

VILLAGE OF SPENCERPORT, NEW YORK NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ended **May 31, 2015**

I. ***Summary of Significant Accounting Policies***

The financial statements of the Village of Spencerport have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board 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:

A. **Financial Reporting Entity**

The Village of Spencerport, which was established in 1867, is governed by its Charter, the Village Law and other general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The following basic services are provided: General Municipal, Sewer (transport system only) and Municipal Electric services. Water services are provided by the Monroe County Water Authority. Sewage Treatment services are provided by the County of Monroe Northwest Quadrant Pure Waters District. Fire protection is provided by the Spencerport Fire District, a separate taxing authority.

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

The financial reporting entity consists of (a) the primary government which is the Village of Spencerport, (b) organizations for which the primary government is financially accountable (Sewer Fund, Electric Fund), and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14, as amended by GASB Statement 39. Based on the criteria under GASB Statement 14, there are no component units or organizations required to be included in the Village's reporting entity.

B. **Fund Accounting**

The Village of Spencerport uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Village records its transactions in the fund types and account groups described below.

1. 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 of Spencerport's governmental fund types.

General Fund - the principal operating fund and includes all operations not recorded in other funds pursuant to law.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following special revenue fund is utilized:

- Sewer Fund - used to account for the operations that provide sewer services and is financed primarily by user charges for these services.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the enterprise (Electric) funds.

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

Enterprise Fund - used to account for the following operations:

- Municipal Electric Fund of the Village of Spencerport. Used to account for all financial activities pertaining to the operation of the Municipal Electric system.

- c. **Fiduciary Funds** - used to account for assets held by the local government in a trustee or custodial capacity: The following fiduciary funds are utilized by the Village of Spencerport:

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Agency Fund - used to account for money (and/or property) received and held in the capacity of trustee, custodian, or agent.

Permanent Fund – account for resources that are legally restricted to the extent that only earnings, not principal may be used for purposes that benefit the government or its citizenry. The Village currently has no permanent fund applications. (See Note on Miscellaneous Fund below).

Miscellaneous Fund – account for those revenues that are legally restricted to expenditures for specific purposes. The CM should also be used to account for trusts that benefit the local government where principal and interest may be expended. The CM Fund is utilized by the Village for revenues and expenses to benefit maintenance of the Village park areas.

Note: In previous years these revenues and expenses were reported as a permanent fund (PN). Adjustments to correct fund reporting were made in the 2010 fiscal year.

2. Account Groups

Account groups are used to establish accounting control and accountability for **General Fixed Assets** and **General Long-Term Debt**. The two account groups are not "funds". They are concerned with measurement of financial position and not results of operations. They exclude items accounted for in proprietary (Electric) funds.

- a. **The General Fixed Assets Group** - used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes.
- b. **The General Long-Term Debt Account Group** - used to account for all long-term debt. Long-term indebtedness includes obligations such as serial bonds and compensated absences.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures/ expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured, i.e. expenditures or expenses. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included in the fund types on the balance sheet. Operating statements of these fund types present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund balance.

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Modified Accrual Basis - All Governmental Funds and Expendable Trust Funds are accounted for using the NYS Uniform System of Accounts modified accrual basis of accounting. Accounting practices prescribed by New York State to demonstrate compliance with the State's regulatory basis of accounting and budget laws requires the use of the modified accrual basis of accounting for recording transactions in governmental fund types and expendable trust and agency funds as applicable.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- b. Principal and interest on indebtedness are not recognized as expenditure until due.
- c. Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when paid. (Note III.B.4.b.)
- d. Pension costs are recognized as an expenditure when billed by the State.

Accrual Basis - Proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. The Village applies the New York State Regulatory Basis of Accounting. Under this basis, fixed assets and long-term liabilities related to these activities are recorded within the funds.

Long-term assets are expensed as depreciation over the life of the asset, not immediately at the time of acquisition. The straight-line method of depreciation is used in determining depreciation expense in these funds. Inventories are maintained using a historical cost method. Contributions to a fund, or from some other source, are recorded as contributed capital and not as revenues or expenses.

