

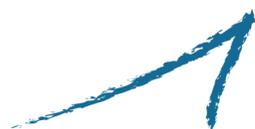
VILLAGE OF BROCKPORT

Brockport, New York

FINANCIAL REPORT

For the Year Ended

May 31, 2019



insero&co

Certified Public Accountants | Business Advisors

VILLAGE OF BROCKPORT

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INDEPENDENT AUDITORS' REPORT

To the Village Board
Village of Brockport
Brockport, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Brockport (the Village) as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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, each major fund, and the aggregate remaining fund information of the Village of Brockport as of May 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 14 to the financial statements, the prior year financial statements of the Village were restated as a result of the adoption of a capital assets policy and retrospective review and recording of capital assets. In addition, the Village's interpretation regarding payment of accumulated sick leave for CSEA and non-union employees at termination or retirement changed. The adoption of this policy and change in interpretation, because it was material, made restatement necessary to fairly present the Village's financial statements as of and for the year ended May 31, 2018 by decreasing governmental net position by \$2,853,832.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, the Schedules of Village's Contributions - New York State and Local Retirement System (NYSLRS), the Schedules of the Village's Proportionate Share of the Net Pension Liability, Schedules of Changes in the Village's Total OPEB Liability and Related Ratios, and related notes on pages 4-4h and 42-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Brockport's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Rochester, New York
February 21, 2020

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

Our discussion and analysis of the Village of Brockport's (the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended May 31, 2019. This section is a summary of the Village's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed in the current year. Please read it in conjunction with the Village's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- During the year ended May 31, 2019, the Village compiled adequate records of property and equipment costs, and related depreciation. As a result, beginning net position was reduced by \$2,935,500.
- During the year ended May 31, 2019, the Village's interpretation regarding payment of accumulated sick leave for CSEA and non-union employees at termination or retirement changed. As a result, beginning net position was increased by \$81,668.
- The liabilities and deferred inflows of resources of the Village's governmental activities exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$3,428,538 (net deficit), compared to a \$3,810,630 (net deficit) in 2018, as restated.
- The Village's net position increased by \$382,092 from the prior year.
- The General Fund recorded an increase of \$369,976 in 2019 and had a fund balance at the end of the year of \$3,294,667. The increase is due to additional state aid received during 2019 for SUNY Impact. These funds are not anticipated to continue in future fiscal years.
- Resources available for appropriation in the General Fund were \$313,869 more than budgeted and expenditures were \$252,631 less than budgeted. The difference between budgeted and actual revenues is mainly due to increases in nonproperty tax items, unanticipated local funding, and proceeds of obligations.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5-6) provide information about the Village as a whole and present a longer-term view of the Village's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Village's operations in greater detail than the Government-wide financial statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information essential to a full understanding of the data provided in the financial statements.

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

Reporting the Village as a Whole

Our analysis of the Village as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer the question of whether the Village, as a whole, is better or worse off as a result of the year's activities. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

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

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

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

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

Reporting the Village's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the Village's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by state law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The Village's two kinds of funds - Governmental and Fiduciary - use different accounting approaches.

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

The Village as Trustee: The Village is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 11. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

THE VILLAGE AS A WHOLE

The Village's *combined* net deficit for fiscal year ended May 31, 2019 decreased from \$3,810,630 to \$3,428,538.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

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

Figure 1 - Net Position

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2018</i>	<i>2019 - 2018</i>
<i>Current Assets</i>	\$ 3,296,478	\$ 3,109,564	\$ 186,914
<i>Noncurrent Assets</i>	1,224,194	1,094,303	129,891
<i>Capital Assets, Net</i>	4,484,445	4,633,462	(149,017)
<i>Total Assets</i>	9,005,117	8,837,329	167,788
<i>Pensions</i>	710,627	1,299,214	(588,587)
<i>Other Postemployment Benefits</i>	222,757	389,719	(166,962)
<i>Total Deferred Outflows of Resources</i>	933,384	1,688,933	(755,549)
<i>Current Liabilities</i>	390,694	427,198	(36,504)
<i>Noncurrent Liabilities</i>	11,261,510	12,320,424	(1,058,914)
<i>Total Liabilities</i>	11,652,204	12,747,622	(1,095,418)
<i>Pensions</i>	653,839	1,589,270	(935,431)
<i>Other Postemployment Benefits</i>	1,060,996	-	1,060,996
<i>Total Deferred Inflows of Resources</i>	1,714,835	1,589,270	125,565
<i>Net Investment in Capital Assets</i>	2,784,845	2,882,555	(97,710)
<i>Restricted</i>	1,224,194	1,094,303	129,891
<i>Unrestricted</i>	(7,437,577)	(7,787,488)	349,911
<i>Total Net Position (Deficit)</i>	\$ (3,428,538)	\$ (3,810,630)	\$ 382,092

Assets of the Village's Governmental Activities increased 1.9% or \$167,788, primarily due to the increase in cash offset by a decrease in net capital assets. The liabilities of the Village's Governmental Activities decreased 8.6% or \$1,095,418, based on a reduction in the OPEB liability. Deferred outflows and inflows of resources also decreased, related to changes in pension-related actuarial and other post-employment benefit valuations. Net position of the Village's Governmental Activities increased by \$382,092, primarily due to an increase in state aid, as well as a decrease in the net OPEB liability.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

Figure 2 - Changes in Net Position

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2019</i>	<i>2018</i>	<i>2019 - 2018</i>
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 1,721,069	\$ 1,635,474	5.23%
<i>Operating Grants and Contributions</i>	80,098	289,420	(72.32)%
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	2,749,271	2,689,530	2.22%
<i>Real Property Tax Items</i>	21,128	27,185	(22.28)%
<i>Nonproperty Tax Items</i>	1,948,045	1,931,199	0.87%
<i>Use of Money and Property</i>	63,626	27,094	134.83%
<i>Sale of Property and Compensation for Loss</i>	60,656	64,526	(6.00)%
<i>Misc. Local Sources</i>	221,007	98,639	124.06%
<i>State Sources</i>	421,208	154,178	173.20%
Total Revenues	\$ 7,286,108	\$ 6,917,245	5.33%
PROGRAM EXPENSES			
<i>General Governmental Support</i>	\$ 1,236,830	\$ 1,328,556	(6.90)%
<i>Public Safety</i>	2,617,109	3,060,424	(14.49)%
<i>Transportation</i>	1,297,232	1,188,255	9.17%
<i>Economic Assistance and Opportunity</i>	36,896	13,766	168.02%
<i>Culture and Recreation</i>	283,859	286,083	(0.78)%
<i>Home and Community Services</i>	1,361,702	1,300,689	4.69%
<i>Interest on Long-term Debt</i>	70,388	75,739	(7.07)%
Total Expenses	\$ 6,904,016	\$ 7,253,512	(4.82)%
CHANGE IN NET POSITION	\$ 382,092	\$ (336,267)	213.63%

Governmental Activities

The Village's revenues from state sources increased by 173%, stemming from an additional state aid received for SUNY Impact. Operating grants and contributions have decreased 72% based on additional aid received in 2018 for the repair of sewer systems.

General governmental support expense decreased 7% from the prior year due to the purchase of an office building in 2018. Public safety expense decreased 14% as a result of decrease in the proportionate share of related employee benefits, compensated absences, and the ERS & PFRS liabilities.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

Figures 3 and 4 show the sources of revenue for 2019 and 2018.

