

INCORPORATED VILLAGE OF BRIGHTWATERS
BRIGHTWATERS, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2015

Table of Contents

	Page(s)
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 9
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Change in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of the Governmental Funds to the Statement of Activities	15
Notes to the Financial Statements	16-29
Required Supplementary Information	
Statement of Revenues, Expenditures and Change in Fund Balance Budget and Actual - General Fund	30
Schedule of Funding Progress for the Retiree Health Plan	31

SKINNON and FABER

Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Trustees
Incorporated Village of Brightwaters
Brightwaters, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Brightwaters as of and for the year ended May 31, 2015, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Incorporated Village of Brightwaters management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Incorporated Village of Brightwaters, as of May 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and funding progress for the retiree health plan 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.

Skinnon and Faber, CPAs, P.C.

Skinnon and Faber, CPA's, P.C.

July 16, 2015

INCORPORATED VILLAGE OF BRIGHTWATERS

Management's Discussion and Analysis (Unaudited)

The Board of Trustees of the Incorporated Village of Brightwaters (the Village), would like to offer readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended May 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements report how Village activities were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail by providing information about the Village's most significant funds. The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by the required supplementary information, which supports the financial statements with a comparison of the Village's General Fund budget for the year, as well as the schedule of funding progress for the retiree health plan.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

The Village's total net position increased by \$28,760 for the fiscal year ended May 31, 2015, resulting in an improvement to the overall financial position of the Village. A condensed summary of the Village's Statement of Net Position for the current year is detailed below.

Condensed Statement of Net Position – Governmental Activities

	<u>May 31, 2015</u>	<u>May 31, 2014</u>
Assets		
Current and Other Assets	\$ 845,778	\$ 466,417
Capital Assets (net)	<u>2,261,453</u>	<u>2,320,194</u>
Total Assets	<u>3,107,231</u>	<u>2,786,611</u>
Liabilities		
Liabilities	213,238	151,487
Long-Term Liabilities	<u>918,395</u>	<u>811,795</u>
Total Liabilities	<u>1,131,633</u>	<u>963,282</u>
Deferred Inflows of Resources		
Taxes Collected in Advance	110,709	-
Sanitation Fees Collected in Advance	<u>12,800</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>123,509</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	2,261,453	2,320,194
Unrestricted (deficit)	<u>(409,364)</u>	<u>(496,865)</u>
Total Net Position	<u>\$ 1,852,089</u>	<u>\$ 1,823,329</u>

Net investment in capital assets is the Village's investment in capital assets, such as infrastructure, building and improvements, equipment and trucks, vehicles, and computers, reduced by accumulated depreciation and associated debt. This figure also includes land, which is not depreciated.

Changes in Net Position

The Statement of Activities reports the results of the current year's operations and the effect on Net Position in the accompanying financial statements. A summary of changes in Net Position from operating results is shown below.

Changes in Net Position from Operating Results – Governmental Activities

	For the Years Ended	
	May 31, 2015	May 31, 2014
Revenues		
Program Revenues:		
Fees, Fines and Charges for Services	\$ 723,367	\$ 807,273
Operating Grants and Contributions	18,698	6,637
Capital Grants and Contributions	-	143,174
General Revenues:		
Property Tax Items	1,612,664	1,487,381
Non Property Tax Items	127,714	126,125
Other	116,018	122,010
Total Revenues	<u>2,598,461</u>	<u>2,692,600</u>
Expenses		
Governmental Activities:		
General Government Support	1,071,671	1,124,568
Public Safety	545,667	561,160
Health	60,440	57,525
Transportation	232,563	289,450
Economic Opportunity and Development	23,014	26,930
Culture and Recreation	191,729	91,642
Home and Community Services	444,617	517,896
Total Expenses	<u>2,569,701</u>	<u>2,669,171</u>
Change in Net Position	28,760	23,429
Beginning Net Position	<u>1,823,329</u>	<u>1,799,900</u>
Ending Net Position	<u>\$ 1,852,089</u>	<u>\$ 1,823,329</u>

ANALYSIS OF POSITION AND RESULTS OF OPERATION

The administration of the Village of Brightwaters changed completely for the Fiscal Year ending May 31, 2015. The June 2014 election resulted in a new Mayor, two new trustees, a resignation of one trustee and a vacant trustee position which the new Mayor had held. The budget that was adopted on May 1, 2014, had input from only one member of the new Board. There was no documentation as to the methodology used to prepare the budget and therefore required numerous modifications throughout the fiscal year to amend budget figures to reflect actual expenses.