Account Groups - General fixed assets are recorded at actual or estimated cost (see 4. below) or, in the case of gifts and contributions, at the fair market value at the time received. Depreciation has been calculated and recorded. General long-term debt liabilities are recorded at the par value of the principal amount: No liability is recorded for interest payable to maturity. Compensated absences are recorded at current salary rates.

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GASB Compliance - The Village has elected to apply all GASB pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principals Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The Village implemented GASB Statement No 45 beginning with the year ending May 31, 2010. This statement establishes standards for the measurement, recognition and display of other post-employment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

Departures from Generally Accepted Accounting Principles (GAAP)

A portion of General Fixed Assets (land, buildings and improvements) are reported at appraised rather than historical cost as required by generally accepted accounting principles. (All equipment and vehicles, and any other new asset additions, are recorded at actual cost.) No depreciation was reported for governmental assets (K fund).

D. Property Taxes

Real property taxes are levied annually no later than May 1 and become a lien on June 1. Taxes are collected during the period June 1 to June 30. The county assumes enforcement responsibility for all taxes levied in the Village.

Unpaid village taxes and non-city school district taxes are turned over to the county for enforcement. Any such taxes remaining unpaid on November 1 are relieved as county taxes in the subsequent year.

E. Budgetary Data

1. **Budget Policies** - The budget policies are as follows:

- a. No later than March 20, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and proposed means of financing for all funds of the Village except for Capital and fiduciary funds.
- b. After public hearings are conducted to obtain taxpayer comments the Board of Trustees adopts the budget no later than May 1. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- c. All modifications of the budget must be approved by the Board of Trustees and appropriations lapse at fiscal year-end.
- d. Budgets are prepared for proprietary funds to establish the estimated contributions required from other funds and to control expenditures.

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2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, may be employed in the operating funds (General, Sewer). Encumbrances are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances for such commitments are recorded in the period in which the liability is incurred. Encumbrances are reversed and replaced by the actual expenditure when paid. The Village does not currently use encumbrance accounting.

3. Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting practices prescribed by New York State to demonstrate compliance with the State's regulatory basis of accounting and budget laws. Appropriations authorized for the current year are increased by any encumbrances carried forward from the prior year. There were no outstanding encumbrances at May 31, 2015.

F. Changes in Accounting Policies

The Village made no changes in accounting policies.

G. Notes Payable

The Village of Spencerport accounts for short-term notes payable (for which all necessary legal steps have not been taken to refinance), by reporting these notes payable as a fund liability in the fund receiving the proceeds as required by GASB Cod. Sec. B50. All such notes are recorded as short-term liabilities in the Capital Projects Fund H626 Bond Anticipation Notes Payable account or in the Enterprise Electric Fund E626 Bond Anticipation Notes Payable. As of year-end 5/31/2015 there were no outstanding Notes Payable.

H. Cash and Cash Equivalents

The Village's cash and cash equivalents consists of cash on hand and demand deposits, and may included short term investments with original maturities of three months or less from date of acquisition. The village held no investments during fiscal year 2014-2015.

I. Inventory

Inventory is valued at cost utilizing the average cost inventory valuation method for the proprietary (Electric) fund, and is expensed when purchased for the governmental funds.

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J. Insurance

The Village of Spencerport assumes the liability for most risk including, but not limited to, torts, 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. Settled claims from these risks have not exceeded commercial insurance coverage for the past four fiscal years.

K. Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed. A limited amount of compensation time may also be earned and accrued.

Employees accrue sick leave and may accumulate such credits, but these are for use during the duration of their employment only.

Vested vacation and accrued compensation time is recorded in proprietary fund as a liability and expense and in governmental funds as a fund liability and expenditure if payable from current resources. The liability for compensated absences increased by \$1,695 during the year to \$95,181 and is reported in the proprietary (Electric) funds (\$32,527) and in the Schedule of Non-Current Government Liabilities (\$62,654).

L. Post-Retirement Benefits

In addition to providing pension benefits, the Village of Spencerport provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village of Spencerport's employees may become eligible for these benefits if they reach normal retirement age while working for the Village of Spencerport. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village of Spencerport recognizes the cost of providing benefits by recording its share of insurance premiums as expenditure in the year paid.

