

VILLAGE OF TARRYTOWN, NEW YORK
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
MAY 31, 2018
TOGETHER WITH AUDITOR'S REPORTS

VILLAGE OF TARRYTOWN, NEW YORK
TABLE OF CONTENTS

	<u>PAGE(S)</u>
Independent Auditor's Report	1-2
Required Supplementary Information:	
Management's Discussion And Analysis ("MD&A")	3-13
Financial Statements:	
Village-Wide Financial Statements -	
Statement Of Net Position	14
Statement Of Activities	15
Fund Financial Statements -	
Balance Sheet - Governmental Funds	16
Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Position	17
Fund Financial Statements -	
Statement Of Revenues, Expenditures And Changes In Fund Balance (Deficit) - Governmental Funds	18
Reconciliation Of Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balance To The Statement of Activities	19
Fund Financial Statements -	
Statement Of Assets And Liabilities - Fiduciary Funds	20
Notes To Financial Statements	21-52
Required Supplementary Information Other Than MD&A:	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - General Fund	53
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Water Fund	54
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Library Fund	55
Schedule Of Changes In The Village's Total Pension Liability - Fire Service Awards Program	56
Schedule Of Changes In The Village's Total Pension Liability - Ambulance Service Awards Program	57
Schedule Of Funding Progress For The Retiree Health Plan	58
Schedule Of Village's Proportionate Share Of The Net Pension Liability - NYSERS	59
Schedule Of Village's Proportionate Share Of The Net Pension Liability - NYSPFRS	60
Schedule Of Village Pension Contributions - NYSERS	61
Schedule Of Village Pension Contributions - NYSPFRS	62
Other Supplementary Information:	
Non-Major Governmental Funds Combining Balance Sheet	63
Non-Major Governmental Funds Combining Schedule Of Revenues, Expenditures And Changes In Fund Balance	64
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	65-66



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Village of Tarrytown, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the remaining fund information and the fiduciary funds of the Village of Tarrytown, New York (the "Village"), as of and for the year ended May 31, 2018, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the remaining fund information and the fiduciary funds of the Village of Tarrytown, New York, as of May 31, 2018, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

NawrockiSmith

Changes In Accounting Principles and Prior Period Adjustment

As discussed in Note 1 to the financial statements, in 2018 the Village adopted accounting guidance, GASB No. 72, Fair Value Measurement and Application and GASB No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68. The effect of GASB No. 73 required a prior period adjustment as discussed in Note 13 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for the retiree health plan, and pension schedules on pages 3-13 and 53-62, respectively, 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Melville, New York
October 1, 2018



VILLAGE OF TARRYTOWN, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2018

The following is a discussion and analysis of the Village of Tarrytown, New York's (the "Village") financial performance for the fiscal year ended May 31, 2018. This section is a summary of the Village's financial activities based on currently known facts, decisions or conditions. It is also based on both the Village-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Village's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- As described in Note 1 to the financial statements, the Village has implemented GASB Statement No. 72, Fair Value Measurement and Application, and GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68. The implementation of Statement No. 72 had no impact on net position or fund balance. The implementation of Statement No. 73 resulted in a restatement to the opening net position as of June 1, 2017. Prior year balances in management's discussion and analysis have been updated for comparison purposes.
- The Village's governmental activities total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$7,758,789 (total net position). This consists of \$20,047,117 invested in capital assets, net of related debt, a restricted portion of \$8,122,628 and a deficit unrestricted portion of \$20,410,956.
- The Village's net position decreased \$1,132,976 in 2018.
- The Village's total outstanding indebtedness decreased \$2,902,739 as a result of current year debt service payments and amortization of premium on bonds payable.
- Total Village's revenues from governmental activities increased \$1,807,839 and expenses increased \$705,161 from 2017.
- The Village's General Fund fund balance increased \$1,541,676, compared to a decrease of \$519,138 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: required supplementary information including management's discussion and analysis (this section), the basic financial statements and other supplementary information. The financial statements include two kinds of financial statements that present different views of the Village:

- The first two financial statements are *Village-wide financial statements* that provide both *short-term* and *long-term* information about the Village's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Village, reporting the Village's operations in *more detail* than the Village-wide financial statements.
- The *fund financial statements* tell how programs were financed in the *short-term* as well as what remains for future spending.

- *Fiduciary fund financial statements* provide information about the financial relationships in which the Village acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Village's budget for the year.

Table A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the financial statements.

Table A-1: Major Features of the Village-Wide and Fund Financial Statements			
	Village-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Village (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary	Instances in which the Village administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Assets, Liabilities and Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Village-Wide Financial Statements

The Village-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Village-wide financial statements report the Village's net position and how they have changed. Net position - the difference between the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the Village's financial health or *position*.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Village's overall health, you need to consider additional non-financial factors such as availability of Federal funding and the condition of buildings and other facilities.

In the Village-wide financial statements, the Village's activities are shown as *governmental activities*; most of the Village's basic services are included here. Property taxes, charges for services, operating grants and capital grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, focusing on its most significant or "major" funds - not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Village establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues (such as Federal grants).

The Village has two kinds of funds:

- *Governmental funds*: Most of the Village's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the Village-wide financial statements, reconciliations of the Village-wide and fund financial statements are provided which explain the relationship (or differences) between them.
- *Fiduciary funds*: The Village is the trustee or fiduciary, for assets that belong to others. The Village is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Village excludes these activities from the Village-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Financial Highlights:

Net position:

The Village's total assets and deferred outflows of resources on May 31, 2018 were approximately \$97.2 million, an increase of \$1.4 million over the prior year, as restated. Total liabilities and deferred inflows of resources were approximately \$89.5 million, an increase of \$2.5 million over the prior year. The result is a net position of \$7.8 million, a decrease of \$1.1 million over the prior year, as restated.