The infrastructure situation in the Village was evaluated. Some roads are in need of repair, as is the canal bulkhead. Village buildings require additional maintenance and the equipment used by both the office staff and the Department of Public Works required updating. The administration set out to repair and replace what was feasible in a short time period. A comprehensive Capital Plan was formulated and adopted with the 2015-16 Budget.

A historic rain event occurred on Long Island in August 2014 resulting in a partial collapse of bulkhead in the canal. Funds were re-appropriated from road paving to canal repair in the amount of \$80,000 to cover the repairs. One of the code enforcement vehicles was determined to no longer be road worthy was removed from service, and replaced by a hybrid vehicle at a cost of \$30,000. This also resulted in a budget modification. The department of public works break room, housed in an old horse stable, had been repaired throughout the years. A detailed inspection determined that it was not habitable and was to be razed. This was also an unbudgeted expense.

Several members of the Board participated in the NYS Department of Homeland Security's New York Rising Community Revitalization program. A committee of community leaders, districts, business leaders and professional consultants met throughout the year to determine how to make the West Bay Shore/Brightwaters community more resilient after the effects of Superstorm Sandy. The result of the committee meetings was a grant for the Village for an emergency generator for Village Hall. This will allow the Village to operate during the time of an emergency to provide assistance to the residents. Installation is expected in fiscal year 2015-16.

The Mayor formed a Downtown Revitalization committee comprised of board members from the various Village boards, residents and business owners. The Committee has received notification that a grant that was applied for has been approved. The Village will receive the grant in the amount of \$38,000 during the 2015-16 fiscal year from the Suffolk County Revitalization Committee; it will be used for installation of decorative street lights, trees and paver sidewalks in the "four corners" business district located at the corner of North Windsor Avenue and Orinoco Drive.

The Village adopted a Procurement Policy during the year. By outlining the procedures for purchasing, including competitive bidding, requests for proposals, inclusion of the ability to use a "piggyback" contract (utilizing authorized contracts of other

municipalities to generate efficiencies and cost savings) and payment of invoices, the Village will start to experience additional cost savings as well as proving a better method of controlling expenditures.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund had a surplus of \$201,897, bringing the ending fund balance to \$395,230. Of this amount, \$389,039 is unassigned. The remaining \$6,191 of fund balance is considered nonspendable, as it relates to prepaid items.

BUDGETARY ANALYSIS

The following variances exist between the original adopted budget and actual results for the year ended May 31, 2015:

Revenues:

- Building Department Revenue: \$34,385. This represents a 300% increase over two years in Building Department revenue. The Village hired a new building inspector in July 2014 who was able to process permits and inspections quickly and efficiently.
- Boat Slip rentals: \$153,405. The revenue from slip rental remained steady when compared to last year. However, revenue is significantly less than what was recorded in 2008 and years prior. Research is being done to determine how to increase this revenue line.
- Sanitation fees: \$464,486. The budgeted charges for sanitation fees were significantly higher than the actual expense (\$379,831). For the fiscal year 2015-16, the charges were budgeted to reflect 110% of the actual contractual charges.
- CHIPS and State Aid: \$12,231. Budgeted \$222,000. State aid in the amount of a \$100,000 grant for road paving was not received in the fiscal year. No additional road paving was undertaken either, resulting in a reimbursement request for NYS DOT CHIPS money of \$12,230 for part of the expenditure to repair the canal. This was eligible under the Extreme Winter recovery funds.

Expenditures:

- Auditor fees: \$12,092. Budgeted \$46,000. In the past, audit fees ran in excess of \$30,000. A request for proposal was distributed and a new auditing firm was selected at a cost of \$12,000.
- Village Clerk - Personal Services: \$130,639. Budgeted \$122,000. The long-time Village Clerk retired in September 2014, resulting in a payout of accrued vacation time.

