

INCORPORATED VILLAGE OF BRIGHTWATERS
BRIGHTWATERS, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2017

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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, the business-type activities and each major fund of the Incorporated Village of Brightwaters as of and for the year ended May 31, 2017, 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, business-type activities, and each major fund of the Incorporated Village of Brightwaters, as of May 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, funding progress for the retiree health plan, local government's proportionate share of the net pension liability, and local government contributions 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.
November 22, 2017

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, 2017. 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, the schedule of the local government's proportionate share of the net pension liability and the schedule of local government contributions.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

The Village's total net position increased by \$97,172 for the fiscal year ended May 31, 2017, 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 and Business-Type Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>May 31, 2017</u>	<u>May 31, 2016</u>	<u>May 31, 2017</u>	<u>May 31, 2016</u>
Assets				
Current and Other Assets	\$ 817,973	\$ 2,566,393	\$ 1,034,752	\$ -
Capital Assets (net)	4,195,133	2,563,738	787,362	-
Total Assets	<u>5,013,106</u>	<u>5,130,131</u>	<u>1,822,114</u>	<u>-</u>
Deferred Outflows of Resources	<u>106,746</u>	<u>237,348</u>	<u>-</u>	<u>-</u>
Liabilities				
Liabilities	203,236	317,523	148,952	-
Long-Term Liabilities	2,810,938	2,960,498	1,600,000	-
Total Liabilities	<u>3,014,174</u>	<u>3,278,021</u>	<u>1,748,952</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred Amounts Related to Pension	24,762	32,552	-	-
Total Deferred Inflows of Resources	<u>24,762</u>	<u>32,552</u>	<u>-</u>	<u>-</u>
Net Position				
Net Investment in Capital Assets	2,710,133	2,563,738	-	-
Unrestricted (deficit)	(629,217)	(506,832)	73,162	-
Total Net Position	<u>\$ 2,080,916</u>	<u>\$ 2,056,906</u>	<u>\$ 73,162</u>	<u>\$ -</u>

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

Changes in Net Position

The following table provides a summary of the Village's operations for the year ended May 31:

Changes in Net Position from Operating Results – Governmental and Business-Type Activities

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>May 31, 2017</u>	<u>May 31, 2016</u>	<u>May 31, 2017</u>	<u>May 31, 2016</u>
Revenues				
Program Revenues:				
Fees, Fines and Charges for Services	\$ 499,380	\$ 610,352	\$ 168,030	\$ -
Operating Grants and Contributions	110,207	56,554	-	-
Capital Grants and Contributions	24,000	279,051	-	-
General Revenues:				
Property Tax Items	1,652,190	1,602,777	-	-
Non-Property Tax Items	133,682	127,653	-	-
Other	209,671	142,165	2,256	-
Transfers	30,800	-	-	-
Total Revenues	<u>2,659,930</u>	<u>2,818,552</u>	<u>170,286</u>	<u>-</u>
Expenses				
Governmental Activities:				
General Government Support	1,103,810	1,136,032	-	-
Public Safety	624,618	588,338	-	-
Health	75,000	60,000	-	-
Transportation	183,715	175,341	-	-
Economic Opportunity and Development	36,723	54,616	-	-
Culture and Recreation	160,073	112,926	-	-
Home and Community Services	421,089	456,675	-	-
Interest on Debt	30,892	-	-	-
Transfers	-	-	30,800	-
Canal Fund Expenses	-	-	66,324	-
Total Expenses	<u>2,635,920</u>	<u>2,583,928</u>	<u>97,124</u>	<u>-</u>
Change in Net Position	<u>24,010</u>	<u>234,624</u>	<u>73,162</u>	<u>-</u>
Beginning Net Position	2,056,906	1,852,089	-	-
Beginning Balance Adjustment	-	(29,807)	-	-
Beginning Net Position, as Restated	<u>2,056,906</u>	<u>1,822,282</u>	<u>-</u>	<u>-</u>
Ending Net Position	<u>\$ 2,080,916</u>	<u>\$ 2,056,906</u>	<u>\$ 73,162</u>	<u>\$ -</u>

ANALYSIS OF POSITION AND RESULTS OF OPERATION

This fiscal year was focused on capital projects throughout the Village. Thirty percent of the Village roads were repaved over the course of the summer at a cost of approximately \$1,298,000. Funding was received for this project through the issuance of \$1,650,000 in 10 year bonds in May 2016. The repayment of the principle and interest will come from a combination of New York State Department of Transportation Consolidated Local Street and Highway Improvement Programs allocations, General Fund appropriations and appropriated fund balance.

Downtown revitalization work continued on two of the four corners of the business area of the Village. Improvements included new concrete sidewalks with brick paver borders, decorative streetlights and grated areas for trees. Funding was obtained through local grants and Village taxes. The project is projected to be finalized within the next two years based on the successful application for additional County grants.