- Working capital of \$8.9 million as of May 31, 2018 compared with May 31, 2017 working capital of \$8.1 million, as restated. The increase in working capital is mainly the result of increases in cash and cash equivalents and service awards program assets.
- Net investment in capital assets increased \$3.9 million as result of current year capital asset additions, and a reduction of bonds and other debt that are directly related to those capital assets, offset by depreciation charges.
- Net position decreased \$1,132,976 for the year ended May 31, 2018. Unrestricted net deficit was reduced \$7,809,467, as a result of current year expenses exceeding revenues by \$1,132,976, and as a result of the use of the Village's debt service reserve.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	<u>5/31/18</u>	<u>(As Restated) 5/31/17</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 14,566,424	\$ 12,837,143	\$ 1,729,281	13.5
Noncurrent assets	4,980,691	10,595,710	(5,615,019)	(53.0)
Capital assets, net	<u>72,220,629</u>	<u>68,397,008</u>	<u>3,823,621</u>	5.6
Total assets	<u>\$ 91,767,744</u>	<u>\$ 91,829,861</u>	<u>\$ (62,117)</u>	(0.1)
Deferred outflows of resources	<u>\$ 5,480,883</u>	<u>\$ 4,009,437</u>	<u>\$ 1,471,446</u>	36.7
Current liabilities	\$ 5,705,924	\$ 4,772,228	\$ 933,696	19.6
Noncurrent liabilities	<u>79,713,246</u>	<u>81,522,249</u>	<u>(1,809,003)</u>	(2.2)
Total liabilities	<u>\$ 85,419,170</u>	<u>\$ 86,294,477</u>	<u>\$ (875,307)</u>	(1.0)
Deferred inflows of resources	<u>\$ 4,070,668</u>	<u>\$ 653,056</u>	<u>\$ 3,417,612</u>	523.3
Net position:				
Net investment in capital assets	\$ 20,047,117	\$ 23,968,366	\$ (3,921,249)	(16.4)
Restricted	8,122,628	13,143,822	(5,021,194)	(38.2)
Unrestricted	<u>(20,410,956)</u>	<u>(28,220,423)</u>	<u>7,809,467</u>	27.7
Total net position	<u>\$ 7,758,789</u>	<u>\$ 8,891,765</u>	<u>\$ (1,132,976)</u>	(12.7)

Change in Net Position

The Village's program revenues for the year ended May 31, 2018 were \$11.1 million, an increase of \$962,724 from 2017, which is primarily related to an increase in charges for services. General revenues of \$19.8 million is an increase of \$845,115 over last year. Total revenues were \$30.9 million, which is an increase of \$1.8 million. Expenses increased \$705,161 million as a result of increases in most expense categories with the exception of culture and recreation and home and community services. This resulted in a negative change in net position for the year ended May 31, 2018 of approximately \$1.1 million. The table below outlines a comparison of revenues and expenses for the Village for the years ended May 31, 2018 and May 31, 2017.

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	<u>5/31/18</u>	<u>5/31/17</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services,				
fees, fines and forfeitures	\$ 10,433,453	\$ 9,621,025	\$ 812,428	8.4
Operating grants and contributions	174,838	235,973	(61,135)	(25.9)
Capital grants and contributions	484,403	272,972	211,431	77.5
General revenues:				
Real property taxes	15,813,150	15,408,433	404,717	2.6
Other tax items	54,294	58,038	(3,744)	(6.5)
Non-property tax items	2,305,097	2,174,696	130,401	6.0
State aid - unrestricted	946,948	528,495	418,453	79.2
Use of money and property	117,459	131,846	(14,387)	(10.9)
Sale of property and				
compensation for loss	4,257	4,308	(51)	(1.2)
Miscellaneous	<u>527,682</u>	<u>617,956</u>	<u>(90,274)</u>	<u>(14.6)</u>
Total revenues	<u>30,861,581</u>	<u>29,053,742</u>	<u>1,807,839</u>	6.2
Expenses				
General government	5,593,422	4,969,508	623,914	12.6
Public safety	12,099,550	10,969,636	1,129,914	10.3
Health	9,751	10,920	(1,169)	(10.7)
Transportation	2,675,914	2,230,774	445,140	20.0
Economic opportunity and assistance	64,320	62,056	2,264	3.6
Culture and recreation	3,440,990	4,276,044	(835,054)	(19.5)
Home and community services	6,287,784	7,257,948	(970,164)	(13.4)
Debt service - interest	<u>1,822,826</u>	<u>1,512,510</u>	<u>310,316</u>	<u>20.5</u>
Total expenses	<u>31,994,557</u>	<u>31,289,396</u>	<u>705,161</u>	2.3
Decrease in net position	(1,132,976)	(2,235,654)	1,102,678	49.3
Total net position, beginning of year	8,891,765	12,982,057	(4,090,292)	(31.5)
Prior period adjustment, see Note 13	<u>-</u>	<u>(1,854,638)</u>	<u>1,854,638</u>	100.0
Total net position, end of year	<u>\$ 7,758,789</u>	<u>\$ 8,891,765</u>	<u>\$ (1,132,976)</u>	(12.7)