- Clerk - General Contractual: \$4,678. Budgeted \$0. The Village hired a grant writer for a one-time fee of \$3,600 to assist in the application for a New York State Archive grant to digitize the Village documents, particularly in the Building Department. The expenses also included on-line bidding memberships and appraisal fees.
- Litigation: \$8,600. Budgeted \$44,000. Litigation costs were kept to a minimum.
- Central Garage – Equipment: \$20,325. Budgeted \$0. The Village had the opportunity to purchase a used DPW truck from the Village of Plandome to replace a vehicle that was no longer cost effective to operate.
- DPW Structures Repair and Maintenance: \$10,839. Budgeted \$560. The DPW break room was determined to be unsafe and was demolished. The expenses included the removal of the debris as well as relocating the electric lines to service the temporary trailer. A new DPW building is currently being designed.
- Central Data Processing - \$11,452. Budgeted \$1,100. The Village did not have a file server for many years, which prohibited the staff from sharing files, databases and programs. The hardware was purchased through government contracts and an RFP was issued for the installation.
- Code Enforcement Equipment: \$29,242. Budgeted \$0. The Ford Expedition used as a code car was taken off the road due to costly repairs. It was replaced by a hybrid vehicle which should provide future cost savings.
- Road Paving: \$0. Budgeted \$450,000. No road paving was done in this fiscal year primarily because a study was undertaken to determine a priority for paving. Also, \$80,000 of this line was allocated to the emergency repairs on the canal. The plan to pave Richland Boulevard was stalled due to the DOT holding the contract in Albany (\$100,000 grant). For the fiscal year 2015-16, a more aggressive road paving plan has been put into place utilizing \$170,000 that was not spent in this fiscal year.
- Canal Repairs: \$91,194. Budget \$2,500. Emergency repairs to a section of bulkhead contributed to the expenses as well as other required repairs.
- Garbage Collection: \$379,831. Budgeted \$400,000. The cost as per the contract was less than the budgeted amount.

None of the variations between budgeted and actual results are expected to affect future services or liquidity.

A schedule showing the budgeted amounts compared to the Village's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSET ACTIVITY

During the year, the Village acquired equipment with a cost of \$59,416. Road paving to be undertaken in Fall 2015 will have a positive effect on the Capital Infrastructure of the Village. A Capital Plan has been adopted going forward for the next five years and includes general fund appropriations, future CHIPS allocations, grants and assigned fund balance. Projects include additional road paving, constructing a new DPW building, and revitalization of the “four corners” area consisting of North Windsor Avenue and Orinoco Drive. In addition, the Village will be commencing another round of tree planting in the Fall of 2015, partially funded by a NYS DEC Forestry grant. Our local Senator, Phil Boyle, has been successful in obtaining several grant opportunities for the Village. The Village, in conjunction with the Downtown Revitalization committee, applied for the next round of Suffolk County Revitalization grants in order to continue the “four corners” project.

INFRASTRUCTURE ASSETS

There were no significant changes in the assessed condition of eligible infrastructure assets.

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

The Village is constantly evaluating the finances and seeking cost savings wherever possible. The adopted 2015-16 budgeted resulted in a zero percent tax increase and thus is eligible for the New York State Property Tax Freeze program. In addition, the charges for refuse pickup were adjusted to reflect the actual expense which resulted in a slightly reduced tax bill for the residents.

In the 2015-16 fiscal year, the administration also assigned \$170,000 of fund balance to capital projects to ensure enough dollars were available to cover the cost of repairs and construction. This will still leave an unassigned fund balance of \$197,000 after some adjustments for unbudgeted expenses. This fund balance represents 7.8% of the budgeted expenses. The newly adopted Fund Balance Policy allows for an unassigned fund balance of 6% to 20% of the budget.