The Brightwaters Canal consists of 242 slips available and 151 slips rented in season to both residents and non-residents. The Board completed an analysis of the condition of the canal and identified 2,100 feet that were in need of complete replacement. The Village bonded for \$1,600,000 for 15 years to cover the cost of both the canal restoration, the adjacent road and repairs to the electrical and water supplies. Repayment of the bond will be done through revenue generated from slip rental. Current plans are in place to replace a similar amount on the East side of the canal. The Village is actively seeking grants to cover the cost for this upcoming project.

Replacement of aging Department of Public Work (DPW) equipment was also achieved through bond revenue in the amount of \$250,000. Equipment included two trucks with plows, a tree chipper and sanders for winter road de-icing. The equipment that was replaced had been in service for over 20 years. The Village received \$3,800 in revenue from the sale of the old equipment.

During the bonding process, the Village's bond rating was increased from "AA" to "AA+", affirming a stable outlook, by Standard & Poor's. Once again, S&P cited "strong management, with 'good' financial policies and practices" and "strong budgetary flexibility" as part of the rationale for the rating increase. This is a direct reflection on the fiscal actions taken by the Board to maintain adequate controls and budgetary adherence.

The Brightwaters Improvement Group succeeded in raising over \$26,000 for the purchase of a new playground system for the Walker Beach site. The Village employees performed the installation with assistance of a manufacturer's representative and volunteers. This was a welcome addition to the water front park.

The Board ratified a new contract with the Teamsters Local 237 union that represents the DPW workers. The contract includes a 2% increase for each of the next three years. It

also calls for a 15% employee contribution to the Village's health insurance premiums for all employees hired after the contract ratification.

This was the first fiscal year that the Canal Enterprise Fund was in existence. All revenue related to boat slip rental was directed into this Fund without a major impact of eliminating this revenue from the General Fund. Expenses directly related to the operation and maintenance of the Canal and surrounding areas are also booked to this fund. An administrative fee is charged back to the General Fund for the expenses associated with office staff, DPW personnel and additional Code Enforcement during the summer season to monitor activity on the Canal. Debt financing on the renovations will also be booked to this fund with the first payment coming due in the fiscal year ending May 31, 2018.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund had a surplus of \$133,915, bringing the ending fund balance to \$653,901. Of this amount, \$407,680 is unassigned, \$170,000 is assigned and \$58,464 is restricted. The remaining \$17,757 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, 2017:

Revenues:

- Justice Court Fines and Penalties: \$12,515 over budget (actual \$42,516). The Village has made a continual effort in enforcement of the Village code. The agency used for billing and collection has included an on-line payment portal that contributed to a higher collection percentage. The result has been a more successful collection effort and less administrative work.
- Mortgage Tax: \$28,572 over budget (actual \$75,572). Increased market activity within the Village produced a higher than expected revenue stream. The trend has been upward for this line item but is very difficult to predict.
- State Aid and Other State Grants – NYS Archive grant \$7,299. The grant to scan all of the building department files was closed out in this fiscal year with a final payment of \$7,299.
- Disasters: unbudgeted revenue \$31,892. These funds were from Superstorm Sandy claims. The clerk worked extensively with the Federal Emergency Management Agency representatives to secure all of the funds due to the Village from damage caused by Superstorm Sandy. As of October 2017, an additional \$71,000 is due to the Village and has been approved by the Federal Emergency Management Agency.

- Interfund Transfer from Capital: unbudgeted revenue \$59,964. This amount consists principally of bond premium received in May 2016 that was originally deposited in the Capital Fund and moved to the General Fund.

Expenditures:

- Clerk – General Contractual: unbudgeted expenses \$13,356. The Village engaged the services of both an assessor and a grant writer. The assessor will be analyzing, adjusting and defending any changes to assessed values of properties due to building permits that have been issued. Previously, the Village relied on the Town of Islip to make the assessment changes, but the Village was responsible for defending those changes in court. The Town’s assessment schedule is on a different calendar term than the Village, resulting in significant delays in assessment changes. A grant writer was hired to assist in obtaining funding for the reconstruction of the east side of the canal using the documentation that had been produced during the Village’s participation in the New York Rising Community Reconstruction Program.
- Central Garage – Personnel Services: \$57,068 under budget. DPW vacancies and retirements caused the Village to operate with a smaller crew during most of the year. Salaries for the new hires were lower than the more senior members, contributing to the surplus. This surplus was offset by vacation pay paid to a retiree in the amount of \$ 4,997.
- Road Maintenance – Total: \$10,615 under budget. Engineer costs for road maintenance were booked with the paving projects. There was less need for cold patch road repair because of all of the newly paved roads.
- Snow Removal – Total: \$18,429 under budget. Weather patterns produced a less than anticipated amount of snowfall with no significant storms requiring additional snow overtime.
- Parks – Repairs/Maintenance: \$13,320 over budget. Final clean-up of the debris pile at Gilbert Park was performed during the summer. The area that was formerly covered with a large pile of dirt from unknown origin will now be used for parking for residents wishing to use the park. This will eliminate the parking on the adjoining residential streets.
- New York State Retirement: \$7,487 over budget. The figures provided by the State Retirement System were under-stated due to salary differences of reported versus estimates used in calculating the contribution amount.
- Health Insurance: \$15,560 under budget. The budget for health insurance is based on historical increase percentages. The actual January 1 increase was lower. This, combined with employee contributions towards premium, contributed to the surplus.