Figure 3
Revenue by Source - 2019

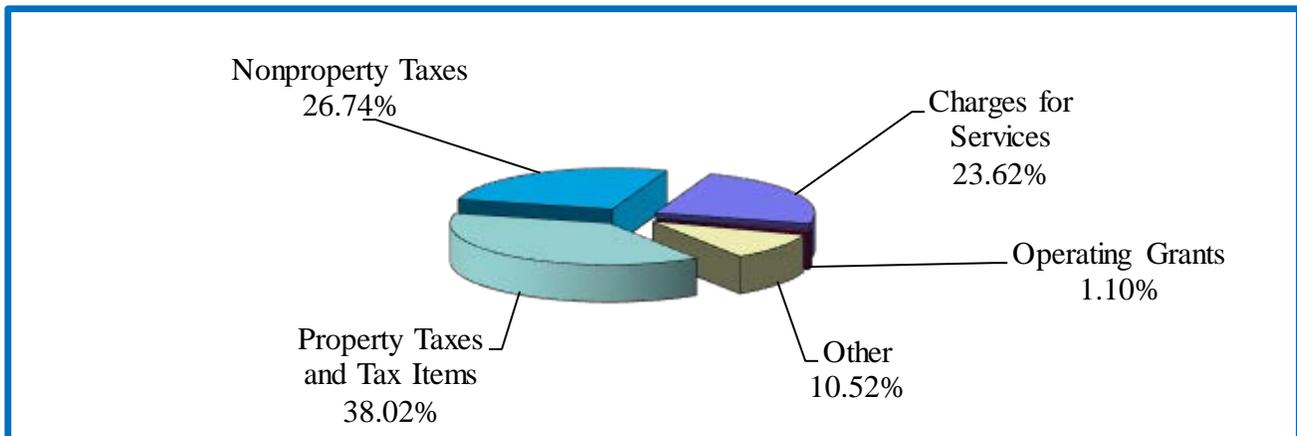
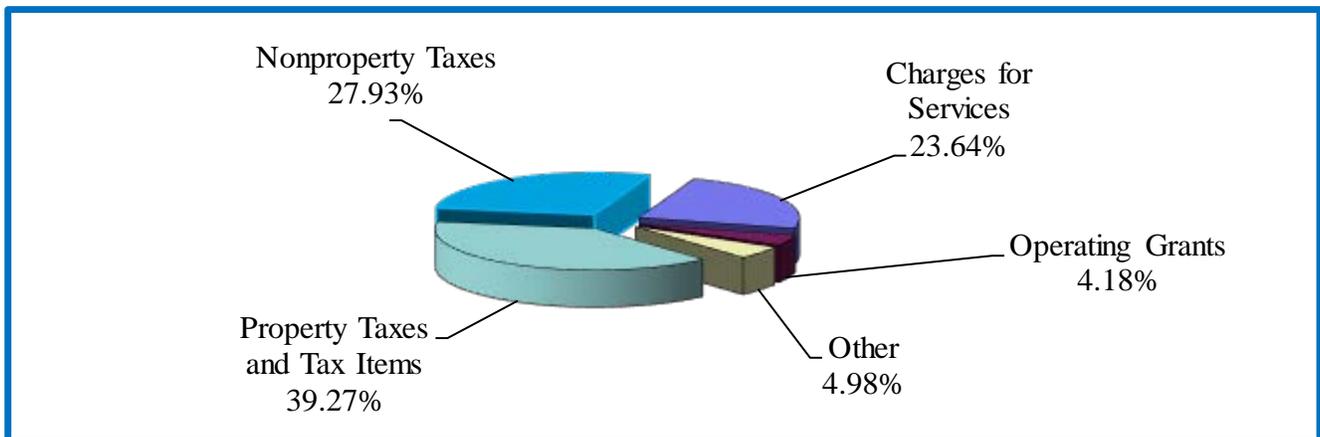


Figure 4
Revenue by Source - 2018



The cost of all Governmental Activities this year was \$6,904,016. As shown in the Statement of Activities, some of the cost was paid by those who directly benefited from the programs in the amount of \$1,721,069, and by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$80,098. Overall, the Village's governmental program revenues, including fees for services and grants, were \$1,801,167. The Village paid for the remaining "public benefit" portion of Governmental Activities with \$5,484,941 in taxes and other revenues, such as interest and general entitlements.

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

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

Figure 5
Net Program Cost - Governmental Activities
2019

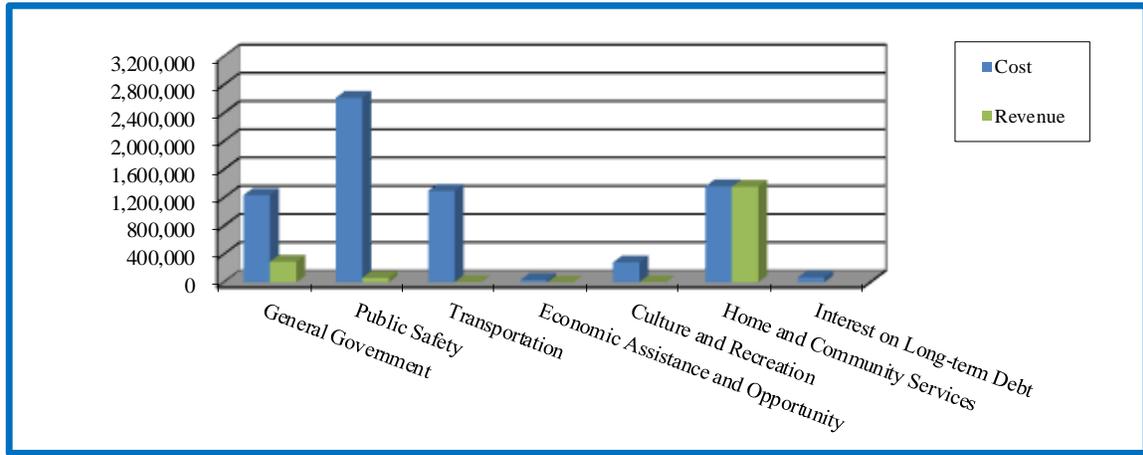
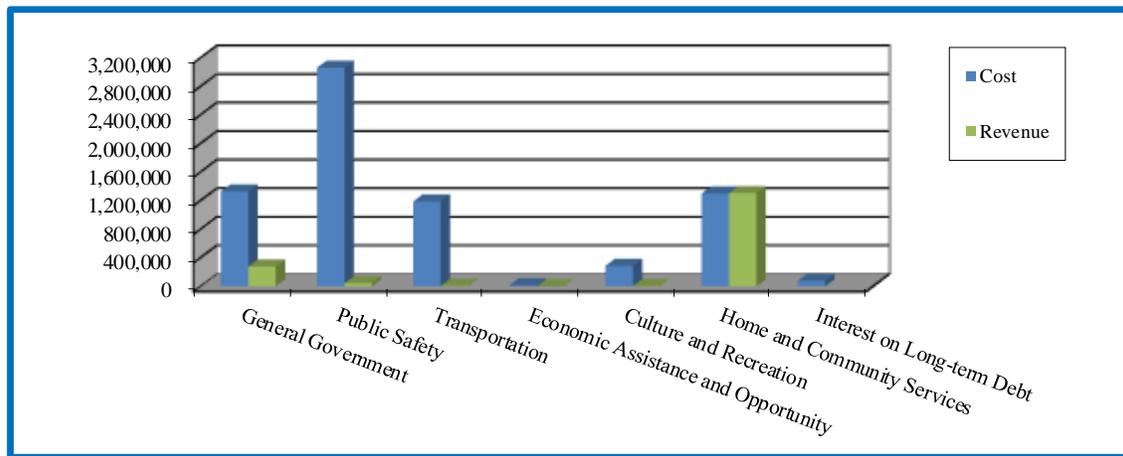


Figure 6
Net Program Cost - Governmental Activities
2018



THE VILLAGE'S FUNDS

As the Village completed the year, its Governmental Funds, as presented in the Balance Sheet on page 7, reported a combined fund balance of \$4,293,563, which is \$334,092 more than last year's total of \$3,959,471. Figure 7 shows the changes in fund balances for the year for the Village's funds. The General Fund increased primarily as a result of additional state aid received for SUNY Impact. The Water Fund decreased because expenditures exceeded departmental income.