CONTACTING THE VILLAGE’S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Village’s finances and to demonstrate the Village’s accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact:

Incorporated Village of Brightwaters
Donna Barnett, Clerk-Treasurer
40 Seneca Drive
Brightwaters, New York 11718

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Net Position
May 31, 2015

ASSETS

Cash and Cash Equivalents	\$	376,455
CLASS Investment Account		314,640
Accounts Receivable		1,950
Taxes Receivable - Overdue		12,792
Sanitation Fees Receivable - Overdue		4,208
State and Federal Aid Receivables		122,612
Prepaid Expenses		13,121
Capital Assets (net)		2,261,453
Total Assets		3,107,231

LIABILITIES

Accounts Payable and Accrued Expenses		204,301
Due to Other Government		337
Unearned Revenue		8,600
Long-term Liabilities:		
Compensated Absences:		
Due within one year		3,667
Due in more than one year		33,006
Other Post-employment Benefits:		
Due within one year		-
Due in more than one year		881,722
Total Liabilities		1,131,633

DEFERRED INFLOWS OF RESOURCES

Taxes Collected in Advance		110,709
Sanitation Fees Collected in Advance		12,800
Total Deferred Inflows of Resources		123,509

NET POSITION

Net Investment in Capital Assets		2,261,453
Unrestricted (deficit)		(409,364)
Total Net Position	\$	1,852,089

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Activities
For the Year Ended May 31, 2015

Functions/Programs	Expenses	PROGRAM REVENUES			Net (Expense) / Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government Support	\$ 1,071,671	\$ 43,462	\$ -	\$ -	\$ (1,028,209)
Public Safety	545,667	38,287	-	-	(507,380)
Health	60,440	-	-	-	(60,440)
Transportation	232,563	-	18,698	-	(213,865)
Economic Opportunity and Development	23,014	-	-	-	(23,014)
Culture and Recreation	191,729	178,055	-	-	(13,674)
Home and Community Services	444,617	463,563	-	-	18,946
Total Governmental Activities	\$ 2,569,701	\$ 723,367	\$ 18,698	\$ -	(1,827,636)
GENERAL REVENUES:					
					1,612,664
Real Property Taxes and Related Tax Items					127,714
Non Property Taxes					4,895
Investment Earnings					70,109
State Aid					7,938
Minor Sales and Compensation for Loss					33,076
Other Miscellaneous Revenues					<u>33,076</u>
					<u>1,856,396</u>
					28,760
					<u>1,823,329</u>
					<u>\$ 1,852,089</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Balance Sheet
May 31, 2015

<u>ASSETS</u>	<u>General Fund</u>
Assets:	
Cash and Cash Equivalents	\$ 376,455
CLASS Investment Account	314,640
Taxes Receivable - Overdue	17,000
Accounts Receivable	1,950
State Aid Receivable	122,612
Prepaid Expenses	6,191
	6,191
Total Assets	\$ 838,848
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable and Accrued Expenditures	\$ 188,975
Due to Other Governments	337
	337
Total Liabilities	189,312
Deferred Inflows of Resources:	
Deferred Revenue - State Aid Receivable	107,444
Deferred Revenue - Real Property Taxes	11,376
Deferred Revenue - Sanitation Fees	3,378
Deferred Revenue - Summer Camp Fees	8,600
Taxes Collected in Advance	110,708
Sanitation Fees Collected in Advance	12,800
	12,800
Total Deferred Inflows of Resources	254,306
Fund Balance:	
Nonspendable	6,191
Unassigned	389,039
	389,039
Total Fund Balance	395,230
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 838,848

INCORPORATED VILLAGE OF BRIGHTWATERS
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of May 31, 2015

Total Fund Balance - total governmental funds: \$ 395,230

This amount differs from the amount of Net Position shown in the Statement of Net Position due to the following:

Receivables for revenues earned, measurable but not available to provide financial resources are included in the government-wide statements as assets and are added. 122,198

Amounts for prepaid expenses are included in the government-wide statements as assets and are added. 6,930

Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation. 2,261,453

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds and are deducted. (15,327)

Long-term liabilities are not due and payable in the current period and accordingly are not reported in the governmental funds. However, these liabilities are included in the government-wide statements and are deducted.