- The Village went to bid on the rubbish removal services contract to take effect in September 2016. The result was a \$59.28 per year savings for the residents in 2016-17 and an additional \$21 in 2017-18. The tax rate increase for 2017-18 is 2.3%. The net effect would be an average increase of \$11 for the year per household.

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 AND LONG-TERM DEBT ACTIVITY

The Village went to market for a \$1,600,000 bond for canal improvements which closed on December 8, 2016. This is a fifteen year bond with a net interest rate of 2.51%. A debt service plan was adopted by the Village to schedule the payments for the life of the bond. The debt will be funded by Enterprise Fund appropriations.

Road paving was completed on 30% of the roads in the Village during the summer months. Replacement of approximately 2,100 feet of bulkhead on the west side of the Brightwaters Canal was started in February 2017. Conduit was installed along this side of the canal to make the electrical supply to the adjacent street lights more resilient. The water supply pipes on the south end of the west side were replaced with more robust material.

The "four corners" revitalization project received another round of funding from Suffolk County in the amount of \$33,980. These funds will be combined with the earlier rounds of \$98,139 from Suffolk County, General Fund appropriations, revitalization fees collected for new commercial construction and New York Department of Transportation CHIPS funds to continue construction on two of the four corners. The project will include decorative street lamps, pavers, new concrete, trees and improved curbing and ramps.

INFRASTRUCTURE ASSETS

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

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

Through continual budgetary analysis, competitive bidding and procedural efficiencies, the Village will continue to keep costs in line. The fund balance is an indication of the past performance of these measures and is anticipated to continue in the future.

For fiscal year 2017-18, there will likely be unbudgeted revenue as a result of FEMA funds for Superstorm Sandy. The amount was not available nor the payment dates as of the date of adoption of the budget. Estimates from the claims submitted total \$100,000. The Village is actively pursuing these funds.

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
Nicole Rhodes, Clerk-Treasurer
40 Seneca Drive
Brightwaters, New York 11718

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Net Position
May 31, 2017

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 183,823	\$ 257,477	\$ 441,300
CLASS Investment Account	552,597	-	552,597
Accounts Receivable	2,160	-	2,160
Taxes Receivable - Overdue	31,815	-	31,815
Due from Other Governments	23,200	-	23,200
Prepaid Expenses	23,819	-	23,819
Due from Canal Fund	559	-	559
Capital Assets (net)	4,195,133	787,362	4,982,495
Restricted Cash - Unspent Bond Proceeds	-	777,275	777,275
Total Assets	5,013,106	1,822,114	6,835,220
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Amounts Related to Pension	106,746	-	106,746
Total Deferred Outflows of Resources	106,746	-	106,746
<u>LIABILITIES</u>			
Accounts Payable and Accrued Expenses	184,536	-	184,536
Unearned Revenue	8,800	132,296	141,096
Due to Other Funds	-	559	559
Bond Interest Payable	9,900	16,097	25,997
Long-term Liabilities:			
Bonds:			
Due within one year	165,000	105,000	270,000
Due in more than one year	1,320,000	1,495,000	2,815,000
Net Pension Liability:			
Due within one year	-	-	-
Due in more than one year	155,716	-	155,716
Compensated Absences:			
Due within one year	3,022	-	3,022
Due in more than one year	27,200	-	27,200
Other Post-employment Benefits:			
Due within one year	-	-	-
Due in more than one year	1,140,000	-	1,140,000
Total Liabilities	3,014,174	1,748,952	4,763,126
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Amounts Related to Pension	24,762	-	24,762
Total Deferred Inflows of Resources	24,762	-	24,762
<u>NET POSITION</u>			
Net Investment in Capital Assets	2,710,133	-	2,710,133
Unrestricted (deficit)	(629,217)	73,162	(556,055)
Total Net Position	\$ 2,080,916	\$ 73,162	\$ 2,154,078

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Activities
For the Year Ended May 31, 2017