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

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

	2019	2018	Dollar Change
			2019 - 2018
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 3,294,667	\$ 2,924,691	\$ 369,976
<i>Water Fund</i>	794,813	843,771	(48,958)
<i>Non-major Funds</i>	204,083	191,009	13,074
<i>Totals</i>	\$ 4,293,563	\$ 3,959,471	\$ 334,092

General Fund Budgetary Highlights

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

After these adjustments, the actual charges to appropriations (expenditures) were \$252,631 below the final budget amounts. Resources available for appropriation were \$313,869 above the final budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At May 31, 2019, the Village invested in a broad range of capital assets, including buildings, machinery and equipment, and infrastructure. This amount represents a net decrease of \$149,017, related to additional depreciation recorded during 2019.

*Figure 8
Capital Assets, Net of Depreciation*

	Governmental Activities		Dollar Change
	2019	2018	2019 - 2018
<i>Land</i>	\$ 178,950	\$ 178,950	\$ -
<i>Buildings</i>	487,841	502,264	(14,423)
<i>Equipment</i>	1,115,711	1,159,135	(43,424)
<i>Infrastructure</i>	2,701,943	2,793,113	(91,170)
<i>Totals</i>	\$ 4,484,445	\$ 4,633,462	\$ (149,017)

VILLAGE OF BROCKPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

Debt

Debt totaled \$1,699,600 as of May 31, 2019, as shown in Figure 9. Of this amount, \$1,118,854 is subject to the constitutional debt limit and represents 4.6% of the Village's statutory debt limit.

*Figure 9
Debt at Year Ended May 31,*

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2018</i>	<i>2019 - 2018</i>
<i>Installment Purchase Debt</i>	\$ 189,600	\$ 145,907	\$ 43,693
<i>Serial Bonds</i>	1,510,000	1,605,000	(95,000)
<i>Totals</i>	\$ 1,699,600	\$ 1,750,907	\$ (51,307)

Economic Factors and Next Year's Budgets and Rates

- The Village is negotiating with National Grid to purchase approximately 600 streetlights currently owned by National Grid. After purchase, the Village will install energy efficient LED lighting to reduce electric consumption and improve lighting. An energy performance contract will be initiated to purchase and install streetlight replacements with energy efficient LED lighting. The Village is currently waiting on approval from New York State to complete the transaction.
- The Village is budgeting for the purchase of a three-quarter ton pickup truck and a new police vehicle with estimated costs of \$38,000 and \$30,000, respectively. These purchases are being budgeted for the 2020-2021 fiscal year.
- The Village is currently in negotiations for a new labor contract with the Village CSEA union. The contract with CSEA, Local 1000 AFSCME, AFL-CIO, Department of Public works employees, ended May 31, 2019, and it is anticipated a new contract will be negotiated soon.
- A new lease purchase agreement for the purchase of a 6-wheel dump truck, will be negotiated soon, with an anticipated delivery date of June 2020. Total cost for the truck is estimated to be \$170,000. The lease purchase agreement totaling \$100,000 will be for three years, with the first payment scheduled during the 2021-2022 fiscal year with the last payment scheduled during the 2023-2024 fiscal year.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Daniel Hendricks, Treasurer, at 127 Main Street, Brockport, New York 14420.

VILLAGE OF BROCKPORT

STATEMENT OF NET POSITION MAY 31, 2019

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 2,609,557
Investments - Unrestricted	11,826
Due from Other Governments	381,447
Other Receivables	212,052
Prepaid Expenses	81,596
Total Current Assets	3,296,478
Noncurrent Assets	
Cash and Cash Equivalents - Restricted	1,224,194
Land and Other Nondepreciable Capital Assets	178,950
Depreciable Capital Assets	4,305,495
Total Noncurrent Assets	5,708,639
Total Assets	9,005,117
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	710,627
Other Postemployment Benefits	222,757
Total Deferred Outflows of Resources	933,384
LIABILITIES	
Current Liabilities	
Accounts Payable	84,801
Accrued Liabilities	58,582
Due to Retirement Systems	83,726
Current Portion of Long-Term Liabilities:	
Installment Purchase Debt	63,585
Bonds Payable	100,000
Total Current Liabilities	390,694
Noncurrent Liabilities	
Installment Purchase Debt	126,015
Bonds Payable	1,410,000
Compensated Absences	402,594
Other Postemployment Benefits Liability	8,250,787
Net Pension Liability - Proportionate Share	1,072,114
Total Noncurrent Liabilities	11,261,510
Total Liabilities	11,652,204
DEFERRED INFLOWS OF RESOURCES	
Pensions	653,839
Other Postemployment Benefits	1,060,996
Total Deferred Outflows of Resources	1,714,835
NET POSITION	
Net Investment in Capital Assets	2,784,845
Restricted	1,224,194
Unrestricted	(7,437,577)
Total Net Position (Deficit)	\$ (3,428,538)

See Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense)	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Position Governmental Activities
Governmental Activities					
General Governmental Support	\$ 1,236,830	\$ 292,776	\$	\$	\$ (944,054)
Public Safety	2,617,109	64,124			(2,552,985)
Transportation	1,297,232	5,694	80,098		(1,211,440)
Economic Assistance and Opportunity	36,896				(36,896)
Culture and Recreation	283,859	3,174			(280,685)
Home and Community Services	1,361,702	1,355,301			(6,401)
Interest on Long-term Debt	70,388				(70,388)
Total	\$ 6,904,016	\$ 1,721,069	\$ 80,098	\$ -	\$ (5,102,849)

GENERAL REVENUES

Real Property Taxes	2,749,271
Real Property Tax Items	21,128
Nonproperty Tax Items	1,948,045
Use of Money and Property	63,626
Sale of Property and Compensation for Loss	60,656
Miscellaneous Local Sources	221,007
State Sources	421,208
Total General Revenues	5,484,941
Change in Net Position	382,092
Net Position (Deficit) - Beginning, as Restated	(3,810,630)
Net Position (Deficit) - Ending	\$ (3,428,538)

See Notes to Financial Statements

VILLAGE OF BROCKPORT

BALANCE SHEET GOVERNMENTAL FUNDS MAY 31, 2019

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund Water Fund	Non-major Governmental Funds	
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 1,951,773	\$ 481,314	\$ 176,470	\$ 2,609,557
Cash and Cash Equivalents - Restricted	975,171	249,023		1,224,194
Investments - Unrestricted			11,826	11,826
Due from Other Governments	381,447			381,447
Other Receivables	59,481	132,059	20,512	212,052
Prepaid Expenses	81,596			81,596
Total Assets	\$ 3,449,468	\$ 862,396	\$ 208,808	\$ 4,520,672
LIABILITIES				
Accounts Payable	\$ 23,401	\$ 56,675	\$ 4,725	\$ 84,801
Accrued Liabilities	54,051	4,531		58,582
Due to Retirement Systems	77,349	6,377		83,726
Total Liabilities	154,801	67,583	4,725	227,109
FUND BALANCES				
Nonspendable	81,596			81,596
Restricted	975,171	249,023		1,224,194
Assigned	318,476	545,790	204,083	1,068,349
Unassigned	1,919,424			1,919,424
Total Fund Balances	3,294,667	794,813	204,083	4,293,563
Total Liabilities and Fund Balances	\$ 3,449,468	\$ 862,396	\$ 208,808	\$ 4,520,672