Compensated absences (36,673)
Other post-employment benefits payable (881,722)

Total Net Position \$ 1,852,089

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Revenues, Expenditures and Change in Fund Balance
For the Year Ended May 31, 2015

	General Fund
Revenues:	
Real Property Taxes	\$ 1,604,222
Real Property Tax Items	15,138
Non Property Tax Items	127,714
Departmental Income	700,326
Use of Money and Property	4,895
Licenses and Permits	4,790
Fines and Forfeitures	22,011
Insurance Recoveries and Minor Sales	7,938
Miscellaneous Local Sources	33,076
Federal Aid	2,287
State Aid	86,520
	2,608,917
Expenditures:	
General Government Support	771,538
Public Safety	465,378
Health	60,440
Transportation	132,146
Economic Opportunity and Development	23,014
Culture and Recreation	156,107
Home and Community Services	444,405
Employee Benefits	353,992
	2,407,020
Excess (Deficiency) of Revenues Over (Under) Expenditures	201,897
Fund Balance at Beginning of Year	193,333
Fund Balance at End of Year	\$ 395,230

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Reconciliation of the Statement of Revenues, Expenditures and
Change in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended May 31, 2015

Net Change in Fund Balance shown for total governmental funds \$ 201,897

This amount differs from the change in net position shown in the Statement of Activities because of the following:

Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital expenditures	59,416	
Depreciation expense	<u>(118,157)</u>	(58,741)

Major revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are earned, measurable and available to provide current financial resources. In the Statement of Activities, major revenues are recognized when they are earned and measurable, regardless of when they become available.

(10,456)

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. This amount is the net effect of these differences in the treatment of long-term liabilities and related items.

(134,147)

Certain expenditures for insurance premiums are recorded in the governmental funds when the payments are due. In the Statement of Activities, these costs are allocated over the applicable time period that they pertain to. Insurance premiums are allocated over the policy period that they are prepaid for. This is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.

612

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

2,048

Payments for compensated absences are shown in the governmental funds when they are due. In the Statement of Activities, these costs are reported during the period the liabilities are incurred, regardless of when they are due and payable. This amount represents the difference between the expenditures recorded in the current year for payments due on prior year liabilities and the expenses incurred during the current year that have not been paid.

27,547

Change in Net Position of governmental activities shown in the Statement of Activities:

\$ 28,760

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The Village of Brightwaters was incorporated in 1916. The Board of Trustees, which is the legislative body responsible for the overall operations of the Village, consists of the Mayor and four trustees. The Mayor serves as Chief Executive Officer and the Treasurer serves as Chief Fiscal Officer.

The following basic services are provided: fire protection, sanitation, recreation, village planning, street maintenance and lighting.

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

B. BASIS OF PRESENTATION

1. Government-Wide Financial Statements:

The government-wide financial statements include a Statement of Net Position and the Statement of Activities. Fiduciary activities of the Village are not included in these statements.

The statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, 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 in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Village are reported in three categories: 1) fees, fines, and charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All interfund balances in the Statement of Net Position have been eliminated.

2. Fund Financial Statements:

The accounts of the Village are organized on the basis of funds, each of which is considered

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2015

a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, which are segregated for the purpose of carrying on specific activities. The various funds are exhibited by type in the financial statements. The following fund types are used:

Fund Categories

- a. **GOVERNMENTAL FUNDS** - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Village's governmental fund types.

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

3. Equity Classifications:

Government-Wide Statements

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

- a. 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 that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position 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.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

Fund balance is classified and displayed in five components:

- a. Nonspendable – Consists of assets that are 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 principal of endowments.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2015

- b. Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- c. Committed – Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.
- d. Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
- e. Unassigned – Represents the residual classification for the government’s general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

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

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic measurement focus means all assets and liabilities are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for 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. Revenues are considered available if collected within 60 days from year end. Material revenues that are accrued include real property taxes and state aid. If expenditures are the prime factor for determining eligibility, revenue from federal and state grants are accrued when the expenditure is made and the resources are available. Expenditures are recorded when the liability is incurred except that:

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

- Principal and interest on indebtedness are recognized as an expenditure at the time of payment.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- Pension costs are recognized as an expenditure when billed by the State.