Functions/Programs	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and Change in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government Support	\$ 1,103,810	\$ 23,467	\$ 7,299	\$ -	\$ (1,073,044)	\$ -	\$ (1,073,044)
Public Safety	624,618	87,607	-	-	(537,011)	-	(537,011)
Health	75,000	-	-	-	(75,000)	-	(75,000)
Transportation	183,715	-	80,000	24,000	(79,715)	-	(79,715)
Economic Opportunity and Development	36,723	-	22,908	-	(13,815)	-	(13,815)
Culture and Recreation	160,073	26,140	-	-	(133,933)	-	(133,933)
Home and Community Services	421,089	362,166	-	-	(58,923)	-	(58,923)
Interest on Debt	30,892	-	-	-	(30,892)	-	(30,892)
Total Governmental Activities	2,635,920	499,380	110,207	24,000	(2,002,333)	-	(2,002,333)
Business-Type Activities:							
Canal Fund	66,324	168,030	-	-	-	101,706	101,706
Total Business-Type Activities	66,324	168,030	-	-	-	101,706	101,706
Totals	\$ 2,702,244	\$ 667,410	\$ 110,207	\$ 24,000	(2,002,333)	101,706	(1,900,627)
GENERAL REVENUES:							
Real Property Taxes and Related Tax Items					1,652,190	-	1,652,190
Non-Property Taxes					133,682	-	133,682
Investment Earnings					13,791	2,256	16,047
State Aid					131,765	-	131,765
Gain On Sale of Property					2,613	-	2,613
Minor Sales and Compensation for Loss					1,693	-	1,693
Other Miscellaneous Revenues					59,809	-	59,809
TRANSFERS:					30,800	(30,800)	-
Total General Revenues					2,026,343	(28,544)	1,997,799
Change in Net Position					24,010	73,162	97,172
Net Position - Beginning of Year					2,056,906	-	2,056,906
Net Position - End of Year					\$ 2,080,916	\$ 73,162	\$ 2,154,078

INCORPORATED VILLAGE OF BRIGHTWATERS
Balance Sheets
May 31, 2017

<u>ASSETS</u>	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 165,161	\$ 18,662	\$ 183,823
CLASS Investment Account	469,068	83,529	552,597
Accounts Receivable	2,160	-	2,160
Taxes Receivable - Overdue	31,815	-	31,815
Due from Other Governments	23,200	-	23,200
Due from Other Funds	200,156	44,000	244,156
Prepaid Expenses	17,757	-	17,757
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 909,317</u>	<u>\$ 146,191</u>	<u>\$ 1,055,508</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>			
Liabilities:			
Accounts Payable and Accrued Expenditures	\$ 170,801	\$ -	\$ 170,801
Due to Other Funds	44,000	199,597	243,597
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>214,801</u>	<u>199,597</u>	<u>414,398</u>
Deferred Inflows of Resources:			
Deferred Revenue - Real Property Taxes	21,524	-	21,524
Deferred Revenue - Real Property Tax Penalties	4,553	-	4,553
Deferred Revenue - Sanitation Fees	5,738	-	5,738
Summer Camp Fees Collected in Advance	8,800	-	8,800
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>40,615</u>	<u>-</u>	<u>40,615</u>
Fund Balance:			
Nonspendable	17,757	-	17,757
Restricted	58,464	75,500	133,964
Assigned, Unappropriated	170,000	-	170,000
Unassigned	407,680	(128,906)	278,774
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>653,901</u>	<u>(53,406)</u>	<u>600,495</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 909,317</u>	<u>\$ 146,191</u>	<u>\$ 1,055,508</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Reconciliation of the Governmental Funds Balance Sheets
to the Statement of Net Position
As of May 31, 2017

Total Fund Balance - Total Governmental Funds \$ 600,495

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. 31,815

Deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and, accordingly, are not reported as fund liabilities and are added. 81,984

Amounts for prepaid expenses are included in the government-wide statements as assets and are added. 6,062

Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation. 4,195,133

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. (23,635)

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.

Serial Bonds	(1,485,000)
Net Pension Liability	(155,716)
Compensated Absences	(30,222)
Other Post-employment Benefits Payable	<u>(1,140,000)</u>

Total Net Position - Governmental Activities \$ 2,080,916

INCORPORATED VILLAGE OF BRIGHTWATERS
Statements of Revenues, Expenditures and Change in Fund Balance
For the Year Ended May 31, 2017