Table A-4: Sources of Revenues for Fiscal Year 2018

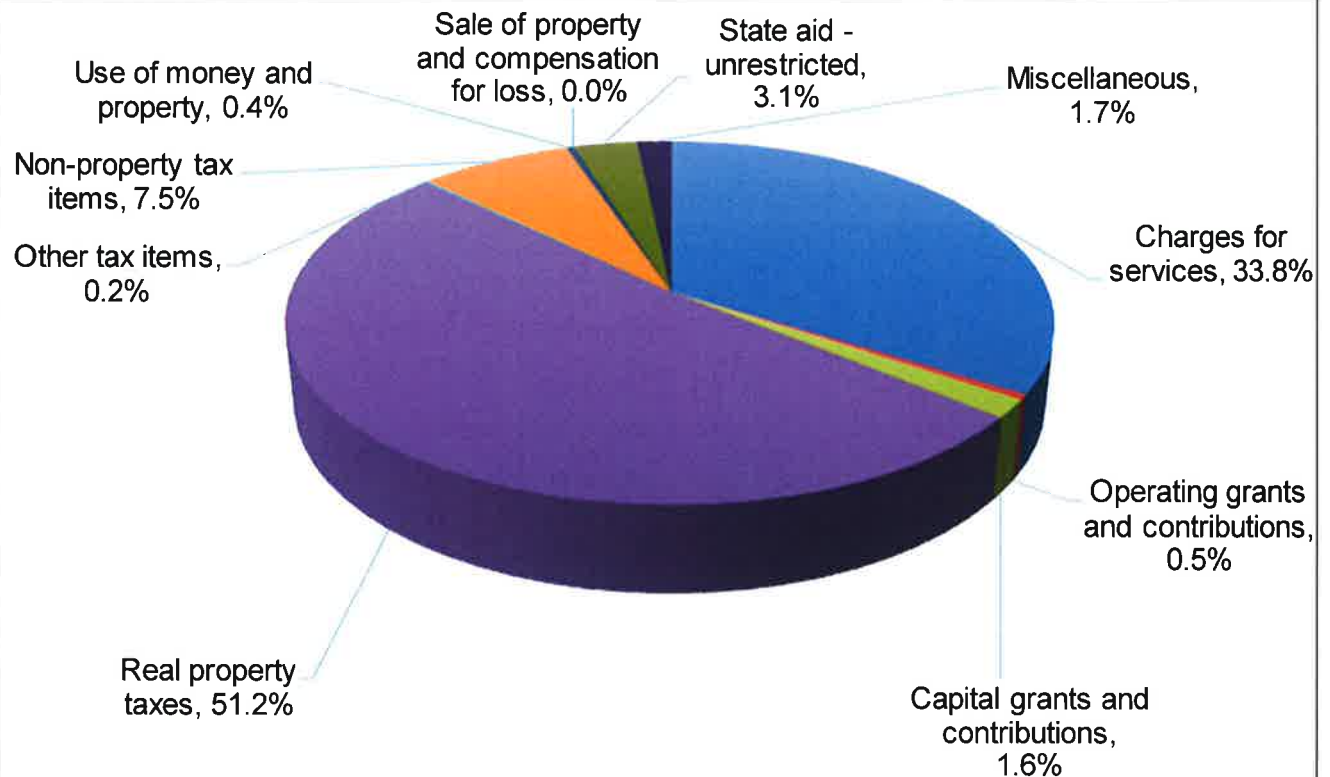


Table A-5: Sources of Revenues for Fiscal Year 2017

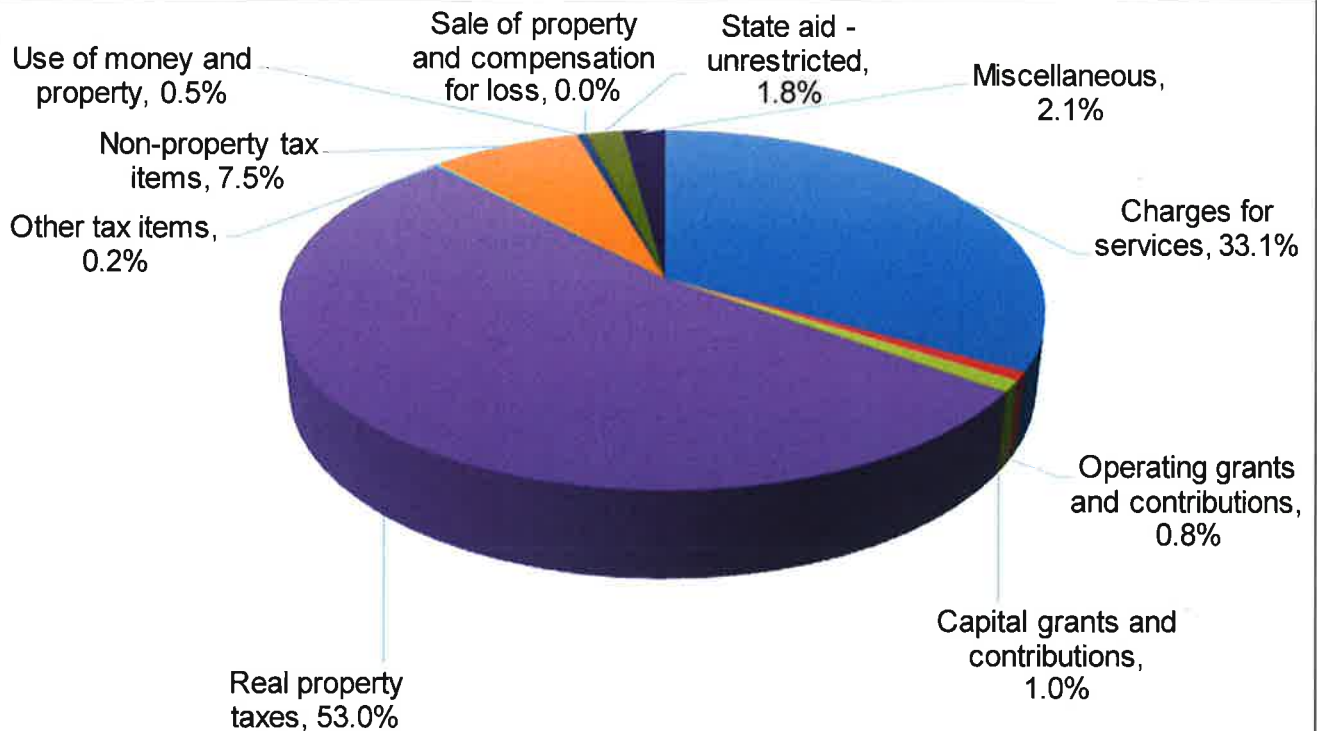


Table A-6: Expenses for Fiscal Year 2018

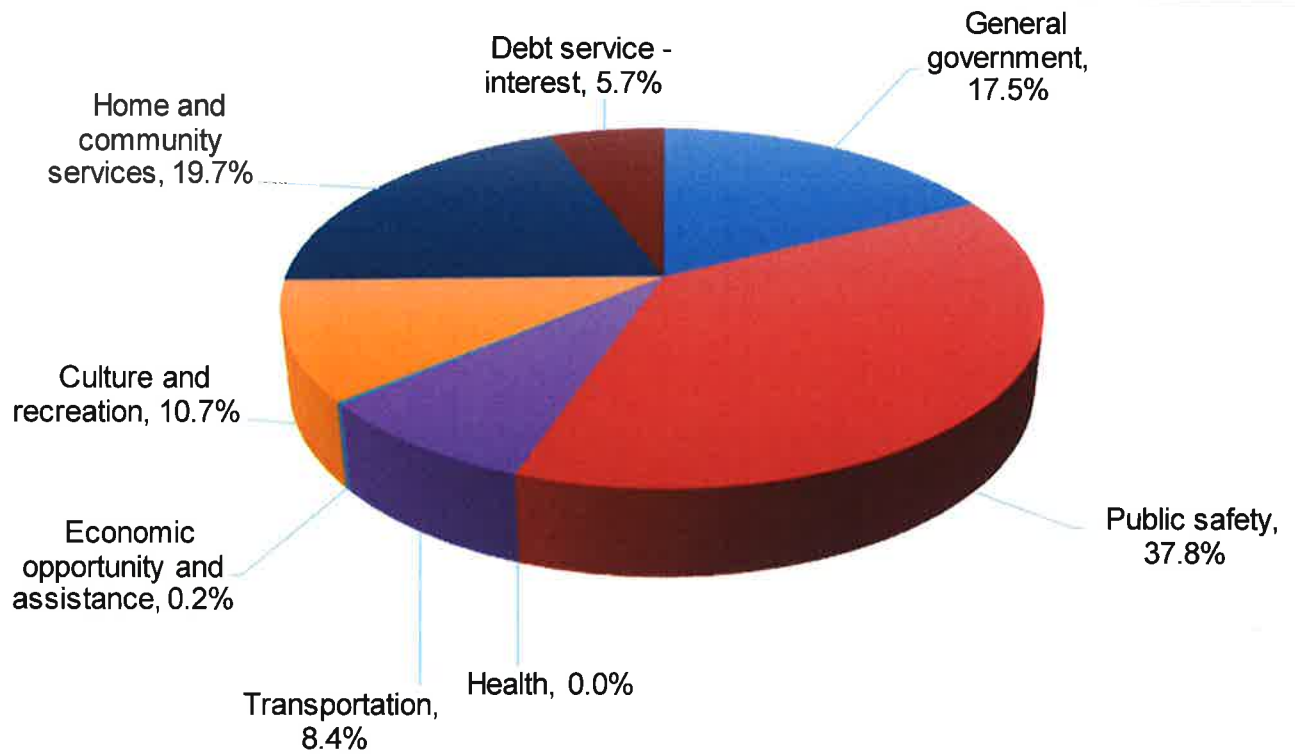
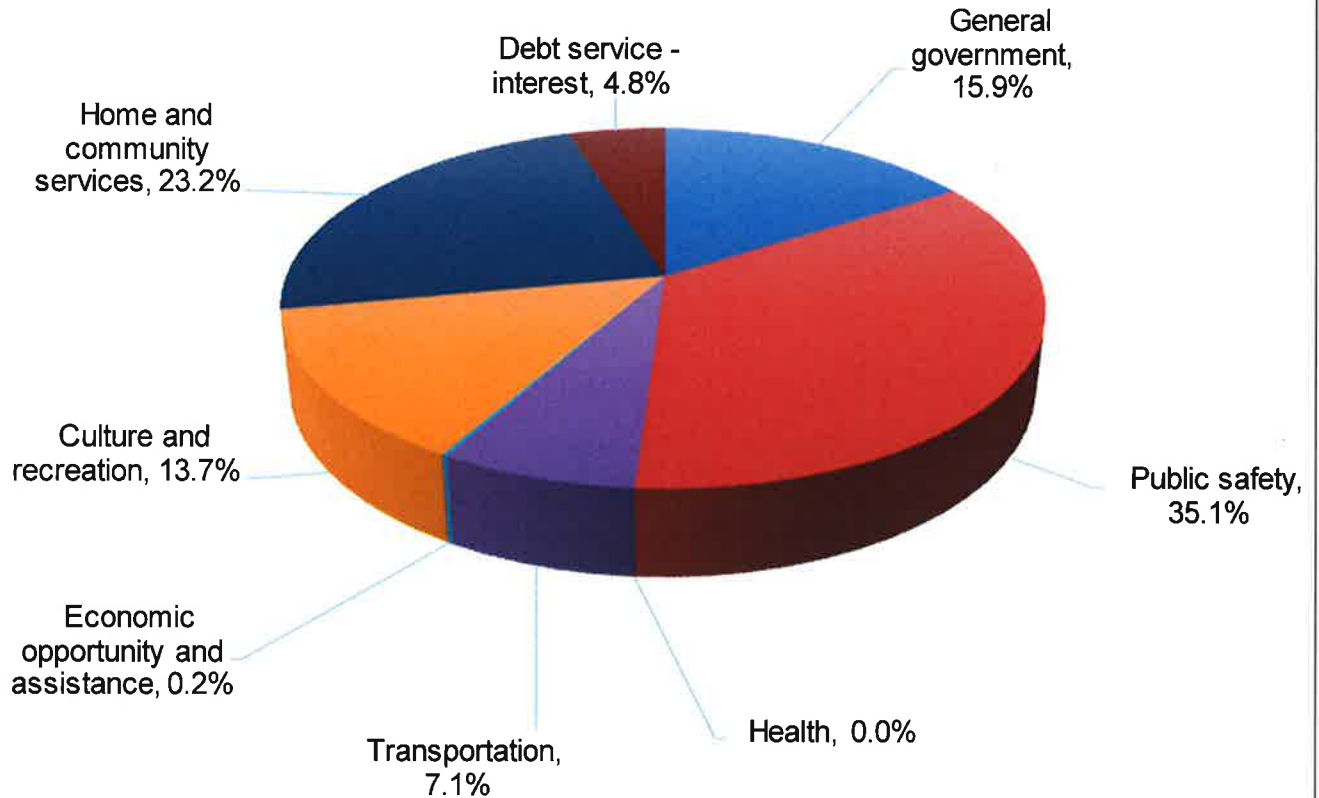


Table A-7: Expenses for Fiscal Year 2017



Governmental Activities

Revenues for the Village's governmental activities were consistent with the Village-wide operating results. Governmental expenditures exceed Village-wide expenditures due principally to payment for capital assets and long-term debt.

The primary program activities of the Village included:

- Police enforcement
- Fire protection
- Street maintenance
- Street lighting
- Snow removal
- Recreational activities
- Code enforcement
- Refuse disposal
- Sewage treatment
- Zoning

Substantially all of the Village's revenues are generated through real property taxes, charges for services, non-property tax items, operating grants and capital grants.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

Variances between years for the fund financial statements are not the same as variances between years for the Village-wide financial statements. The Village's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt.

The Village's fund financial statements show the following variations year over year:

- General Fund total assets increased \$1.7 million. The increase was generally due to an increase in cash and due from other governments due to the timing of payments received for New York State and county aid.
- General Fund total liabilities increased \$195,904 due to increases in accrued liabilities, unearned revenue and parking permits paid in advance.
- General Fund reported an excess of revenues over expenditures, before other financing sources (uses), of \$514,443. Total change in fund balance including all sources was an increase of \$1,541,676, compared to an increase of \$519,138 in the previous year.
- General Fund revenues increased \$1.2 million, mainly due increases in departmental income and state and local aid.
- General Fund expenditures decreased \$1.3 million, primarily due to increases in general government, public safety, and transportation, offset by decreases in home and community services and employee benefits.

- General Fund other financing sources were \$1.0 million as a result of transfers in from the Water Fund and Capital Projects Fund exceeding transfers out to the Library Fund.
- Water Fund total assets increased \$15,557 as a result of increases in water rents receivable offset by decreases in cash.
- Water Fund total liabilities increased \$272,031 primarily as a result of an increase in accounts payable.
- Water Fund departmental revenue increased \$332,947, primarily due to increased metered sales.
- Water Fund expenditures increased \$86,390, primarily due to an increase in debt service payments offset by a decrease in home and community services.