See Notes to Financial Statements

VILLAGE OF BROCKPORT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION MAY 31, 2019

Total Governmental Fund Balances **\$ 4,293,563**

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

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

Historical Cost	\$ 12,707,744	
Accumulated Depreciation	<u>(8,223,299)</u>	4,484,445

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

ERS Net Pension Liability - Proportionate Share	\$ (361,886)	
PFRS Net Pension Liability - Proportionate Share	<u>(710,228)</u>	(1,072,114)

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

ERS Deferred Inflows of Resources - Pension	\$ (133,965)	
PFRS Deferred Inflows of Resources - Pension	(519,874)	
PFRS Deferred Inflows of Resources - Other Postemployment Benefits	(1,060,996)	
ERS Deferred Outflows of Resources - Pension	208,957	
PFRS Deferred Outflows of Resources - Pension	501,670	
Deferred Outflows of Resources - Other Postemployment Benefits	<u>222,757</u>	(781,451)

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

Installment Purchase Debt	\$ (189,600)	
Bonds Payable	(1,510,000)	
Compensated Absences	(402,594)	
Other Postemployment Benefits Liability	<u>(8,250,787)</u>	<u>(10,352,981)</u>

Net Position (Deficit) of Governmental Activities **\$ (3,428,538)**

See Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2019

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund Water Fund	Non-major Governmental Funds	
REVENUES				
Real Property Taxes	\$ 2,749,271	\$	\$	\$ 2,749,271
Real Property Tax Items	21,128			21,128
Nonproperty Tax Items	1,948,045			1,948,045
Departmental Income	109,869	1,178,809	144,652	1,433,330
Intergovernmental Charges	78,661			78,661
Use of Money and Property	48,589	10,570	4,467	63,626
Licenses and Permits	60,700			60,700
Fines and Forfeitures	148,378			148,378
Sale of Property and Compensation for Loss	70,007			70,007
Miscellaneous Local Sources	205,485		15,522	221,007
State Sources	501,306			501,306
Total Revenues	5,941,439	1,189,379	164,641	7,295,459
EXPENDITURES				
General Governmental Support	946,965	26,896		973,861
Public Safety	1,871,795			1,871,795
Transportation	1,030,645			1,030,645
Economic Assistance and Opportunity	36,896			36,896
Culture and Recreation	270,222			270,222
Home and Community Services	127,648	993,300	50,011	1,170,959
Employee Benefits	1,363,526	121,768		1,485,294
Debt Service				
Principal	54,319	70,020	58,463	182,802
Interest	2,942	26,353	41,093	70,388
Total Expenditures	5,704,958	1,238,337	149,567	7,092,862
Excess of Revenues (Expenditures)	236,481	(48,958)	15,074	202,597
OTHER FINANCING SOURCES (USES)				
Proceeds of Obligations	131,495			131,495
Interfund Transfers In	2,000			2,000
Interfund Transfers (Out)			(2,000)	(2,000)
Total Other Financing Sources (Uses)	133,495	-	(2,000)	131,495
Net Change in Fund Balance	369,976	(48,958)	13,074	334,092
Fund Balances, Beginning of Year	2,924,691	843,771	191,009	3,959,471
Fund Balances, End of Year	\$ 3,294,667	\$ 794,813	\$ 204,083	\$ 4,293,563

See Notes to Financial Statements

VILLAGE OF BROCKPORT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ 334,092**

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

Governmental Funds report purchases of capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized.

Capital Outlay	\$ 267,995	
Net Book Value of Disposed Assets	(9,351)	
Depreciation Expense	<u>(407,661)</u>	(149,017)

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

Repayment of Bond Principal	\$ 95,000	
Repayment of Installment Purchase Debt	87,802	
Proceeds of Obligations	<u>(131,495)</u>	51,307

Changes in long-term obligations, including related deferred inflows and deferred outflows of resources, associated with employee benefits, are reported in the Statement of Activities as increases or decreases in expenses. Such changes are not reflected in the Governmental Fund financial statements. The following are the changes reported in the Statement of Activities for these net liabilities.

Compensated Absences	\$ (81,891)	
Other Postemployment Benefits Liability	383,525	
ERS	(32,492)	
PFRS	<u>(123,432)</u>	<u>145,710</u>

Change in Net Position of Governmental Activities **\$ 382,092**

See Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUND MAY 31, 2019

	Private Purpose Trust Fund
ASSETS	
Investments:	
Restricted	\$ 90,511
Total Assets	\$ 90,511
NET POSITION	
Restricted for Perpetual Shafer Trust Account	\$ 90,511

See Notes to Financial Statements

VILLAGE OF BROCKPORT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED MAY 31, 2019

	Private Purpose Trust Fund
ADDITIONS	
Investment Earnings	\$ (2,592)
Total Additions	<u>(2,592)</u>
Change in Net Position	(2,592)
Net Position - Beginning of Year	<u>93,103</u>
Net Position - End of Year	<u><u>\$ 90,511</u></u>

See Notes to Financial Statements

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

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

Financial Reporting Entity

The Village of Brockport, located in Monroe County, New York, is governed by Village Law and other general laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as Chief Executive Officer, and the Village Treasurer serves as Chief Fiscal Officer.

The Village provides the following basic services: police and law enforcement, fire protection, street maintenance, sewer and water facilities, and community development.

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

The financial reporting entity consists of the following:

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

The decision to include a component unit in the Village's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended. Based on the application of these criteria, the following is a brief review of certain entities considered in determining the Village's reporting entity.

Excluded from the Reporting Entity

Although the following organization is related to the Village they are not included in the Village reporting entity because of the reasons noted:

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

Basic Financial Statements - Government-wide Financial Statements

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

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

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

Basic Financial Statements - Governmental Fund Financial Statements

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Governmental Fund Types

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

Major Funds

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

Non-Major Funds

- Special Revenue Funds
 - Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.
 - Other Special Revenues - Accounts for other dedicated special revenue streams.
- Capital Projects Fund - Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

Fiduciary Fund Types

Fiduciary Fund Types are used to account for assets held by the local government in a trustee or custodial capacity. The following are the Village's Fiduciary Funds:

- **Agency Fund** - used to account for money and/or property received and held in the capacity of trustee, custodian, or agent. There was no balance in the Agency Fund at May 31, 2019.
- **Private Purpose Trust Fund** - Accounts for revenues and expenditures from assets contributed with restrictions on their use; although earnings may be used for the Seymour Library.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Accrual Basis

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

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges.

The Village considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

Property Taxes

Real property taxes are levied annually by the Village no later than May 31, and become a lien on June 1. Taxes are collected during the period June 1 to November 1. Uncollected real property taxes are subsequently enforced by the County of Monroe, in which the Village is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the Village no later than the forthcoming April 1.

Property tax revenues are recognized as revenues in the year they are levied and collected. Property taxes not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources.