	<u>Governmental Funds</u>		
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues:			
Real Property Taxes	\$ 1,626,567	\$ -	\$ 1,626,567
Real Property Tax Items	3,597	-	3,597
Non-Property Tax Items	133,682	-	133,682
Departmental Income	450,657	-	450,657
Use of Money and Property	12,016	1,775	13,791
Licenses and Permits	9,315	-	9,315
Fines and Forfeitures	42,516	-	42,516
Insurance Recoveries and Minor Sales	5,493	-	5,493
Miscellaneous Local Sources	59,594	23,123	82,717
Federal Aid	31,893	-	31,893
State Aid	187,171	24,000	211,171
	<u>2,562,501</u>	<u>48,898</u>	<u>2,611,399</u>
Expenditures:			
General Government Support	719,578	258,346	977,924
Public Safety	480,806	-	480,806
Health	75,000	-	75,000
Transportation	67,632	1,322,011	1,389,643
Economic Opportunity and Development	34,295	203,929	238,224
Culture and Recreation	131,286	-	131,286
Home and Community Services	420,877	-	420,877
Employee Benefits	383,884	-	383,884
Debt Service	185,992	-	185,992
	<u>2,499,350</u>	<u>1,784,286</u>	<u>4,283,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>63,151</u>	<u>(1,735,388)</u>	<u>(1,672,237)</u>
Other Financing Sources (Uses):			
Transfers In	90,764	20,000	110,764
Transfers Out	(20,000)	(59,964)	(79,964)
	<u>70,764</u>	<u>(39,964)</u>	<u>30,800</u>
Net Change in Fund Balance	133,915	(1,775,352)	(1,641,437)
Fund Balance at Beginning of Year	<u>519,986</u>	<u>1,721,946</u>	<u>2,241,932</u>
Fund Balance at End of Year	<u>\$ 653,901</u>	<u>\$ (53,406)</u>	<u>\$ 600,495</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Reconciliation of the Statements of Revenues, Expenditures and
Change in Fund Balance of the Governmental Funds
to the Statement of Activities
For the Year Ended May 31, 2017

Net Change in Fund Balance Shown for Total Governmental Funds \$ (1,641,437)

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	1,800,286	
Depreciation expense	<u>(167,703)</u>	1,632,583

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. (11,538)

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. 17,730

Deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and, accordingly, are not reported as fund liabilities and are added. 89,894

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. (76)

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. (71,353)

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. 8,207

Change in Net Position of Governmental Activities Shown in the Statement of Activities \$ 24,010

INCORPORATED VILLAGE OF BRIGHTWATERS
Canal Fund
Statement of Net Position
Proprietary Fund
May 31, 2017

	Enterprise Fund
	Canal
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 257,477
Total Current Assets	257,477
Restricted Assets:	
Cash - Unspent Bond Proceeds	777,275
Total Restricted Assets	777,275
Capital Assets:	
Canal Restoration	797,329
Less: Accumulated Depreciation	(9,967)
Net Capital Assets	787,362
Total Assets	1,822,114
Liabilities	
Current Liabilities:	
Unearned Revenue	132,296
Due to Other Funds	559
Interest Payable	16,097
Bonds Payable	105,000
Total Current Liabilities	253,952
Long-Term Liabilities:	
Bonds Payable	1,495,000
Total Long-Term Liabilities	1,495,000
Total Liabilities	1,748,952
Net Position	
Unrestricted	73,162
Total Net Position	\$ 73,162

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Canal Fund
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended May 31, 2017

	Enterprise Fund
	Canal
Operating Revenues	
Charges for Services	\$ 168,030
Operating Expenses	
Cost of Services	14,864
Depreciation Expense	9,967
Total Operating Expenses	24,831
Operating Income	143,199
Nonoperating Income and Expenses	
Interest Income	2,256
Fiscal Agent Expense	(25,396)
Interest expense	(16,097)
Total Nonoperating Income and Expenses	(39,237)
Transfers out	(30,800)
Change in Net Position	73,162
Total Net Position-Beginning of Year	-
Total Net Position-End of Year	\$ 73,162

INCORPORATED VILLAGE OF BRIGHTWATERS
Canal Fund
Statement of Cash Flows
Proprietary Fund
For the Year Ended May 31, 2017

	Enterprise Fund
	Canal
Cash Flows from Operating Activities	
Receipts from customers	\$ 171,960
Payments to Suppliers	(14,864)
Net Cash Provided by Operating Activities	157,096
Cash Flows from Capital and Related Financing Activities	
Proceeds of Long-term borrowing	1,600,000
Cost of Canal Restoration	(797,329)
Fiscal Agent Fees	(25,396)
Transfers to Other Funds	(30,800)
Net Cash Provided by Capital and Related Financing Activities	746,475
Cash Flows from Investing Activities	
Interfund Loan, net change	128,925
Interest Income	2,256
Net Cash Provided by Investing Activities	131,181
 Net Increase in Cash and Cash Equivalents	 1,034,752
Cash and Cash Equivalents at Beginning of Year	-
Cash and Cash Equivalents at End of Year	\$ 1,034,752
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ 143,199
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	9,967
Increase in Unearned Revenue	3,930
Net Cash Provided by Operating Activities	\$ 157,096

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

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, 2017

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.

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

- b. **PROPRIETY FUNDS** - These funds are used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus of proprietary funds is upon the determination of operating income, changes in net position, and cash flows. The following proprietary fund is utilized:

Canal Fund - used to account for the revenues and expenses relevant to canal services to the Village's residents. Canal service charges are the primary source of operating revenues, all other revenue received not specifically identifiable to canal services are classified as non-operating.