As of May 31, 2018, the Village's governmental funds had a combined fund balance of \$17,494,676, which is a decrease of \$4,321,175 from the previous year, as restated. Fund balances for the Village's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds				
	<u>5/31/18</u>	<u>(As Restated) 5/31/17</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund	\$ 12,188,921	\$ 10,647,245	\$ 1,541,676	14.5
Water Fund	59,697	316,171	(256,474)	(81.1)
Capital Projects Fund	3,758,706	9,429,291	(5,670,585)	(60.1)
Sewer Fund	453,456	341,923	111,533	32.6
Library Fund	84,890	146,803	(61,913)	(42.2)
Special Purpose Fund	949,006	934,418	14,588	1.6
Total fund balances	<u>\$ 17,494,676</u>	<u>\$ 21,815,851</u>	<u>\$ (4,321,175)</u>	(19.8)

General Fund Budgetary Highlights

Reference is made to the budget vs. actual schedules on pages 53 - 55 which presents budget and actual results for the Village's General Fund, Water Fund, and Library Fund.

- Actual revenues (before appropriations of fund balance) in the General Fund were more than budgeted revenues by \$319,955 primarily due to greater than expected revenues in most categories except for miscellaneous.
- Actual expenditures in the General Fund were more than budgeted by \$178,279 primarily due to more than anticipated spending in general government and public safety, offset by expenditures under budget in employee benefits.
- Actual revenues in the Water Fund were less than budget by \$190,378 primarily due to departmental income coming in under budget.
- Actual expenditures in the Water Fund were more than anticipated by \$116,096 due to more than budgeted spending on home and community services.
- Actual revenues in the Library Fund were less than budget by \$6,525 primarily due to departmental income and miscellaneous sources coming in under budget.
- Actual expenditures in the Library Fund were less than anticipated by \$43,819 primarily due to less than budgeted spending on culture and recreation.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of May 31, 2018, the Village had invested \$72,220,629, net of depreciation, in a broad range of capital assets, including land, buildings and building improvements, machinery and equipment, infrastructure and construction-in-progress.

Table A-9: Capital Assets (net of depreciation)

	<u>5/31/18</u>	<u>5/31/17</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 15,743,487	\$ 15,743,487	\$ -	-
Buildings and building improvements	18,745,721	18,263,031	482,690	2.6
Machinery and equipment	3,554,487	3,730,230	(175,743)	(4.7)
Infrastructure	26,717,087	25,761,643	955,444	3.7
Construction-in-progress	<u>7,459,847</u>	<u>4,898,617</u>	<u>2,561,230</u>	52.3
Totals	<u>\$ 72,220,629</u>	<u>\$ 68,397,008</u>	<u>\$ 3,823,621</u>	5.6

Long-Term Liabilities

As of May 31, 2018, the Village had total outstanding long-term liabilities of \$78,050,237.

The Village's current outstanding bonded indebtedness was \$52,359,255 as of May 31, 2018. The Village currently has eight outstanding bonds, maturing at various times through the year ending May 31, 2038.

Pursuant to New York State Local Finance Law §104, the Village's outstanding long-term debt must be no more than 7% of the five-year average full valuation of real property. This is also known as the "constitutional debt limit". At May 31, 2018, the Village had exhausted 2.8% of its limit.

In accordance with GASB Statement No. 68, the Village has accrued \$1,754,065 for their proportionate share of the New York State Local Retirement Systems net pension liability. The Village makes a yearly payment for their proportionate share of the pension's funds expense. The Village has accrued a \$22.3 million obligation for other post-employment benefits in accordance with GASB Statement No. 45 on the Village-wide financial statements. See Note 11, in the notes to financial statements for more detailed information.

Table A-10: Long-Term Liabilities

	<u>5/31/18</u>	<u>5/31/17</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 52,359,255	\$ 55,261,994	\$ (2,902,739)	(5.3)
Net pension liability	1,754,065	3,760,415	(2,006,350)	(53.4)
Other post-employment benefits	22,260,000	19,380,000	2,880,000	14.9
Compensated absences	<u>1,676,917</u>	<u>1,619,829</u>	<u>57,088</u>	3.5
Totals	<u>\$ 78,050,237</u>	<u>\$ 80,022,238</u>	<u>\$ (1,972,001)</u>	(2.5)

FACTORS BEARING ON THE FUTURE OF THE VILLAGE

At the time these financial statements were prepared and audited, the Village was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a Village in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- Changes in accounting principles which are set to be implemented in subsequent years will force the Village to recognize the full obligation due under other post-employment benefit arrangements. This could adversely affect the Village's Statement of Net Position by increasing the amount reported for total liabilities.
- The possibility of New York State allowing for the establishment of other post-employment benefit reserve funds is being discussed in the legislature. This would allow for the Village to set aside monies to meet other post-employment retirement benefits such as health insurance. The establishment of that reserve would increase the Village's ability to plan for the future.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Village's citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Attention: Village Treasurer
Village of Tarrytown, New York
One Depot Plaza
Tarrytown, New York 10591
(914) 631-7873

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2018

ASSETS

Current assets:	
Cash:	
Unrestricted	\$ 8,459,716
Service awards program asset	3,141,937
Receivables:	
Accounts receivable	366,495
Taxes	130,427
Water rents	904,080
Due from other governments	1,201,009
Due from fiduciary funds	55,000
Prepaid expenses	307,760
Noncurrent assets:	
Restricted cash	4,980,691
Capital assets:	
Non-depreciable capital assets	23,203,334
Depreciable capital assets, net	49,017,295
Total assets	<u>91,767,744</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge from refunding bonds	185,743
Pension related	4,823,998
LOSAP related	471,142
Total deferred outflows of resources	<u>5,480,883</u>

LIABILITIES

Current liabilities:	
Payables:	
Accounts payable	917,304
Accrued expenses	220,839
Due to employees' retirement system	301,063
Interest payable	357,520
Unearned revenues	613,233
Noncurrent liabilities due within one year:	
Bonds payable, net	3,295,965
Noncurrent liabilities due in more than one year:	
Bonds payable, net	49,063,290
Net pension liability - proportionate share	1,754,065
Total pension liability - LOSAP	4,958,974
Other post-employment benefits	22,260,000
Compensated absences	1,676,917
Total liabilities	<u>85,419,170</u>

DEFERRED INFLOWS OF RESOURCES

Pension related	4,056,253
LOSAP related	14,415
Total deferred inflows of resources	<u>4,070,668</u>

NET POSITION

Net investment in capital assets	20,047,117
Restricted:	
Service award program	3,141,937
Capital Projects	3,758,706
Water Fund	254,893
Library Fund	31,280
Sewer Fund	1,394
Special Purpose Fund	934,418
Unrestricted	<u>(20,410,956)</u>
Total net position	<u>\$ 7,758,789</u>