In June 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Village in a particular year, beginning with the 2012-2013 fiscal year. The growth in annual levy is limited to the lesser of 2% or annual change in the national unadjusted Consumer Price Index for All Urban Consumers - All Items (CPI-U), subject to certain limited exceptions and adjustments.

Sales Tax

The County of Monroe currently imposes a sales and use tax. Based on a complex formula, a portion of total revenue collected is allocated annually to the Village in four quarterly installments.

Budget Policies

Budget policies are as follows:

- No later than March 20, a tentative budget is submitted by the budget officer to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than April 20, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. However, the Village Mayor is authorized to transfer certain budgeted amounts within departments.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed for the General and Special Revenue Funds. Encumbrances are reported as assignments of fund balance, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

Budgetary Basis of Accounting

Budgets are adopted annually on a basis consistent with its prescribed fund's basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary controls for the Miscellaneous Special Revenue Fund are established per the applicable funding source.

Cash and Investments

The Village's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Receivables

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

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of at least \$5,000 and having a useful life of greater than two years are capitalized.

Estimated useful lives for governmental capital assets are as follows:

Buildings	20-45 Years
Machinery and Equipment	5-45 Years
Infrastructure	20-40 Years

Unearned Revenue

The Village reports unearned revenue in its basic financial statements. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the Village before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Accrued Liabilities and Long-term Obligations

In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported in the Statement of Net Position.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Compensatory Absences

Village employees are granted vacation and sick leave benefits and earn compensated absences in varying amounts to specified maximums, depending on tenure with the Village. An individual who leaves the employment of the Village, either through termination or retirement, is entitled to payment for accumulated vacation and unused compensatory time. No cash payments are made for non-police employees' unused sick leave; however, an employee who retires may receive up to 165 days as additional service credit. Police personnel are allowed to cash in any unused sick time at a rate of one for one for the first 60 days and two for one in excess. Full-time police officers may accumulate at any one time 200 hours of compensatory time. Each full-time employee receives 5 personal days every June 1. Personal leave days are not cumulative; however, unused personal leave days at year end are added to the employee's vacation time. This liability is liquidated from the General Fund and Water Fund.

Village employees participate in the New York State and Local Retirement System.

Other Postemployment Benefits

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

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

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pensions and OPEB plans in the Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 5 and 7, respectively.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

Deferred Outflows and Inflows of Resources - Continued

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Village reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 5 and 7, respectively.

Equity Classifications - Government-wide Financial Statements

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

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

Equity Classifications - Governmental Fund Financial Statements

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

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Equity Classifications - Governmental Fund Financial Statements - Continued

- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority (or their designated body or official). The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Village Board may adopt resolutions to commit or assign fund balance. By resolution, fund balance of the Village may be committed for a specific source by formal action of the Village Board. Furthermore, the Village Board delegates authority to assign fund balance for a specific purpose to the Village Treasurer. The Village Board, by resolution, approves fund balance appropriations for next year's budget. The Village applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Interfund Activity

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Restricted Resources

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

New Accounting Standards

The Village adopted and implemented the following current Statement of the Governmental Accounting Standards Board (GASB) effective for the year ended May 31, 2019:

- GASB has issued Statement No. 85, “Omnibus 2017,” effective for the year ended May 31, 2019.
- GASB has issued Statement No. 86, “Certain Debt Extinguishment Issues,” effective for the year ended May 31, 2019.

Future Changes in Accounting Standards

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

- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ending May 31, 2020.
- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending May 31, 2020. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending May 31, 2021.
- GASB has issued Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,” effective for the year ending May 31, 2020.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of a Construction Period,” effective for the year ending May 31, 2021.
- GASB has issued Statement No. 90, “Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61,” effective for the year ending May 31, 2020.
- GASB has issued Statement No. 91, “Conduit Debt Obligations” effective for the year ending May 31, 2022.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

Note 2 Cash and Investments

The Village of Brockport's investment policies are governed by state statutes. In addition, the Village of Brockport has its own written investment policy. Village of Brockport monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Village Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit at 100% of all deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, as well as obligations of the state, its municipalities, and its school districts.

Deposits and investments are categorized as either (1) insured and for which the securities are held by the Village's agent in the Village's name; (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Village's name; (3) uncollateralized. Restricted cash of \$1,224,194 consists of funds restricted in the Village's reserves.

Total financial institution (bank) balances at May 31, 2019, per the bank, were \$3,933,268. These deposits are either insured or collateralized in accordance with state statutes and Village investment policies.

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

The Village has the following recurring fair value measurements as of May 31, 2019:

Description	Fund Type	Level	Amount
Mutual Funds	Miscellaneous Special Revenue Fund	(1)	\$ 11,826
Mutual Funds	Private Purpose Trust Fund	(1)	90,511

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

Note 3 Other Receivables

Other receivables for the year ended May 31, 2019 consisted of:

General Fund

Accounts Receivable	\$ 50,867
Tax Sale Certificates Receivable	8,614
Total General Fund	59,481

Water Fund

Water Rents Receivable	132,059
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Non-major Sewer Fund

Sewer Rents Receivable	20,512
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Total Other Receivables	\$ 212,052
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Note 4 Capital Assets

A summary of changes in capital assets at May 31, 2019 follows:

	Balance at 05/31/2018	Restatement	Additions	Disposals	Balance at 05/31/2019
Governmental Activities					
Non-Depreciable Capital Assets					
Land	\$ 178,950	\$ -	\$ -	\$ -	\$ 178,950
Total Non-Depreciable Capital Assets	178,950	-	-	-	178,950
Depreciable Capital Assets					
Buildings	2,140,510	2,984,578			5,125,088
Machinery and Equipment	3,218,677	(133,158)	187,898	(71,535)	3,201,882
Infrastructure	2,030,825	2,090,902	80,097		4,201,824
Total Depreciable Capital Assets	7,390,012	4,942,322	267,995	(71,535)	12,528,794
Total Historical Cost	\$ 7,568,962	\$ 4,942,322	\$ 267,995	\$ (71,535)	\$ 12,707,744
Less Accumulated Depreciation					
Buildings		(4,622,824)	(14,423)		(4,637,247)
Machinery and Equipment		(1,926,384)	(221,971)	62,184	(2,086,171)
Infrastructure		(1,328,614)	(171,267)		(1,499,881)
Total Accumulated Depreciation	-	(7,877,822)	(407,661)	62,184	(8,223,299)
Governmental Activities Capital Assets, Net	\$ 7,568,962	\$ (2,935,500)	\$ (139,666)	\$ (9,351)	\$ 4,484,445

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

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

The Village participates in the New York State and Local Retirement System (the System) which includes the New York State Employees' Retirement System plan (ERS) and the New York State Police and Fire Retirement System plan (PFRS). These plans are cost-sharing multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The System's financial statements from which the System's fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual reports.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

Contributions

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

	ERS	PFRS
2019	\$ 192,883	\$ 247,154
2018	189,229	235,587
2017	177,862	256,287

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

At May 31, 2019, the Village reported the following liability for its proportionate share of the net pension liability for each of the System's plans. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportionate share of the net pension liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the Village by the Systems.