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.

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

- 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.
- 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

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

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:

- Principal and interest on indebtedness are recognized as an expenditure at the time of payment.
- Expenditures for prepaid expenses and inventory-type items are generally recognized at the time of purchase.
- 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 accounts 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

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

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 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, 2017, the Village has an estimated liability of \$30,222.

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

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2017

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 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

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

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, 2017 totaled \$1,262,361 and covered by federal deposit insurance or third party collateral as follows:

Amount FDIC Insured	\$ 500,000
Amount Collateralized by Third Parties	1,349,249
Total Amounts	\$ 1,849,249

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

Fund	CLASS Investment Account	
	Market Value	Carrying Amount
General	\$ 469,068	\$ 469,068
Capital	83,529	83,529
Total Investments	\$ 552,597	\$ 552,597

2. Interfund Receivables, Payables, and Transfers:

Temporary advances between funds and unpaid interfund charges will be reimbursed subsequent to year end. The interfund receivable and payable balances at May 31, 2017 are as follows:

	Amount Receivable	Amount Payable
General Fund	\$ 200,156	\$ 44,000
Canal Fund	-	559
Capital Projects Fund	44,000	199,597
Totals	\$ 244,156	\$ 244,156

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

During the year, the budgeted transfers totaling \$110,764 were made from the General Fund to the Capital Projects Fund to support the costs of capital projects. The following is a summary of interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ 90,764	\$ 20,000
Canal Fund	-	30,800
Capital Projects Fund	20,000	59,964
Totals	\$ 110,764	\$ 110,764

3. Changes in Capital Assets:

A summary of changes in capital assets for Governmental Activities follows:

<u>Capital Assets</u>	Balance May 31, 2016	Additions	Reductions	Balance May 31, 2017
Land	\$ 240,131	\$ -	\$ -	\$ 240,131
Vehicles and Equipment	655,657	274,346	(39,854)	890,149
Buildings and Improvements	285,647	-	-	285,647
Infrastructure	2,644,949	1,525,940	-	4,170,889
	3,826,384	1,800,286	(39,854)	5,586,816
 <u>Accumulated Depreciation</u>				
Land	-	-	-	-
Vehicles and Equipment	(530,575)	(48,332)	38,666	(540,241)
Buildings and Improvements	(215,583)	(8,343)	-	(223,926)
Infrastructure	(516,488)	(111,028)	-	(627,516)
	(1,262,646)	(167,703)	38,666	(1,391,683)
 <u>Totals</u>				
Land	240,131	-	-	240,131
Vehicles and Equipment	125,082	226,014	(1,188)	349,908
Buildings and Improvements	70,064	(8,343)	-	61,721
Infrastructure	2,128,461	1,414,912	-	3,543,373
Capital Assets, (net)	\$ 2,563,738	\$ 1,632,583	\$ (1,188)	\$ 4,195,133

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

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

Governmental Activities

General Government Support	\$ 27,352
Public Safety	11,236
Transportation	98,337
Culture and Recreation	28,017
Economic Development	2,549
Home and Community Services	212
Total depreciation expense – Governmental Activities	<u>\$ 167,703</u>

A summary of changes in capital assets for Business-type Activities follows:

<u>Capital Assets</u>	Balance May 31, 2016	Additions	Reductions	Balance May 31, 2017
Improvements Other than Building	\$ -	\$ 797,329	\$ -	\$ 797,329
	-	797,329	-	797,329
<u>Accumulated Depreciation</u>				
Improvements Other than Building	-	(9,967)	-	(9,967)
	-	(9,967)	-	(9,967)
<u>Totals</u>				
Improvements Other than Building	-	787,362	-	787,362
Capital Assets, (net)	<u>\$ -</u>	<u>\$ 787,362</u>	<u>\$ -</u>	<u>\$ 787,362</u>

B. LIABILITIES

1. Pension Plan:

Description of Plan

The Village of Brightwaters participates in the New York State and Local Employees' Retirement System (ERS or the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. 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 the 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. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS is a cost sharing, multiple-employer defined benefit pension plan. The System is included in the State's financial report as a pension trust fund.

Separately issued financial statements can be viewed on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

ERS

- Tier 1 Those persons who last became members before July 1, 1973.
- Tier 2 Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 Those persons who first became members on or after April 1, 2012.

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) require ten years of service credit to be 100% vested.

Benefits

Tiers 1 & 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tier 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2017

average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4, and 5 members, each year of final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% greater than the average of the previous four years.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. The cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2017 was approximately 15.5% of payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial rate applicable during the year. For the fiscal year ended March 31, 2017, the applicable interest rate was 7%.