During the year \$ 333,260 was paid by the Village on behalf of 24 retirees and 22 active employees and is recorded as expenditure in the General, Sewer and Electric funds. The cost of providing benefits for the retirees is not separable from the cost of providing benefits for the active employees.

See note III,B.,2. for plan description and funding policy.

M. Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received.

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II. **Stewardship, Compliance, Accountability**

A. **Material Violations of Finance-Related Provisions**

The Village of Spencerport has not knowingly committed any violations of finance-related provisions.

B. **Deficit Fund Balances**

The Village of Spencerport did not have any negative fund balances.

C. **Overdrawn Appropriations**

The Village of Spencerport had no overdrawn appropriations as of May 31, 2015.

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III. Detail Notes on All Funds and Account Groups

A. Assets

1. Cash and Investments

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

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the Village of Spencerport, New York State and its agencies and obligations of the State and its municipalities and school districts.

- a. **Deposits** - All deposits, including certificates of deposit, are carried at cost. Interest is recognized when received. The BANK RECONCILIATION includes details on all Village Bank Accounts, with 5/31/2015 bank balances totaling \$2,841,510. Deposits at year end were entirely covered by federal depository insurance or by collateral provided by the Village of Spencerport's primary Bank of Account, M&T Bank, and by the Village's secondary bank, KeyBank.
- b. **Investments** - Investments are stated at cost plus accrued interest. The Village of Spencerport did not have any non-cash investments on May 31, 2015.

2. Receivables

Major revenues accrued by the Village at May 31, 2015 include the following:

General Fund:	Miscellaneous Receivables	\$ 9,302
	Commercial Refuse Services Receivables	129
Sewer Fund:	Miscellaneous Receivables	\$ 0
Electric Fund:	Electric Services Receivable - Consumers	286,689
	Other Consumer Receivables	22,276
	Allowance for Uncollectible Accounts	(10,500)
	Other Miscellaneous Receivables	<u>3,855</u>
	Total Electric Fund:	\$ 302,320

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3. Property, Plant and Equipment - General

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at actual original cost (equipment, land and land improvements) or appraised value (buildings) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain infrastructure type improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the Village of Spencerport. Therefore, the purposes of stewardship for capital expenditures can be satisfied without recording these assets.

No new appraisal of fixed assets was done in 2015 fiscal year.

4. Property, Plant and Equipment - Proprietary Funds

Property, plant and equipment acquired by the proprietary fund is stated at cost (or estimated historical cost), including interest capitalized during construction, where applicable. Contributed fixed assets are recorded at fair market value at the date received. Depreciation is calculated using the straight-line method over the estimated useful lives.

5. Changes in Capital Assets

A summary of changes in fixed assets follows:

	Balance			Balance
<u>Governmental</u>	<u>5/31/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>5/31/2015</u>
Land	\$ 1,332,136	0	0	1,332,136
Buildings	2,170,596	0	0	2,170,596
Improvements other				
Than Buildings	350,616	0	0	350,616
Machinery & Equipment	2,211,764	245,032	327,485	2,129,311
Construction in progress:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$6,065,112	\$245,032	\$327,485	\$5,982,659
 <u>Electric Fund</u>				
Land	\$ 6,566	0	0	\$ 6,566
Building	433,785	36,846	0	470,631
Construction in Progress:	0	0	0	0
Other Improvements	7,833,305	536,825	168,471	8,201,659
Machinery & Equipment	892,624	12,700	9,320	896,004
Less contributed capital	- 871,311	-109,863	0	- 981,175
Less Accumulated				
Depreciation	<u>- 5,929,538</u>	<u>-352,770</u>	<u>-177,791</u>	<u>- 6,104,517</u>
Total	\$2,365,432	\$ 123,738	\$ 0	\$2,489,168

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B. Liabilities

1. Pension Plan

Plan Description

The Village of Spencerport participates in the New York State and Local Employees Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees, are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information, which may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, 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, and for employees who joined on or after January 1, 2010 (ERS) who generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller shall certify annually the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Village contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>
2015	\$ 259,612
2014	\$ 246,719
2013	173,871

2. Post-employment Benefits Other than Pensions

Plan Description:

The Village provides health care insurance benefit programs for most retired Village employees and, in certain instances, their dependents. All Village employees become eligible for such benefits when they attain certain age and service requirements while employed by the Village. As of May 31, 2015, the Village provided health care insurance to current retirees or their dependents.