D. CASH AND INVESTMENTS

The Village's investment policies are governed by state statutes. Village monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the United States government and United States agencies, repurchase agreements and obligations of New York State or its localities and investments made by the Cooperative Liquid Asset Security System (NYCLASS).

Collateral is required for demand deposits, money market account and certificates of deposit not covered by the FDIC. Obligations that may be pledged as collateral are obligations and repurchase agreements relating to treasury obligations.

Investments are stated at cost, which approximates market.

E. PROPERTY TAXES

Property taxes are levied annually on June 1. Real property tax payments are due in total by July 1st of each year. A 5% penalty is imposed after July 1st. Interest is charged at a rate of 1% per month up to a total of 12% per annum.

F. BUDGETARY DATA

1. Budget Policies

An operating budget is adopted each fiscal year. The Mayor prepares a preliminary budget and the Village Board of Trustees holds a public hearing. Subsequent to the public hearing, revisions (if any) are made and the budget is adopted by the Village Board as its budget for the coming year. The budget is not subject to referendum. Any supplemental appropriations that amend total expenditures require Village Board resolution. All budget appropriations lapse at the end of each fiscal year.

2. Budget Basis of Accounting:

Budgets are adopted annually on a basis consistent with generally accepted accounting

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

principles applicable to municipalities.

G. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, vehicles and equipment and infrastructure assets, are reported in the government-wide financial statements. The capital assets are reported at original cost. Depreciation has been recorded using the straight-line method over 5 to 20 years for vehicles and equipment, 25 to 40 years for infrastructure, and 40 years for buildings and improvements. Land is not depreciated. The Village has established a capitalization threshold for assets of \$1,000. General infrastructure assets acquired or constructed prior to June 1, 2004 are not reported in the financial statements.

H. COMPENSATED ABSENCES

The Village's union employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacation time can be accumulated upon written request citing extenuating circumstances. Sick time can be accumulated up to a maximum of 60 days. However, upon termination or retirement, each union employee shall be paid for accumulated sick leave, but in no event more than 36 days. Records are maintained by the Clerk-Treasurer. At May 31, 2015, the Village has an estimated liability of \$36,673.

I. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees. Substantially all of the Village's full time employees may become eligible for these benefits.

Healthcare benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for these other post-employment benefits payable is recorded as a long-term debt in the government-wide statements. The current portion of this debt is estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 45.

J. INSURANCE

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Village carries various insurance policies to mitigate any losses that might occur.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2015

accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results may differ from those estimates.

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village's cash and cash equivalents consist of cash on hand and demand deposits. Village monies must be deposited in specified FDIC-insured commercial banks located in New York State. The Village Clerk-Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include: obligations of the U.S. Treasury, obligations of New York State (or its localities if approved by the State Comptroller), and a CLASS investment account with the Municipal Investors Service Corp. which has a collateral arrangement with a third party custodial bank. All deposits and investments are carried at cost plus accrued interest.

Third party collateral is required for all deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are the same as the permissible investments mentioned above.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's third party custodial bank. They consisted of:

Deposits: All deposits are carried at cost plus accrued interest. Bank balances for the Village's deposits with financial institutions as of May 31, 2015 totaled \$227,985 and are categorized as follows:

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

Checking - Demand	\$ 227,985
Total Balances	\$ 227,985

Amount FDIC Insured	\$ 227,985
Total Amounts	\$ 227,985

Investments: All deposits are stated at cost plus accrued interest.