Member Contributions

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, 1976, 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.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2016-17	\$	78,487
2015-16		69,127
2014-15		87,590

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

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

At May 31, 2017, the Incorporated Village of Brightwaters reported a liability of \$155,716 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Incorporated Village of Brightwaters' proportion of the net pension liability was based on a projection of the Incorporated Village of Brightwaters' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2017, the Incorporated Village of Brightwaters' proportion was 0.0016572 percent.

For the year ended May 31, 2017, the Incorporated Village of Brightwaters recognized pension expense of \$94,947. At May 31, 2017, the Incorporated Village of Brightwaters reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,902	\$ 23,646
Changes of Assumptions	53,198	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	31,103	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	18,543	1,116
	<u>\$ 106,746</u>	<u>\$ 24,762</u>

There were no amounts reported as deferred outflows of resources related to pensions resulting from the Incorporated Village of Brightwaters contributions subsequent to the measurement date. 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 May 31:

2018	35,223
2019	35,223
2020	29,640
2021	(18,102)
	<u>\$ 81,984</u>

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

Actuarial Assumptions

The total pension liability at March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation for ERS used the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.8%
Investment Rate of Return, including inflation	7% compounded annually, net of investment expenses
Cost of Living Adjustments	1.3% annually

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses 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 rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36 %	4.55 %
International equity	14	6.35
Private equity	10	7.75
Real estate	10	5.80
Absolute return strategies	2	4.00
Opportunistic portfolio	3	5.89
Real assets	3	5.54
Bonds and mortgages	17	1.31
Cash	1	(0.25)
Inflation-indexed bonds	4	1.50
	<u>100 %</u>	

Discount Rate

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

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability	\$ 497,325	\$ 155,716	\$ (133,114)

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	Employees' Retirement System (in 000's)
Employers' total pension liability	\$ 177,400,586
Plan net position	(168,004,363)
Employers' net pension liability	<u>\$ 9,396,223</u>

Ratio of plan net position to the employers' total pension liability	94.7%
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2. Long-Term Liabilities:

- a. Outstanding Bond indebtedness aggregated \$3,085,000. Of this amount, \$2,920,000 was subject to the constitutional debt limit and represented approximately 8.46% of its debt limit.
- b. Serial Bonds – The Incorporated Village of Brightwaters 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. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.
- c. Other Long-Term Debt – In addition to the above long-term debt, the local government had the following non-current liabilities:
 - Net Pension Liability – Represents the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees' past periods of service.
 - 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.
- d. Summary Long-Term Debt – The following is a summary of long-term liabilities by fund:

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Canal</u>
Bonds	\$ -	\$ 1,485,000	\$ 1,600,000
Total Bonds	-	1,485,000	1,600,000
Net Pension Liability	155,716	-	-
Compensated Absences	30,222	-	-
Other Post-Employment Benefits	1,140,000	-	-
Total Long-Term Debt	<u>\$ 1,325,938</u>	<u>\$ 1,485,000</u>	<u>\$ 1,600,000</u>

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

	<u>Bonds</u>	<u>Net Pension Liability</u>	<u>Compensated Absences</u>	<u>Other Post-Employment Benefits</u>
Payable at beginning of year	\$ 1,650,000	\$ 262,069	\$ 38,429	\$ 1,010,000
Additions	1,600,000	(106,353)	(8,207)	180,000
Reductions	(165,000)	-	-	(50,000)
Payable at end of year	<u>\$ 3,085,000</u>	<u>\$ 155,716</u>	<u>\$ 30,222</u>	<u>\$ 1,140,000</u>

f. Long-Term Debt Maturity Schedule – The following is a statement of serial bonds with corresponding maturity schedules:

<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Rate %</u>	<u>Date Final Maturity</u>	<u>Outstanding at 5/31/2017</u>
2016	\$ 1,650,000	2.0%	2026	\$ 1,485,000
2017	1,600,000	2.5%	2032	1,600,000

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

- g. The following table summarizes the Incorporated Village of Brightwater’s future debt service requirements:

Ending Date	Principal	Interest	Total
May 31:			
2018	\$ 270,000	\$ 69,799	\$ 339,799
2019	270,000	58,906	328,906
2020	270,000	53,506	323,506
2021	270,000	48,106	318,106
2022	270,000	42,706	312,706
2023-2027	1,185,000	131,491	1,316,491
2028-2032	550,000	39,600	589,600
Total	<u>\$ 3,085,000</u>	<u>\$ 444,114</u>	<u>\$ 3,529,114</u>

C. DEFICIT FUND BALANCE

As of May 31, 2017, the Village had a deficit fund balance in the Capital Projects Fund of \$53,406.

D. 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.

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

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2017

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.