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Reporting Requirements:

Beginning with the fiscal year ended May 31, 2010, the Village reports its post-employment benefits in accordance with Governmental Accounting Standards Statement No. 45 (GASB No. 45). GASB No. 45 views a post-employment benefit plan as a deferred compensation arrangement, whereby an employer promises to exchange future benefits for employees' current services. GASB No. 45 specifies that accounting for these benefits should be determined under an accrual basis, where the expected value of the benefit is actuarially calculated and recognized as a cost over the working lifetime of employees.

- a. *Funding Policy:* Currently, the Village's cost of its post-employment benefits program is determined on a pay-as-you-go basis and is; therefore, unfunded. During fiscal year 2015, premiums paid by the Village on behalf of current retirees and their spouses totaled \$69,325.

Annual OPEB Cost and Net OPEB Obligation. The Village's annual other post-employment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year ended May 31, 2015, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation to the Plan:

Annual required contribution	\$170,578
Interest on net OPEB obligation	9,449
Adjustment to Annual Required Contribution	(9,785)
Annual OPEB cost (based on 2014 actuarial analysis)	\$170,242
Less Actual contributions made	(69,325)
Increase in Net OPEB Obligation	100,917
Net OPEB obligation, beginning of year	341,395
 Net OPEB obligation, end of year	 <u>\$ 442,312</u> (a)

(a) The Electric Fund's allocated share of the net OPEB obligation at May 31, 2015 is \$218,558. The remaining obligation, totaling \$223,754 has been reported in the General Long-Term Debt Account Group.

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
5/31/15	\$170,242	40.7%	\$442,312

Funded Status and Funding Progress. As of May 31, 2014, the actuarial accrued liability for benefits was \$2,005,595, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,028,208, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 195.06 percent.

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The projection of future benefit payments for an ongoing plan involves 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.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of costs to the employer to that point. The 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. Actuarial computations under GASB No. 45 were provided by Burke Group, the Village's independent actuaries for the year ended May 31, 2014. In accordance with GASB No. 45, as a small governmental entity, management can elect to have this liability determined by an actuary on a bi-annual basis.

The following simplifying assumptions were made:

Retirement Age and Service Period for Active Employees – An employee must be eligible to retire under the New York State Employee's Retirement System and have at least 10 years of service with the Village, to be eligible for post-employment benefits.

Marital Status - 70% of both male and female employees are assumed to be married at retirement. Actual spousal information was used for retirees.

Surviving Spouses: Surviving spouses continue to receive coverage at the same contribution rate.

Mortality - Life expectancies were based on the 2003 National Center for Health Statistics combined rates, separate for males and females.

Termination Rates - Retirement rates consistent with GASB No. 45's abbreviated methodology were selected and are based on the experience of the Federal Employees Retirement System.

Retirement Rates - Employees are assumed to retire at the later of age 60 or first date of eligibility.

Healthcare Cost Trend Rate – The short term trend rates were based on the National Health Expenditure Projections 2006 - 2022, and reflect the impact of legislative changes in 2014 and future years. Long term trend rates were developed using the Society of Actuaries Getzen Long Term Healthcare Cost Trend Resource Model (updated November 2012).

Plan Costs – All active employees are assumed to continue their current coverage. At age 65, retirees are assumed to elect coverage under Medicare Blue Choice plan 50% of the time, and Medicare Plan C 50% of the time.

Other Related Information

The remaining actuarial assumptions and methods used for the valuation of the

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Department's post-employment benefits program, as of 5/31/2011, were as follows:

Interest Rate:	4.00%
Salary Scale:	4.00%
Inflation Rate:	2.50%
Valuation Method:	Entry Age Normal Method
Amortization Method:	Level Percent of Pay, Open Group
Amortization Period:	30 years

3. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the capital projects funds and the enterprise fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The Village issues Bond Anticipation notes (BAN's) in anticipation of proceeds from subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds, the capital projects funds.