	ERS	PFRS
Actuarial Valuation Date	4/1/2018	4/1/2018
Net Pension Liability	\$ 7,085,304,242	\$1,677,063,145
Village's Proportionate Share of the Plan's Total Net Pension Liability	361,886	710,228
Village's Share of the Plan's Total Net Pension Liability	0.0051076%	0.0423495%

For the year ended May 31, 2019, the Village recognized pension expense of \$169,130 for ERS and \$253,029 for PFRS in the Government-wide financial statements. At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences Between Expected and Actual Experience	\$ 71,263	\$ 172,534	\$ 24,293	\$ 75,829
Changes of Assumptions	90,963	258,045	-	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-	92,880	142,241
Changes in Proportion and Differences Between the Village's Contributions and Proportionate Share of Contributions	12,897	21,199	16,792	301,804
Village's Contributions Subsequent to the Measurement Date	33,834	49,892	-	-
Total	\$ 208,957	\$ 501,670	\$ 133,965	\$ 519,874

Village contributions subsequent to the measurement date, reported as deferred outflows of resources, are recognized as a reduction of the net pension liability for the year ended May 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	PFRS
2020	\$ 73,240	\$ 53,213
2021	(72,830)	(100,547)
2022	(7,379)	(59,653)
2023	48,127	38,871
2024	-	20
Thereafter	-	-

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2019	March 31, 2019
Actuarial Valuation Date	April 1, 2018	April 1, 2018
Investment Rate of Return	7.0%	7.0%
Salary Increases	4.2%	5.0%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Actuarial Assumptions - Continued

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

	<u>ERS and PFRS</u>
Measurement Date	March 31, 2019
<i>Asset Class:</i>	
Domestic Equity	4.6%
International Equity	6.4%
Private Equity	7.5%
Real Estate	5.6%
Absolute Return Strategies	3.8%
Opportunistic Funds	5.7%
Real Assets	5.3%
Bonds and Mortgages	1.3%
Cash	(0.3)%
Inflation-indexed Bonds	1.3%

Discount Rate

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS			
Village's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,582,223	\$ 361,886	\$ (663,284)
PFRS			
Village's Proportionate Share of the Net Pension Liability (Asset)	2,566,657	710,228	(840,106)

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands	
	ERS	PFRS
Measurement Date	March 31, 2019	March 31, 2019
Employers' Total Pension Liability	\$ 189,803,429	\$ 34,128,100
Plan Net Position	(182,718,124)	(32,451,037)
Employers' Net Pension Liability	\$ 7,085,305	\$ 1,677,063
Ratio of Plan Net Position to the Employers' Total Pension Liability	96.3%	95.1%

Payable to the Plan

Employer contributions are paid annually based on the System's fiscal year which ends March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of May 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through May 31, 2019 based on paid ERS and PFRS wages multiplied by the employer's contribution rate (by tier). Accrued retirement contributions as of May 31, 2019 amounted to \$83,726.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

Effect on Net Position

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended May 31, 2019 resulted in the following effect on net position:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net Pension Liability	\$ 162,481	\$ 199,405	\$ 361,886
Deferred Outflows of Resources	(442,741)	233,784	(208,957)
Deferred Inflows of Resources	534,662	(400,697)	133,965
Subtotal	<u>254,402</u>	<u>32,492</u>	<u>286,894</u>
PFRS			
Net Pension Liability	406,865	303,363	710,228
Deferred Outflows of Resources	(856,473)	354,803	(501,670)
Deferred Inflows of Resources	1,054,608	(534,734)	519,874
Subtotal	<u>605,000</u>	<u>123,432</u>	<u>728,432</u>
Total Effect on Net Position	<u>\$ 859,402</u>	<u>\$ 155,924</u>	<u>\$1,015,326</u>

Note 6 Long-term Debt

Serial Bonds and Installment Purchase Debt

The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of long-term liabilities. Serial bonds for the Village are liquidated from the Water and Sewer Funds. Installment purchase debt (IPD) is liquidated from the General, Water, and Sewer Funds. Debt is sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.

Constitutional Debt Limit

At May 31, 2019, the total outstanding indebtedness of the Village aggregated to \$1,699,600. Of this amount, \$1,118,854 was subject to the City's constitutional debt limit, and represented approximately 4.6% of its debt limit.

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

Note 6 Long-term Debt - Continued

Summary of Long-term Debt

The following is a summary of changes in serial bonds and installment purchase debt (IPD) for the year ended May 31, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Serial Bonds	\$ 1,605,000	\$	\$ (95,000)	\$ 1,510,000	\$ 100,000
IPD	145,907	131,495	(87,802)	189,600	63,585
Total	<u>\$ 1,750,907</u>	<u>\$ 131,495</u>	<u>\$(182,802)</u>	<u>\$ 1,699,600</u>	<u>\$ 163,585</u>

As of May 31, 2019, serial bonds and installment purchase debt, including issue and maturity dates and interest rates, consisted of the following:

<u>Description of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Payable to Maturity</u>
Serial Bonds			
Public Improvement Bond - Water	May, 2031	4.125%	\$ 580,746
Public Improvement Bond - Sewer	May, 2031	4.125%	929,254
			<u>1,510,000</u>
Installment Purchase Debt			
Dump Truck	August, 2020	2.530%	58,105
Plow Truck	September, 2022	3.890%	131,495
			<u>189,600</u>
Total			<u>\$1,699,600</u>

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

Note 6 Long-term Debt - Continued

Summary of Long-term Debt - Continued

The following is a summary of maturing debt service requirements for serial bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 100,000	\$ 62,856	\$ 162,856
2021	105,000	58,731	163,731
2022	110,000	54,401	164,401
2023	115,000	49,863	164,863
2024	115,000	45,119	160,119
2025-2029	655,000	150,313	805,313
2030-2031	<u>310,000</u>	<u>19,975</u>	<u>329,975</u>
Total	<u>\$ 1,510,000</u>	<u>\$ 441,258</u>	<u>\$ 1,951,258</u>

Interest expenditures/expense on serial bonds totaled \$66,775 at May 31, 2019.

The following is a summary of maturing debt service requirements for installment purchase debt:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 63,585	\$ 1,910	\$ 65,495
2021	60,975	4,519	65,494
2022	32,331	2,564	34,895
2023	<u>33,589</u>	<u>1,307</u>	<u>34,896</u>
Total	<u>\$ 190,480</u>	<u>\$ 10,300</u>	<u>\$ 200,780</u>

Interest expenditures on installment purchase debt totaled \$3,613 at May 31, 2019.

Note 7 Postemployment Benefits Other Than Pensions (OPEB)

General Information About the OPEB Plan

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

General Information About the OPEB Plan - Continued

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

Employees Covered by Benefit Terms - At May 31, 2019, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The Village's total OPEB liability of \$8,250,787 was measured as of May 31, 2019, and was determined by an actuarial valuation as of June 1, 2018.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the May 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.70%
Salary Scale	3.36%
Marriage Rate	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	6.20% for 2019, decreasing to an ultimate rate of 4.23% for 2070 and later years

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

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

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables Headcount-Weighted, distinct for Teachers, General, and Safety, without separate contingent Survivor mortality, fully generational using scale MP-2018.

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

Healthcare Cost Trend Rates were based on the National Health Expenditure Projections 2009-2025 and reflect the impact of legislative changes in 2017 and future years. Long-term trend rates were developed using the Societies of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2018_c (updated August 2017).

CPI inflation rates were based on the Livingston Survey for December 2017, Long-Term (10-year) Forecast mean rates.

Real GDP rates are based on median rates from OECD 2020-2060 GDP projections, published 2017.

The actuarial assumptions used in the May 31, 2019 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at May 31, 2018	<u>\$ 9,862,270</u>
Changes for the Year	
Service Cost	124,034
Interest Cost	360,204
Changes of Benefit Terms	(65,441)
Differences Between Expected and Actual Experience	(1,945,159)
Changes in Assumptions	218,267
Benefit Payments	<u>(303,388)</u>
Net Change	<u>(1,611,483)</u>
Balance at May 31, 2019	<u><u>\$ 8,250,787</u></u>

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability - Continued

Changes of assumptions and other inputs reflect a change in the discount rate from 3.72% percent in 2018 to 3.70% in 2019.