The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2018

		Program Revenues			
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Functions and programs:					
Primary government -					
General government	\$ 5,593,422	\$ 1,555,940	\$ 26,074	\$ 72,239	\$ (3,939,169)
Public safety	12,099,550	5,845,104	97,949	271,375	(5,885,122)
Health	9,751	-	-	-	(9,751)
Transportation	2,675,914	1,211,009	20,293	56,225	(1,388,387)
Economic opportunity and assistance	64,320	-	-	-	(64,320)
Culture and recreation	3,440,990	901,376	15,105	41,849	(2,482,660)
Home and community services	6,287,784	920,024	15,417	42,715	(5,309,628)
Debt service - interest	1,822,826	-	-	-	(1,822,826)
Total primary government	<u>\$ 31,994,557</u>	<u>\$ 10,433,453</u>	<u>\$ 174,838</u>	<u>\$ 484,403</u>	<u>(20,901,863)</u>
General revenues:					
Real property taxes					15,813,150
Other tax items					54,294
Non-property tax items					2,305,097
State aid - unrestricted					946,948
Use of money and property					117,459
Sale of property and compensation for loss					4,257
Miscellaneous					527,682
Total general revenues					<u>19,768,887</u>
Change in net position					(1,132,976)
Total net position, beginning of year, as restated (see Note 13)					<u>8,891,765</u>
Total net position, end of year					<u>\$ 7,758,789</u>

The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
MAY 31, 2018

	Major Funds				
		Special Revenue Fund			
	General Fund	Water Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash:					
Unrestricted	\$ 7,644,011	\$ 119,371	\$ 171,186	\$ 525,148	\$ 8,459,716
Restricted	-	254,893	3,758,706	967,092	4,980,691
Service awards program assets	3,141,937	-	-	-	3,141,937
Receivables:					
Accounts receivable	351,075	-	-	15,420	366,495
Taxes	130,427	-	-	-	130,427
Water rents	-	904,080	-	-	904,080
Due from state and federal	16,397	-	-	-	16,397
Due from other governments	1,184,612	-	-	-	1,184,612
Due from other funds	570,000	-	85,000	2,500	657,500
Due from fiduciary funds	55,000	-	-	-	55,000
Prepaid expenses	307,760	-	-	-	307,760
Total assets	\$ 13,401,219	\$ 1,278,344	\$ 4,014,892	\$ 1,510,160	\$ 20,204,615
LIABILITIES					
Payables:					
Accounts payable	\$ 115,203	\$ 542,674	\$ 256,186	\$ 3,241	\$ 917,304
Accrued expenses	220,839	-	-	-	220,839
Due to employees' retirement system	260,523	20,973	-	19,567	301,063
Due to other funds	2,500	655,000	-	-	657,500
Unearned revenues	613,233	-	-	-	613,233
Total liabilities	1,212,298	1,218,647	256,186	22,808	2,709,939
FUND BALANCE					
Fund balance:					
Nonspendable	646,724	-	-	-	646,724
Restricted	3,141,937	254,893	3,758,706	967,092	8,122,628
Assigned	1,215,432	-	-	520,260	1,735,692
Unassigned	7,184,828	(195,196)	-	-	6,989,632
Total fund balance	12,188,921	59,697	3,758,706	1,487,352	17,494,676
Total liabilities and fund balance	\$ 13,401,219	\$ 1,278,344	\$ 4,014,892	\$ 1,510,160	\$ 20,204,615

The accompanying notes are an integral
part of this balance sheet.

VILLAGE OF TARRYTOWN, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2018

Total Fund Balance - Governmental Funds \$ 17,494,676

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 23,203,334	
Depreciable	80,268,815	
Accumulated depreciation	<u>(31,251,520)</u>	72,220,629

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable, net	(52,359,255)	
Other post-employment benefits	(22,260,000)	
Compensated absences	<u>(1,676,917)</u>	(76,296,172)

Governmental funds do not report the effect of losses on refunding bonds whereas these amounts are deferred and amortized in the Statement of Activities.

Deferred charge on refunding bond	185,743
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Pension related items are not reported in the fund financial statements since they are not related to current financial resources. The pension related items included in the governmental activities consist of the following:

Total pension liability - LOSAP	(4,958,974)	
Deferred outflows of resources - LOSAP	471,142	
Deferred inflows of resources - LOSAP	(14,415)	
Net pension liability - proportionate share	(1,754,065)	
Deferred outflows of resources - pension related	4,823,998	
Deferred inflows of resources - pension related	<u>(4,056,253)</u>	(5,488,567)

Interest payable applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(357,520)

Net Position - Governmental Activities	<u><u>\$ 7,758,789</u></u>
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The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2018

	Major Funds				
		Special Revenue Fund			
	General Fund	Water Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes	\$ 15,813,150	\$ -	\$ -	\$ -	\$ 15,813,150
Other tax items	54,294	-	-	-	54,294
Non-property tax items	2,295,651	-	-	9,446	2,305,097
Departmental income	2,361,662	5,578,768	-	173,487	8,113,917
Intergovernmental revenue	322,390	-	-	707,174	1,029,564
Fines and forfeitures	625,292	-	-	-	625,292
Use of money and property	116,064	-	-	1,395	117,459
Licenses and permits	805,022	-	-	-	805,022
State and local aid	946,948	-	484,403	-	1,431,351
Federal aid	34,496	-	-	-	34,496
Sale of property and compensation for loss	4,257	-	-	-	4,257
Miscellaneous	274,425	63,627	-	189,630	527,682
Total revenues	23,653,651	5,642,395	484,403	1,081,132	30,861,581
EXPENDITURES					
Current -					
General government	3,956,655	35,167	-	47,774	4,039,596
Public safety	6,262,374	-	-	15	6,262,389
Health	9,751	-	-	-	9,751
Transportation	1,466,550	-	-	-	1,466,550
Economic opportunity and assistance	64,320	-	-	-	64,320
Culture and recreation	1,286,636	-	-	1,254,204	2,540,840
Home and community services	1,053,827	3,746,463	-	10,695	4,810,985
Employee benefits	5,738,401	393,021	-	433,282	6,564,704
Capital outlay	-	-	4,854,988	-	4,854,988
Debt service -					
Principal	2,120,811	666,608	-	41,591	2,829,010
Interest	1,179,883	522,610	-	37,130	1,739,623
Total expenditures	23,139,208	5,363,869	4,854,988	1,824,691	35,182,756
Excess (deficiency) of revenues over (under) expenditures	514,443	278,526	(4,370,585)	(743,559)	(4,321,175)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,835,000	-	-	807,767	2,642,767
Transfers out	(807,767)	(535,000)	(1,300,000)	-	(2,642,767)
Total other financing sources (uses)	1,027,233	(535,000)	(1,300,000)	807,767	-
Change in fund balance	1,541,676	(256,474)	(5,670,585)	64,208	(4,321,175)
Fund balance, beginning of year, as restated (see Note 13)	10,647,245	316,171	9,429,291	1,423,144	21,815,851
Fund balance, end of year	\$ 12,188,921	\$ 59,697	\$ 3,758,706	\$ 1,487,352	\$ 17,494,676