The Village’s fund balance is classified as follows:

	General Fund	Capital Projects Fund
Non-Spendable Fund Balance:		
Prepaid Expense	\$ 17,757	\$ -
Total Non-Spendable Fund Balance	\$ 17,757	\$ -
Restricted Fund Balance:		
Unspent Bond Proceeds	\$ -	\$ 75,500
Premium on Bonds	58,464	-
Total Restricted Fund Balance	\$ 58,464	\$ 75,500
Assigned Fund Balance:		
Capital Projects	\$ 170,000	\$ -
Total Assigned Fund Balance	\$ 170,000	\$ -

E. 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 seven active participants and four retirees in the plan. All financial activities

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2017

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.

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	\$ 190,000
Interest on net OPEB obligation	40,000
Adjustment to annual required contribution	(50,000)
Annual OPEB cost (expense)	180,000
Contributions made	(50,000)
Increase in net OPEB obligation	130,000
Net OPEB obligation—beginning of year	1,010,000
Net OPEB obligation—end of year	\$ 1,140,000

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 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
5/31/2017	\$ 180,000	25.5%	\$ 1,140,000	\$ 390,000	46.2%
5/31/2016	170,000	25.6%	747,575	390,000	43.6%
5/31/2015	184,811	27.4%	881,722	520,972	35.5%

Funded Status and Funding Progress. As of June 1, 2015, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was \$2,290,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2017

liability (UAAL) of \$2,290,000. The covered payroll (annual payroll of active employees covered by the plan) was \$390,000, and the ratio of the UAAL to the covered payroll was 587% 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 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.

F. 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.

G. 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 \$271,905 for this protection. In accordance with the contract, the Village is required to pay \$278,685 for fire protection on or before September 1, 2017.

The Village is in the process of entering into a new agreement for garbage collection and disposal.

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2017

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. 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.

H. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2017 and the date that these financial statements were available to be issued, November 22, 2017, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2017
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Real Property Taxes	\$ 1,638,629	\$ 1,641,355	\$ 1,626,567
Real Property Tax Items	8,000	3,371	3,597
Non-Property Tax Items	130,000	130,000	133,682
Departmental Income	447,659	451,959	450,657
Use of Money and Property	7,100	9,600	12,016
Licenses and Permits	7,000	7,000	9,315
Fines and Forfeitures	30,000	40,000	42,516
Insurance Recoveries and Minor Sales	1,000	4,800	5,493
Miscellaneous Local Sources	25,500	54,587	59,594
Federal Aid	-	31,893	31,893
State Aid	147,989	158,599	187,171
	<u>2,442,877</u>	<u>2,533,164</u>	<u>2,562,501</u>
Expenditures:			
General Government Support	766,863	773,787	719,578
Public Safety	459,361	495,561	480,806
Health	75,000	75,000	75,000
Transportation	99,013	99,013	67,632
Economic Opportunity and Development	69,500	69,500	34,295
Culture and Recreation	64,650	121,377	131,286
Home and Community Services	398,990	411,925	420,877
Employee Benefits	396,550	394,302	383,884
Debt Service	193,750	185,992	185,992
	<u>2,523,677</u>	<u>2,626,457</u>	<u>2,499,350</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(80,800)</u>	<u>(93,293)</u>	<u>63,151</u>
Other Financing Sources (Uses):			
Transfers In	80,800	80,800	90,764
Transfers Out	-	-	(20,000)
Total Other Financing Sources (Uses)	<u>80,800</u>	<u>80,800</u>	<u>70,764</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (12,493)</u>	133,915
Fund Balance at Beginning of Year			<u>519,986</u>
Fund Balance at End of Year			<u>\$ 653,901</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, 2017
(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)
6/1/2012	-	\$ 2,080,122	\$ 2,080,122	0.0%	\$ 488,717	425.6%
6/1/2015	-	2,290,000	2,290,000	0.0%	390,000	587.0%

INCORPORATED VILLAGE OF BRIGHTWATERS
Required Supplementary Information
For the Year Ended May 31, 2017
(Unaudited)

Schedule of the Local Government's Proportionate Share of the Net Pension Liability

NYSLRS Pension Plan
For the 2017 Fiscal Year **

	2017	2016
Village's proportion of the net pension liability (asset)	0.0016572%	0.0016572%
Village's proportionate share of the net pension liability (asset)	\$ 155,716	\$ 262,069
Village's covered payroll	\$ 390,000	\$ 390,000
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	39.93%	67.20%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%

** The amounts presented for the fiscal year were determined as of the March 31, 2017 measurement date.

INCORPORATED VILLAGE OF BRIGHTWATERS
Required Supplementary Information
For the Year Ended May 31, 2017
(Unaudited)

Schedule of Local Government Contributions

NYSLRS Pension Plan
For the 2017 Fiscal Year

	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 78,487	\$ 69,127
Contributions in relation to the contractually required contribution	<u>78,487</u>	<u>69,127</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 390,000	\$ 390,000
Contributions as a percentage of covered- employee payroll	20.12%	17.72%