There were no outstanding BAN's, and no interest expenditures related to short-term debt for the year ended May 31, 2015.

4. Long-Term Liabilities

- a. Outstanding indebtedness aggregated \$ 5,555,000.
- b. Serial Bonds -The Village of Spencerport borrows money in order to acquire land or equipment, or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Schedule of Non-Current Governmental Liabilities or in the Enterprise Fund in the case of Electric Fund debt. 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. Bond interest expenditures in the governmental funds are recognized on a cash basis, and amounted to \$ 129,968 for the year ended May 31, 2015. Enterprise fund debt is liquidated with enterprise income. Enterprise bond interest expense for the year amounted to \$ 6,558.

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- c. Other Long-Term Liabilities - In addition to the above long-term debt, 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.

c. Summary of Long-Term Liabilities –

The following is a summary of long-term liabilities by fund as of 5/31/15:

	<u>Governmental</u>	<u>Enterprise</u>
Statutory Installment Bonds (EFC Sewer Fund)	\$ 5,195,000	0
Serial Bonds (Consolidated Bond)	220,900	139,100
Total Bonds & Notes	5,415,900	139,100
Compensated Absences	62,653	32,527
Other Post-Employment Benefits	223,754	218,558
Total Long Term Liabilities	5,702,307	390,185

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

	OPEB	Bonds & Notes	Compensated Absences
Payable at 6/01/2014	180,343	5,898,200	58,938
Additions	43,411	0	3,715
Deletions		482,300	
Payable at 5/31/15	223,754	5,415,900	62,653

Additions and deletions to compensating absences and other post employment benefits are netted, as it is impractical to determine these amounts separately.

f. Long Term Debt Maturity Schedule

The following is a statement of the serial bonds with corresponding maturity schedules:

<u>Issue Description</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance</u>
General Fund:					
General obligation:	02/08	\$1,082,000	Varies	02/19	\$ 220,900
Sewer Fund:					
EFC Clean Water:	07/11**	6,530,000	2.44%*	04/28	5,195,000
Electric Fund:					
General obligation:	02/08	635,300	Varies	02/21	139,100
Total					\$5,555,000

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* Gross rates of 4.27% subject to subsidy from the New York State Environmental Facilities Corporation (EFC).

The terms of the EFC borrowings provide for an interest subsidy generated from a United States Environmental Protection Agency grant to the EFC.

** Original capital project debt incurred 8/08, refinanced by EFC 7/11

- g. Debt Service - The following table summarizes the Village's future debt service requirements on all fund bonds as of May 31, 2015:

	<u>Principal</u>	<u>Interest</u>	<u>Admin Fees</u>
2016	530,000	122,820	12,987
2017-2021	2,050,000	451,980	51,398
2022-2026	2,080,000	230,687	27,011
2027-2028	895,000	28,715	3,362
\$	5,555,000	834,202	94,758

- C. Interfund Activities outstanding balances at May 31, 2015 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	91	6,222
Electric Fund	8,260	91
Sewer Fund	0	2,038
TOTALS	\$ 8,351	\$ 8,351

Interfund items are miscellaneous transactions which were recognized at year end, and which will be repaid in the first quarter of 2016 Fiscal Year.

- D. Reserves

Reserved fund equity for governmental funds and operating fund surplus for enterprise funds include capital reserve funds established for the following purposes:

Fund	Reserve	Balance End of Year
GENERAL	General Capital Reserve	\$356,329
GENERAL	Computer Reserve	27,423
GENERAL	Streets Reserve	120,938
GENERAL	Equipment Reserve	106,424
GENERAL	Recycle Reserve	45,056
SEWER FUND	Sewer Capital Reserve	182,124
SEWER FUND	Equipment Reserve	118,273
ELECTRIC FUND	Electric Depreciation	85
TOTAL RESERVES		\$956,652