The accompanying notes are an integral part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2018

Net Change in Fund Balance - Governmental Funds \$ (4,321,175)

Governmental funds report capital outlays 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. The amount by which capital outlay exceeds depreciation expense in the current period is:

Capital outlay, net	\$ 6,328,238	
Depreciation expense	<u>(2,504,617)</u>	3,823,621

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal		2,829,010
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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:

Other post-employment benefits	(2,880,000)	
Compensated absences	(57,088)	
Amortization of deferred charge from refunding bond	(51,899)	
Amortization of bond premium	73,729	
Accrued interest costs	<u>(105,033)</u>	(3,020,291)

Decreases in the proportionate share of the net pension liability reported in the Statement of Activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

LOSAP related	(99,497)	
Pension related	<u>(344,644)</u>	<u>(444,141)</u>

Net Change in Net Position - Governmental Activities \$ (1,132,976)

The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION
FIDUCIARY FUNDS
MAY 31, 2018

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 412,717
Total assets	\$ 412,717
LIABILITIES	
Accounts payable	\$ 5,840
Due to governmental funds	55,000
Other liabilities	351,877
Total liabilities	\$ 412,717

The accompanying notes are an integral
part of this statement.

VILLAGE OF TARRYTOWN, NEW YORK
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2018

1. Summary of significant accounting policies

The financial statements of the Village of Tarrytown, New York (the "Village") have been prepared in conformity with accounting principles generally accepted in the United States of America ("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 Village's accounting policies are described below.

A. Financial reporting entity

The Village of Tarrytown, New York, which was established in 1870 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible of the overall operation of the Village. The Mayor serves as Chief Executive Officer and the Treasurer serves as Chief Fiscal Officer. The Mayor and the Board of Trustees appoint the Village Treasurer. The Mayor, with ratification by the Board of Trustees, annually appoints the principal department heads.

The Village provides a full range of municipal services including general support, public safety, health, transportation, economic opportunity and assistance, culture and recreation, and home and community service.

The financial reporting entity of the Village consists of (a) the primary government which is the Village of Tarrytown, New York, (b) organizations for which the primary government is financially accountable 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.

B. Basis of presentation

1. Village-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These financial statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific (when applicable).

The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate financial statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Village records its transactions in the fund types described below:

- a. 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 the determination of financial position and changes in financial position (the sources, uses and balances of current financial resources). The following are the Village's governmental fund types:

Major Funds:

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

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:

Water Fund - used to account for water utility operations, which renders services on a user charge basis to the general public.

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

Non-Major Funds:

Sewer Fund - The Sewer Fund is used to account for the activities of the sewer operations of the Village, which renders service on a user charge basis to the general public.

Library Fund - The Library Fund is used to account for the activities of the Village's Public Library.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Village in accordance with the terms of a trust agreement.

- b. Fiduciary funds - used to account for assets held by the local government in a trustee or custodial capacity:

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

C. Measurement focus and basis of accounting

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Modified accrual basis - the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, installment purchase debt, other post-employment benefits, amortized retirement costs, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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 and the resources are available.

Accrual basis - the Village-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

D. Property taxes

Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in two installments due in June and December. The Village has the responsibility for the billing and collection of its own taxes.

E. Interfund transactions

Interfund transactions have been eliminated from the Village-wide financial statements. In the fund financial statements, interfund transactions include:

1. Interfund revenues

Interfund revenues represent amounts charged for services or facilities provided by one fund to another fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of the fund receiving the service.

2. Transfers

Other transactions between funds include loans and transfers of resources to service debt, residual equity transfers to close out completed capital projects and to allocate certain indirect expenses. The fund financial statements reflect such transfers as operating transfers.

F. Cash and cash equivalents

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months from the date acquired by the Village.

G. Receivables

Receivables include amounts due from New York State and other governments or entities for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred. All receivables are deemed collectable; therefore no allowance account has been established.

H. Restricted assets

Certain assets are classified as restricted assets because their use is restricted by contractual agreements and/or regulations.

I. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the Village-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Village-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$5,000	Straight line	15-40 years
Machinery and equipment	\$5,000	Straight line	5-10 years
Infrastructure	\$5,000	Straight line	40 years

J. Deferred outflows of resources

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

K. Deferred inflows of resources/unearned revenues

Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measureable and available criteria for recognition in the current period. Unearned revenues arise when the Village receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to the resources, the deferred inflow/unearned revenue is removed and revenues are recorded.

L. Long-term obligations

The liabilities for long-term obligations consisting of general long-term debt, proportionate share of the net pension liability, other post-employment benefit obligations and compensated absences are recognized in the Village-wide financial statements. Bond premiums, discounts and any prepaid bond insurance costs are deferred and amortized over the life of the bonds using the straight line method, and bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, long-term obligations are not reported as liabilities. The debt proceeds (when applicable) are reported as other financing sources and payment of principal and interest are reported as expenditures when paid.

M. Compensated absences

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations in the Village-wide financial statements. The current portion of this debt is estimated based on historical trends. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Vested vacation and sick leave is recorded in governmental funds as a fund liability and expenditures, if payable from current resources.

N. Post-employment benefits

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors that meet the requirements within the Village's policies. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. The liability for other post-employment benefits is recorded as a long-term obligation in the Village-wide financial statements.

O. Net position

In the Village-wide financial statements, there can be three classes of net position:

1. Net investment in capital assets: consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted: consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted: is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund financial statements

In the fund financial statements, there can be five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes advances and prepaid expenditures recorded in the General Fund of \$338,964 and \$307,760, respectively.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Village has established the following restricted fund balance:

Capital Projects

Capital projects funds are used to account for and report financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets, and accordingly the Village has reflected it's fund balance as such. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments

Debt Service

According to General Municipal Law §6-1, the Debt Service reserve must be established for the purpose of retiring the outstanding debt service payments on the general obligation bonds used to originally purchase the property. The funding of the reserve is from the proceeds of the sale of property or capital improvement.

Service award program

The Village sponsors a Length of Service Award Program for the ambulance corps and fire department, as described in Note 10. Those assets, in accordance with GASB Statement No. 73, are to be recorded within the governmental funds of the Village and are restricted by General Municipal Law Article 11-A.

