550,497</u>	<u>\$ 5,486,497</u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

**NOTES TO FINANCIAL STATEMENTS
May 31, 2013**

NOTE 7 - FUND BALANCE

Fund balance at May 31, 2013, is as follows:

	<u>General</u>	<u>Community Development</u>	<u>Housing Authority</u>	<u>Capital Projects</u>
Restricted				
Nonspendable				
Prepaid expenses	\$ 85,473	\$ -	\$ -	\$ -
Restricted for				
Capital reserve	416,598	-	-	-
Reserve for debt	1,143,086	-	-	-
	<u>1,645,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted				
Assigned for				
Capital purposes	-	-	-	26,631
Special revenue purposes	-	128,704	47,341	-
Unassigned	1,308,093	-	-	(185,000)
	<u>1,308,093</u>	<u>128,704</u>	<u>47,341</u>	<u>(158,369)</u>
Total fund balance	<u>\$ 2,953,250</u>	<u>\$ 128,704</u>	<u>\$ 47,341</u>	<u>\$ (158,369)</u>

NOTE 8 - INTERFUND TRANSACTIONS

Interfund balances are as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>							<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Housing Authority</u>	<u>Eliminations</u>	<u>Total Governmental Funds</u>	<u>Fiduciary</u>	<u>Business-type Activities</u>	
General	\$ -	\$ 41,844	\$ 8,970	\$ -	\$ 50,814	\$ 36,424	\$ -	\$ 87,238
Community Development	-	-	3,763	-	3,763	-	-	3,763
Capital Projects	-	-	-	-	-	17	-	17
Housing Authority	-	-	-	-	-	-	-	-
Elimination	-	-	-	(54,577)	(54,577)	-	-	(54,577)
Total governmental funds	<u>-</u>	<u>41,844</u>	<u>12,733</u>	<u>(54,577)</u>	<u>-</u>	<u>36,441</u>	<u>-</u>	<u>36,441</u>
Business-type activities	105,650	-	-	-	105,650	21,533	-	127,183
Fiduciary	-	-	-	-	-	-	437	437
Total	<u>\$ 105,650</u>	<u>\$ 41,844</u>	<u>\$ 12,733</u>	<u>\$ -</u>	<u>\$ 105,650</u>	<u>\$ 57,974</u>	<u>\$ 437</u>	<u>\$ 164,061</u>

NOTE 9 - 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:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 62,129	\$ 6,346	\$ -	\$ 68,475	\$ -
Other postemployment benefits	296,817	217,113	-	513,930	-
Bonds payable	748,800	28,240	106,700	670,340	107,340
Total	<u>\$ 1,107,746</u>	<u>\$ 251,699</u>	<u>\$ 106,700</u>	<u>\$ 1,252,745</u>	<u>\$ 107,340</u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 9 - CHANGES IN LONG-TERM LIABILITIES - Continued

Change in long-term liabilities - business type activities:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 59,290	\$ 42,829	\$ -	\$ 102,119	\$ -
Other postemployment benefits	584,730	427,747	-	1,012,477	-
State loan payable	964,173	809,438	-	1,773,611	-
Bonds payable	4,848,200	146,760	729,300	4,265,660	515,660
Total	<u>\$ 6,456,393</u>	<u>\$ 1,426,774</u>	<u>\$ 729,300</u>	<u>\$ 7,153,867</u>	<u>\$ 515,660</u>

NOTE 10 - NEW YORK STATE RETIREMENT SYSTEM

The Village participates in the New York State and Local Employees' Retirement System (System). This is a cost sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Funding Policy

The System is noncontributory, except for employees who joined the New York State and Local Employees' Retirement System after July 17, 1976, who contribute 3% of their salary for the first ten years of service and employees who joined on or after January 1, 2010, who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

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

<u>Year</u>	<u>ERS</u>
2013	\$ 204,251
2012	178,387
2011	124,216

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

Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 10 - NEW YORK STATE RETIREMENT SYSTEM - Continued

Funding Policy - Continued

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the New York State and Local Employees' Retirement System. The December 15 payment due date changed to February 1. The covered salary period (April 1 - March 31) will not change for the calculation. The Village continues to make payment on December 15.

NOTE 11 - 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 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 NYSERS; 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 NYSERS, whichever is applicable, as set forth in the NYSERS Rules and Regulations (Part 256).

	<u>Number of Subscribers</u>
Active	34
Retired	20
Terminated	-
Deceased	<u>3</u>
Total	<u><u>57</u></u>

Contributions

The Village has agreed to contribute a payment of 50% for individual coverage and 35% for family coverage, towards 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, 2013, the Village paid \$303,405 on behalf of the plan members.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 11 - 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, 2013, are as follows:

Annual required contribution (ARC)	\$ 948,262
Interest on net OPEB obligation (NOO)	-
Adjustment to ARC	-
Annual OPEB cost	<u>948,262</u>
Contributions made	<u>(303,405)</u>
Increase	644,857
NOO at beginning of year	<u>881,547</u>
NOO at end of year	<u>\$ 1,526,404</u>
Actuarial accrued liability	\$ 7,875,112
Funded OPEB plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 7,875,112</u>
Funded ratio	0%
Covered payroll	\$ 1,717,000
UAAL as a percentage of covered payroll	458.66%

Actuarial Methods and Assumptions

<u>Assumptions</u>	<u>Factor</u>
Age adjusted factor	1.677292
Average retirement age	63
Future contribution strategy	Pay as you go
Community rating	No
Actuarial cost method	Entry age
Amortization method	Level of percentage of payroll
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, 2013

NOTE 11 - 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% for medical, 8% 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

NOTE 12 - 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, 2013. 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, 2012. The actuarial calculations are as of January 1, 2012, 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.