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

	1% Decrease (2.70%)	Discount Rate (3.70%)	1% Increase (4.70%)
Total OPEB Liability	\$ 9,751,953	\$ 8,250,787	\$ 7,084,867

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

	1% Decrease (5.20% to 3.23%)	Healthcare Cost Trend Rate (6.20% to 4.23%)	1% Increase (7.20% to 5.23%)
Total OPEB Liability	\$ 6,936,946	\$ 8,250,787	\$ 10,161,505

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

For the year ended May 31, 2019, the City recognized OPEB expense of \$(181,983).

At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 45,750	\$ 1,060,996
Changes in Assumptions or Other Inputs	126,621	-
Contributions Subsequent to Measurement Date	50,386	-
Total	\$ 222,757	\$ 1,060,996

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

Note 7 Postemployment Benefits Other Than Pensions (OPEB) - Continued

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

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

Fiscal Year Ending May 31,	Amount
2020	\$ (731,635)
2021	(156,990)
Thereafter	-

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 9,862,270	\$ (1,611,483)	\$ 8,250,787
Deferred Outflows of Resources	(389,719)	166,962	(222,757)
Deferred Inflows of Resources	-	1,060,996	1,060,996
Total	\$ 9,472,551	\$ (383,525)	\$ 9,089,026

Note 8 Deferred Compensation Plan

The Village maintains a deferred compensation plan in accordance with Section 457 of the Internal Revenue Code for which Village employees have the option to participate.

Note 9 Compensated Absences

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

Activity for the year ended May 31, 2019 consists of the following:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	\$ 320,703	\$ 81,891	\$ -	\$ 402,594

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

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

Note 10 Health Reimbursement Account

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

The Plan year is accounted for starting September 1 through August 31. Any participant funds remaining in the account at the end of a Plan year will be forfeited back to the Village. The Plan is accounted for in the Village's General Fund.

Note 11 Risk Management

The Village is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

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

Note 12 Interfund Transactions

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

	Interfund Revenues	Interfund Expenditures
General Fund	\$ 2,000	\$ -
Nonmajor Funds	-	2,000
Total	\$ 2,000	\$ 2,000

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

Note 13 Fund Balance

Nonspendable, restricted, and assigned fund balance at May 31, 2019 are as follows:

	General Fund	Water Fund	Non-Major Funds
Nonspendable			
Prepaid Expenses	\$ 81,596	\$	\$
Restricted			
Workers' Compensation	256,972		
Capital Projects	330,625	234,003	
Employee Benefits	387,574	15,020	
Total	975,171	249,023	-
Assigned			
Fund Balance Appropriated for Next Year's Budget	200,000		
Encumbrances for:			
General Governmental Support	19,246		
Public Safety	42,458		
Transportation	9,030		
Economic Assistance and Opportunity	23,061		
Culture and Recreation	10,682		
Home and Community Services	13,749	1,612	2,628
Employee Benefits	250		
Total Encumbrances	118,476	1,612	2,628
Remaining Fund Balance	-	544,178	201,455
Total	\$ 318,476	\$ 545,790	\$ 204,083

VILLAGE OF BROCKPORT

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

Note 14 Restatement

During the year the Village adopted a capital assets policy and retrospectively reviewed and recorded capital assets. In addition, the Village's interpretation regarding payment of accumulated sick leave for CSEA and non-union employees at termination or retirement changed.

The Village's May 31, 2018 net position has been restated to reflect the following:

Net Position (Deficit) Beginning of Year	\$ (956,798)
Change in Beginning Capital Assets, Net of Accumulated Depreciation	(2,935,500)
Change in Beginning Compensated Absences	<u>81,668</u>
Net Position (Deficit) Beginning of Year, as Restated	<u><u>\$ (3,810,630)</u></u>

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2019

	Original Budget	Final Budget	Actual	Encumbrances	Fav. (Unfav.) Variance
REVENUES					
Real Property Taxes	\$ 2,751,010	\$ 2,751,010	\$ 2,749,271	\$	\$ (1,739)
Real Property Tax Items	26,560	26,560	21,128		(5,432)
Nonproperty Tax Items	1,848,000	1,883,000	1,948,045		65,045
Departmental Income	73,900	105,229	109,869		4,640
Intergovernmental Charges	56,100	77,100	78,661		1,561
Use of Money and Property	10,000	10,000	48,589		38,589
Licenses and Permits	53,500	53,500	60,700		7,200
Fines and Forfeitures	200,000	150,000	148,378		(1,622)
Sale of Property and Compensation for Loss	13,500	62,950	70,007		7,057
Miscellaneous Local Sources	55,000	67,760	205,485		137,725
State Sources	292,258	571,456	501,306		(70,150)
Total Revenues	5,379,828	5,758,565	5,941,439	-	182,874
EXPENDITURES					
General Governmental Support	907,050	891,330	946,965	19,246	(74,881)
Public Safety	1,799,543	2,080,443	1,871,795	42,458	166,190
Transportation	1,191,546	1,195,416	1,030,645	9,030	155,741
Economic Assistance and Opportunity	9,000	60,605	36,896	23,061	648
Culture and Recreation	220,406	251,583	270,222	10,682	(29,321)
Home and Community Services	56,270	86,325	127,648	13,749	(55,072)
Employee Benefits	1,511,013	1,510,363	1,363,526	250	146,587
Debt Service (Principal and Interest)			57,261		(57,261)
Total Expenditures	5,694,828	6,076,065	5,704,958	118,476	252,631
Excess of Revenues (Expenditures)	(315,000)	(317,500)	236,481	(118,476)	435,505
OTHER FINANCING SOURCES (USES)					
Proceeds of Obligations			131,495		131,495
Interfund Transfers in		2,500	2,000		(500)
Total Other Financing Sources (Uses)	-	2,500	133,495	-	130,995
Excess of Revenues and Other Financing Sources over (Expenditures) and Other (Uses)	(315,000)	(315,000)	369,976	\$ (118,476)	\$ 566,500
Appropriated Fund Balances	325,000	209,206			
Appropriated Reserves	(10,000)	(10,000)			
Designated Fund Balance and Encumbrances Carried Forward from Prior Year		115,794			
Net Change in Fund Balance	\$ -	\$ -	369,976		
Fund Balance, Beginning of Year			2,924,691		
Fund Balance, End of Year			\$ 3,294,667		

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

BUDGETARY COMPARISON SCHEDULE WATER FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2019

	Water Fund				
	Original Budget	Final Budget	Actual	Encumbrances	Fav. (Unfav.) Variance
REVENUES					
Departmental Income	\$ 1,229,614	\$ 1,229,614	\$ 1,178,809	\$	\$ (50,805)
Use of Money and Property	2,000	2,000	10,570		8,570
Total Revenues	<u>1,231,614</u>	<u>1,231,614</u>	<u>1,189,379</u>	<u>-</u>	<u>(42,235)</u>
EXPENDITURES					
General Governmental Support	60,750	24,500	26,896		(2,396)
Home and Community Services	1,054,716	1,090,066	993,300	1,612	95,154
Employee Benefits	128,929	129,829	121,768		8,061
Debt Service (Principal and Interest)	62,219	62,219	96,373		(34,154)
Total Expenditures	<u>1,306,614</u>	<u>1,306,614</u>	<u>1,238,337</u>	<u>1,612</u>	<u>66,665</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(48,958)</u>	<u>\$ (1,612)</u>	<u>\$ 24,430</u>
Appropriated Fund Balances	<u>75,000</u>	<u>55,022</u>			
Designated Fund Balance and Encumbrances Carried Forward from Prior Year		<u>19,978</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(48,958)</u>		
Fund Balance, Beginning of Year			<u>843,771</u>		
Fund Balance, End of Year			<u>\$ 794,813</u>		