	CLASS Investment Account	
Fund	Market Value	Carrying Amount
General	\$ 314,640	\$ 314,640
Total Deposits and Investments	\$ 314,640	\$ 314,640

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

2. Changes in Capital Assets:

A summary of changes in capital assets follows:

<u>Capital Assets</u>	Balance May 31, 2014	Additions	Deletions	Balance May 31, 2015
Land	\$ 240,131	\$ -	\$ -	\$ 240,131
Vehicles and Equipment	585,531	59,416	-	644,947
Buildings and Improvements	248,285	-	-	248,285
Infrastructure	2,262,825	-	-	2,262,825
	<u>3,336,772</u>	<u>59,416</u>	<u>-</u>	<u>3,396,188</u>
 <u>Accumulated Depreciation</u>				
Land	-	-	-	-
Vehicles and Equipment	(494,819)	(27,413)	-	(522,232)
Buildings and Improvements	(174,850)	(8,343)	-	(183,193)
Infrastructure	(346,909)	(82,401)	-	(429,310)
	<u>(1,016,578)</u>	<u>(118,157)</u>	<u>-</u>	<u>(1,134,735)</u>
 <u>Totals</u>				
Land	240,131	-	-	240,131
Vehicles and Equipment	90,712	32,003	-	122,715
Buildings and Improvements	73,435	(8,343)	-	65,092
Infrastructure	1,915,916	(82,401)	-	1,833,515
Capital Assets, (net)	<u>\$ 2,320,194</u>	<u>\$ (58,741)</u>	<u>\$ -</u>	<u>\$ 2,261,453</u>

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities

General Government Support	\$ 14,944
Public Safety	3,531
Transportation	74,212
Culture and Recreation	25,258
Home and Community Services	212
Total depreciation expense – Governmental Activities	<u>\$ 118,157</u>

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

B. LIABILITIES

1. Pension Plan:

The Village of Brightwaters participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates used in computing the employers' contributions. The required contributions paid for the current year and two preceding years were:

2014-2015	\$	87,590
2013-2014		99,277
2012-2013		115,083

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5 percent of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5 percent of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008.

2. Long-Term Liabilities:

a. The Village had the following non-current liabilities:

- Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences.
- Other Post-Employment Benefits (OPEB) – Represents the non-current portion of the liability to current employees and retirees.

b. Summary Long-Term Debt – The following is a summary of long term liabilities by fund:

	General
Compensated Absences	\$ 36,673
Other Post-Employment Benefits	881,722
Total Long-Term Debt	\$ 918,395

c. The following is a summary of changes in long-term liabilities:

	Compensated Absences	Other Post- Employment Benefits
Payable at beginning of fiscal year	\$ 64,220	\$ 747,575
Additions	-	184,811
Reductions	(27,547)	(50,664)
Payable at end of fiscal year	\$ 36,673	\$ 881,722

C. FUND BALANCE

The government's fund balance classification policies and procedures are as follows:

1. For committed fund balances:

- a. The government's highest level of decision-making authority resides with the Board of Trustees.
- b. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is through formal resolution by the Board.

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

2. For assigned fund balances:

- a. The body or official authorized to assign amounts to specific purpose is the Board of Trustees.
- b. The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given to the Board of Trustees.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

D. POST EMPLOYMENT HEALTHCARE PLAN

In the government-wide financial statements, the cost of other post-employment benefits (OPEB), like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended May 31, 2010, the Village recognizes the cost of other post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Village's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing in 2010.

Plan Description. The Village maintains a post-employment health insurance plan for retired employees of the Village. The plan is a single-employer defined benefit OPEB plan administered by the Village. The plan provides medical insurance through the New York State Empire Health Insurance Plan and dental and vision benefits through Teamsters Local 237. The plan's benefits are provided to all eligible retirees and their eligible spouses and can be amended by action of the Governing Board subject to applicable collective bargaining and employment agreements. For a retiree to be eligible, he or she should have completed twenty consecutive years working full time for the Village.

There are currently five active participants and four retirees in the plan. All financial activities of the plan are included in the financial statements of the Village. The plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy. Currently, the plan is non-contributory for employees. The plan pays 100% of the cost of all benefits provided to the retiree and the retiree's spouse during the retiree's lifetime. The plan does not provide benefits to surviving spouses. The Village currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The Village reserves the right to modify this plan in the future.