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.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 12 - VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM - Continued

b. Benefits - Continued

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	5.25%
Assumed rate of return on program investments - Present Value of Accrued Benefits	6.00%
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
Death (in-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.

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.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 12 - VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM - Continued

Fiduciary Investment and Control - Continued

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 July 2012.

Program Financial Condition

Assets and Liabilities

Actuarial present value of accrued service awards as of December 31, 2012		<u>\$ 2,942,966</u>
Less assets available for benefits		
Cash and money market	\$ 44,297	
Interest Receivable	203	
International equities	105,918	
Fixed income	1,407,880	
Mixed assets	<u>613,786</u>	
	2,172,085	
Contribution receivable	-	
January payment adjustment	<u>11,000</u>	
Total net assets available for benefits	<u>2,183,085</u>	
Total unfunded benefits		759,881
Less unfunded liability for separately amortized costs		<u>-</u>
Unfunded normal benefits		<u>\$ 759,881</u>

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 12 - VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM - Continued

Receipts and Disbursements

Plan net assets, beginning of year		<u>\$ 1,862,154</u>
Change during the year:		
+ Plan contributions	\$ 497,930	
+ Investment income earned	103,999	
+/- Changes in Sponsor contributions receivable	(260,000)	
+/- Changes in fair value of investments	114,268	
+/- Change in liabilities	1,660	
- Plan benefits withdrawals and fees	(136,926)	
Plan net assets, end of year		<u>\$ 2,183,085</u>

Contributions

Amount of Fire District's contribution recommended by actuary for calendar year 2012	\$ 237,930
Amount of Fire District's actual contribution for calendar year 2012 in 2013	237,930

Prior Service Costs

Prior service costs have been amortized and paid. In the defined benefit program, the program assets are less than the actuarial present value of accrued benefits.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

a. Power Supply and Transmission Contracts

Electric power distributed by the Electric Fund is obtained from the New York Power Authority (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. Electric purchases under this contract totaled \$1,004,701 for 2013.

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. Transmission costs under this agreement totaled \$222,478 for 2013. The agreement expires October 2013. Effective November 1, 2013, transmission service will be provided by NYPA, under the supply contract described above.

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.

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, 2013, which could affect future operating budgets of the Village.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 13 - COMMITMENTS AND CONTINGENCIES - Continued

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 14 - ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED

In March 2012, GASB issued Statement No. 66, *Technical Corrections*. This statement establishes clarification on two recently issued statements; No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

In June 2012, GASB issued 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.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

INCORPORATED VILLAGE OF GREENPORT, NEW YORK

NOTES TO FINANCIAL STATEMENTS

May 31, 2013

NOTE 14 - ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED - Continued

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations, including mergers and acquisitions. This statement requires disclosures to be made that will enable financial statement users to evaluate the nature and financial effect of those transactions. This statement is effective for periods beginning after December 15, 2013, with earlier application encouraged.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement will require a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. An obligation guaranteed in a nonexchange transaction will need to be reported until it is legally released as an obligor. This statement is effective for periods beginning after June 15, 2013, with earlier application encouraged.

The estimated potential impact of these pronouncements on the Village's financial statements has not been determined at this time.

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, 2013			Variance Favorable (Unfavorable)
	Original Budget	Modified Budget	Actual	
REVENUES				
Real property taxes	\$ 1,005,547	\$ 1,005,547	\$ 1,000,529	\$ (5,018)
Real property tax items	8,500	8,500	63	(8,437)
Departmental income	16,960	16,960	7,391	(9,569)
Intergovernmental charges	713,357	713,357	692,813	(20,544)
Use of money and property	750,000	750,000	771,762	21,762
Licenses and permits	18,000	18,000	22,060	4,060
Miscellaneous local sources	17,200	24,000	50,420	26,420
Interfund revenues	82,000	82,000	91,959	9,959
State aid	81,200	104,750	111,461	6,711
Federal aid	-	17,920	146,369	128,449
Total revenues	<u>2,692,764</u>	<u>2,741,034</u>	<u>2,894,827</u>	<u>153,793</u>
EXPENDITURES				
General government support	327,849	361,346	331,642	29,704
Public safety	914,195	941,147	900,948	40,199
Health	3,500	9,646	3,522	6,124
Transportation	655,200	655,200	639,710	15,490
Culture and recreation	6,200	40,375	31,920	8,455
Home and community services	136,000	166,478	106,368	60,110
Employee benefits	540,436	545,495	426,882	118,613
Debt service				
Principal	166,310	156,410	170,764	(14,354)
Interest	35,844	35,844	34,520	1,324
Total expenditures	<u>2,785,534</u>	<u>2,911,941</u>	<u>2,646,276</u>	<u>265,665</u>
Excess (deficiency) of revenues over expenditures	<u>(92,770)</u>	<u>(170,907)</u>	<u>248,551</u>	<u>419,458</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	-	89,459	-	(89,459)
Appropriated interfund transfer in	115,000	115,000	115,000	-
Appropriated interfund transfer out	(57,130)	(57,130)	(293,869)	(236,739)
Total other financing sources (uses)	<u>57,870</u>	<u>147,329</u>	<u>(178,869)</u>	<u>(326,198)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ (34,900)</u>	<u>\$ (23,578)</u>	69,682	<u>\$ 93,260</u>
FUND BALANCE, beginning of year			<u>2,883,568</u>	
FUND BALANCE, end of year			<u>\$ 2,953,250</u>	

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)
<u>5/31/2013</u>	<u>\$ -</u>	<u>\$ 7,875,112</u>	<u>\$ 7,875,112</u>	<u>0.00%</u>	<u>\$ 1,717,000</u>	<u>458.66%</u>