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

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

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 124,034	\$ 110,076	\$ *
Interest Cost	360,204	333,792	*
Changes of Benefit Terms	(65,441)	111,538	*
Differences Between Expected and Actual Experience	(1,945,159)	503,250	*
Changes in Assumptions or Other Inputs Benefit Payments	218,267	83,216	*
Benefit Payments	(303,388)	(279,312)	*
	(1,611,483)	862,560	*
 Total OPEB Liability - Beginning	 9,862,270	 8,999,710	 *
 Total OPEB Liability - Ending	 \$ 8,250,787	 \$ 9,862,270	 \$8,999,710
 Covered Employee Payroll	 \$ 1,832,745	 \$ 1,832,745	 \$ *
 Liability as a % of Covered Payroll	 450%	 538%	 *

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

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

SCHEDULES OF VILLAGE CONTRIBUTIONS NYSLRS PENSION PLANS FOR THE LAST 5 FISCAL YEARS

	2019	2018	2017	2016	2015
Contractually Required Contribution					
ERS	\$ 192,833	\$ 189,229	\$ 177,862	\$ 198,424	\$ 206,211
PFRS	247,154	235,587	256,287	261,200	216,184
Contributions in Relation to the Contractually Required Contribution					
ERS	192,833	189,229	177,862	198,424	206,211
PFRS	247,154	235,587	256,287	261,200	216,184
Contribution Deficiency (Excess)					
ERS	-	-	-	-	-
PFRS	-	-	-	-	-
Village's Covered Employee Payroll for Year Ended May 31,					
ERS	1,482,917	1,411,360	1,334,093	1,245,772	1,184,948
PFRS	1,344,073	1,198,327	1,122,949	1,146,056	1,054,380
Contributions as a Percentage of Covered Employee Payroll for the Year Ended May 31,					
ERS	13.0%	13.4%	13.3%	15.9%	17.4%
PFRS	18.4%	19.7%	22.8%	22.8%	20.5%

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

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

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

	2019	2018	2017	2016
Village's Proportion of the Net Pension Liability				
ERS	0.0051%	0.0050%	0.0049%	0.0046%
PFRS	0.0423%	0.0403%	0.0445%	0.0443%
Village's Proportionate Share of the Net Pension Liability				
ERS	\$ 361,886	\$ 162,481	\$ 456,947	\$ 744,442
PFRS	710,228	406,865	922,739	1,310,155
	1,072,114	569,346	1,379,686	2,054,597
Village's Covered Employee Payroll				
ERS	\$ 1,429,292	\$ 1,357,565	\$ 1,263,675	\$ 1,192,063
PFRS	1,228,662	1,107,323	1,169,825	1,074,757
	2,657,954	2,464,888	2,433,500	2,266,820
Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll				
ERS	25.3%	12.0%	36.2%	62.4%
PFRS	57.8%	36.7%	78.9%	121.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability				
ERS	96.3%	98.2%	94.7%	90.7%
PFRS	95.1%	96.9%	93.5%	90.2%

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

See Notes to Required Supplementary Information

VILLAGE OF BROCKPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2019

Note 1 Budget Basis of Accounting

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

Note 2 Budget Policies

Budget policies are as follows:

- No later than March 20, a tentative budget is submitted by the budget officer to the Village Board for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than April 20, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. However, the Village Mayor is authorized to transfer certain budgeted amounts within departments.

Note 3 Reconciliation of the Budget Basis to U.S. GAAP

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are shown in a separate column and are not included in the actual results at May 31, 2019.

Note 4 Stewardship, Compliance, and Accountability

The following functional areas were overexpended during the year ended May 31, 2019:

<u>General Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Overexpended</u>
General Governmental Support	\$ 891,330	\$ 946,965	\$ 19,246	\$ (74,881)
Culture and Recreation	251,583	270,222	10,682	(29,321)
Home and Community Services	86,325	127,648	13,749	(55,072)
Debt Service	-	57,261	-	(57,261)

VILLAGE OF BROCKPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2019

Note 4 Stewardship, Compliance and Accountability - Continued

Overall, the General Fund budget was under-expended by \$252,631.

<u>Water Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Overexpended</u>
General Governmental Support	\$ 24,500	\$ 26,896	\$ -	\$ (2,396)
Debt Service	62,219	96,373	-	(34,154)

Overall, the Water Fund budget was under-expended by \$66,665.

Overexpenditures are due to differences in the way expenditures are classified in the Village's trial balance software and the Annual Update Document (AUD) submitted to New York State. The financial statements classify expenditures in the same manner as reported in the AUD. There were no overexpenditures as classified in the Village's trial balances.

Note 5 Schedules of Changes in the Village's Total OPEB Liability and Related Ratios

Changes of assumptions and other inputs reflected the effect of changes in the discount rate each period. The following are the discount rates in each period.

2019 - 3.70%
2018 - 3.72%

Note 6 Schedule of the Village's Proportionate Share of the Net Pension Liability

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

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

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2018 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return and salary scales) and demographic (pensioner mortality) assumptions used in the April 1, 2018 actuarial valuation.

VILLAGE OF BROCKPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2019

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

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. The following actuarial methods and assumptions were used:

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

VILLAGE OF BROCKPORT

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS MAY 31, 2019

	Special Revenue Funds		Total Non-Major Governmental Funds
	Sewer Fund	Miscellaneous Special Revenue Fund	
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 100,873	\$ 75,597	\$ 176,470
Investments - Unrestricted		11,826	11,826
Other Receivables	20,512		20,512
Total Assets	\$ 121,385	\$ 87,423	\$ 208,808
LIABILITIES			
Accounts Payable	4,725		4,725
Total Liabilities	4,725	-	4,725
FUND BALANCES			
Assigned	116,660	87,423	204,083
Total Fund Balances	116,660	87,423	204,083
Total Liabilities and Fund Balances	\$ 121,385	\$ 87,423	\$ 208,808

VILLAGE OF BROCKPORT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2019

	<u>Special Revenue Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Sewer Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	
REVENUES			
Departmental Income	\$ 144,652	\$	\$ 144,652
Use of Money and Property	1,801	2,666	4,467
Miscellaneous Local Sources		15,522	15,522
Total Revenues	<u>146,453</u>	<u>18,188</u>	<u>164,641</u>
EXPENDITURES			
Current			
Home and Community Services	50,011		50,011
Debt Service			
Principal	58,463		58,463
Interest	41,093		41,093
Total Expenditures	<u>149,567</u>	<u>-</u>	<u>149,567</u>
Excess of Revenues (Expenditures)	<u>(3,114)</u>	<u>18,188</u>	<u>15,074</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In (Out)		(2,000)	(2,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	<u>(3,114)</u>	<u>16,188</u>	<u>13,074</u>
Fund Balances, Beginning of Year	119,774	71,235	191,009
Fund Balances, End of Year	<u><u>\$ 116,660</u></u>	<u><u>\$ 87,423</u></u>	<u><u>\$ 204,083</u></u>