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

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

Annual required contribution	\$ 190,914
Interest on net OPEB obligation	29,903
Adjustment to annual required contribution	<u>(36,006)</u>
Annual OPEB cost (expense)	184,811
Contributions made	<u>(50,664)</u>
Increase in net OPEB obligation	134,147
Net OPEB obligation—beginning of year	<u>747,575</u>
Net OPEB obligation—end of year	<u><u>\$ 881,722</u></u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost of Payroll
5/31/2015	\$ 184,811	27.4%	\$ 881,722	\$ 520,972	35.5%
5/31/2014	176,411	25.6%	747,575	508,266	34.7%
5/31/2013	168,107	23.7%	616,307	488,717	33.7%

Funded Status and Funding Progress. As of June 1, 2012, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$2,080,122, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,080,122. The covered payroll (annual payroll of active employees covered by the plan) was \$488,717, and the ratio of the UAAL to the covered payroll was 425.6% percent.

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

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

E. CONCENTRATION OF RISK

The Village maintains all cash and cash equivalents in one depository. FDIC insurance covers all government accounts up to \$250,000 (per official custodian) for demand and time and savings accounts.

F. COMMITMENTS AND CONTINGENCIES

Contracts

The Village contracts annually with the Bay Shore Fire District to provide fire protection for residents and property owners within the territorial limits of the Incorporated Village of Brightwaters. Payments made during the fiscal year totaled \$227,904 for this protection. In accordance with the contract, the Village is required to pay \$212,697 for fire protection on or before September 1, 2015.

In May 2014, the Village entered into an agreement for garbage collection and disposal. The contract is for a period of two years, ending September 1, 2016. The minimum required payments for the years ending May 31, 2016 and 2017 are \$381,468 and \$95,367, respectively.

State Grants

The Village is a recipient of a number of State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could lead to certain disallowances and a request for a return of funds. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the respective agency for each grant.

Tax Certiorari

There are presently pending against the Village a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current years.

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2015

The financial exposures in these cases are indeterminable at this time.

Other

The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

There are no contingencies that the Village is aware of that would have a material impact on the financial statements.

G. SUBSEQUENT EVENTS

A Capital Projects fund was established in July 2015 with the adoption of the Fund Balance Policy. An appropriation of \$130,000 for the Capital Fund was adopted with the 2015-16 budget and a subsequent transfer of these funds was made in September 2015. In addition, the Board approved an assignment of Fund Balance in the amount of \$170,000 for the purpose of capital project improvements, such as road paving, canal repair and building construction.

The date to which events occurring after May 31, 2015 have been evaluated for possible adjustment to the financial statements or disclosure is July 16, 2015, which is the date the financial statements were available to be issued.

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Real Property Taxes	\$ 1,595,625	\$ 1,594,740	\$ 1,604,222
Real Property Tax Items	11,400	14,250	15,138
Non Property Tax Items	128,000	128,000	127,714
Departmental Income	685,449	696,445	700,326
Use of Money and Property	6,500	6,500	4,895
Licenses and Permits	4,000	4,000	4,790
Fines and Forfeitures	22,000	22,000	22,011
Insurance Recoveries and Minor Sales	2,000	8,678	7,938
Miscellaneous Local Sources	15,000	25,000	33,076
Federal Aid	-	2,287	2,287
State Aid	291,795	295,975	86,520
	<u>2,761,769</u>	<u>2,797,875</u>	<u>2,608,917</u>
Total Revenues			
Expenditures:			
General Government Support	750,516	780,571	771,538
Public Safety	428,622	466,332	465,378
Health	61,060	60,500	60,440
Transportation	590,975	489,367	132,146
Economic Opportunity and Development	12,500	28,800	23,014
Culture and Recreation	50,725	142,342	156,107
Home and Community Services	469,971	458,568	444,405
Employee Benefits	397,400	371,395	353,992
	<u>2,761,769</u>	<u>2,797,875</u>	<u>2,407,020</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	201,897
Fund Balance at Beginning of Year			<u>193,333</u>
Fund Balance at End of Year			<u>\$ 395,230</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Schedule of Funding Progress for the Retiree Health Plan
For the Year Ended May 31, 2015
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/1/2009	-	\$ 1,921,702	\$ 1,921,702	0.0%	\$ 550,028	349.4%
6/1/2012	-	2,080,122	2,080,122	0.0%	488,717	425.6%