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, i.e. the Board. The Village Board of Trustees is the decision-making authority that can, by Board resolution, commit fund balance. The Village has no committed fund balances as of May 31, 2018.
4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization agreements. The intent can be expressed by the Board or through the Board delegating this responsibility to the Village administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund. The Village reported amounts appropriated for special purposes of \$1,735,692 for the year ended May 31, 2018, within assigned fund balance.

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 appropriation, is employed in the governmental funds. Appropriations for all governmental funds lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the Village. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

Fund balances for all governmental funds as of May 31, 2018 were distributed as follows:

	General	Water	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid expenditures	\$ 307,760	\$ -	\$ -	\$ -	\$ 307,760
Advances	338,964	-	-	-	338,964
Total nonspendable	646,724	-	-	-	646,724
Restricted:					
Capital projects	-	-	3,758,706	-	3,758,706
Debt service	-	254,893	-	967,092	1,221,985
Service award program	3,141,937	-	-	-	3,141,937
Total restricted	3,141,937	254,893	3,758,706	967,092	8,122,628
Assigned:					
Designated for special purpose	1,215,432	-	-	520,260	1,735,692
Total assigned	1,215,432	-	-	520,260	1,735,692
Unassigned	7,184,828	(195,196)	-	-	6,989,632
	<u>\$ 12,188,921</u>	<u>\$ 59,697</u>	<u>\$ 3,758,706</u>	<u>\$ 1,487,352</u>	<u>\$ 17,494,676</u>

Net position and fund balance flow assumptions

Sometimes the Village will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Insurance

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Village maintains insurance policies in amounts and on terms generally standard for municipalities to insure against these liabilities. These insurance policies limit the overall exposure to Village assets by providing a third party insurer to assume the risk and liabilities relating to claims. 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.

Q. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities and useful lives of long-lived assets.

R. New accounting standards

The Village implemented GASB Statement No. 72, Fair Value Measurement and Application. This Statement provides guidance for determining a fair value measurement for financial reporting purposes, including certain investments. This Statement also establishes required fair value disclosures. The Village adopted this Statement for its May 31, 2018 financial statements.

The Village implemented GASB No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68. The implementation of this Statement requires the Village to record those assets accumulated in the Village's General Fund instead of in the Village's Agency Fund, as well as recording the total pension liability on the Village-wide financial statements. See Note 13 for the financial statement impact of the implementation of this Statement.

2. Explanation of certain differences between fund financial statements and Village-wide financial statements

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the Village-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the Village's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The categories are shown below:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension differences

Pension differences occur as a result of changes in the Village's proportion of the collective net pension liability and differences between the Village's contributions and its proportionate share of the total contributions to the pension systems.

3. Stewardship, compliance and accountability

A. Budgetary data

1. Budget policies

- a. On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes the proposed expenditures and the means of financing.
- b. The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c. The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- d. After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e. Formal budgetary integration is employed during the year as a management control device for General, Water, and Library Funds.
- f. Budgets for General, Water, and Library Funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted by the Board for Sewer or Special Purpose Funds.
- g. The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Trustees. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

- h. Appropriations in General, Water and Library Funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappointed in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

2. Budget basis of accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

4. Cash and cash equivalents and investments - custodial credit, concentration of credit and interest rate risks

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

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the Federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Village has the following recurring fair value measurements as of May 31, 2018:

- Level 1 - U.S. Government equities, international equities, fixed income, mixed and other assets, and mutual funds totaling \$3,141,937 fluctuate in value in response to changes in interest rates and credit risk.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Custodial credit risk - deposits/investments: Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name

Fund	Bank Balance	Carrying Amount	
General Fund	\$ 8,886,364	\$ 7,644,011	Insured (FDIC)/Collateralized
Water Fund	385,107	374,264	Insured (FDIC)
Capital Projects Fund	3,929,892	3,929,892	Insured (FDIC)
Sewer Fund	427,897	438,741	Insured (FDIC)
Library Fund	106,993	106,993	Insured (FDIC)
Special Purpose Fund	1,008,363	946,506	Insured (FDIC)
Agency Funds	410,582	412,717	Insured (FDIC)
	<u>\$ 15,155,198</u>	<u>\$ 13,853,124</u>	

Credit risk: State law limits investments to those authorized by State statutes. The Village has a written investment policy.

Interest-rate risk: Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid potential loss.

Concentration of credit risk: Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer. Pooled investments are permissible investments and are excluded from this regulation, which is what the Village's portfolio is made up of.

5. Receivables

A. Accounts and taxes receivable

As of May 31, 2018, there was \$366,495 and \$130,427 in general accounts receivable and taxes receivable outstanding, respectively. The majority of the balances outstanding pertain to hotel tax, fines and fees and utility fees owed to the Village.

B. Due from other governments

As of May 31, 2018, there was \$1,184,612 due from other governments which consisted of amounts due from Westchester County and the Town of Greenburgh.

6. Interfund balances and activity

Interfund receivable and payable balances as of May 31, 2018 primarily represent payment of grant and capital expenditures that will be reimbursed subsequent to year end. Balances at year end are stated as follows:

	Interfund		Interfund	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 625,000	\$ 2,500	\$ 1,835,000	\$ 807,767
Water Fund	-	655,000	-	535,000
Capital Projects Fund	85,000	-	-	1,300,000
Non-Major Governmental Funds	2,500	-	807,767	-
Agency Funds	-	55,000	-	-
Totals	<u>\$ 712,500</u>	<u>\$ 712,500</u>	<u>\$ 2,642,767</u>	<u>\$ 2,642,767</u>

7. Capital assets

Capital asset balances and activity for the year ended May 31, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 15,743,487	\$ -	\$ -	\$ 15,743,487
Construction-in-progress	4,898,617	3,908,692	(1,347,462)	7,459,847
Total non-depreciable assets	<u>20,642,104</u>	<u>3,908,692</u>	<u>(1,347,462)</u>	<u>23,203,334</u>
Capital assets that are depreciated:				
Buildings and building improvements	27,021,945	-	1,347,462	28,369,407
Machinery and equipment	14,096,971	606,580	-	14,703,551
Infrastructure	35,382,891	1,812,966	-	37,195,857
Total depreciable assets	<u>76,501,807</u>	<u>2,419,546</u>	<u>1,347,462</u>	<u>80,268,815</u>
Less accumulated depreciation:				
Buildings and building improvements	8,758,914	864,772	-	9,623,686
Machinery and equipment	10,366,741	782,323	-	11,149,064
Infrastructure	9,621,248	857,522	-	10,478,770
Total accumulated depreciation	<u>28,746,903</u>	<u>2,504,617</u>	<u>-</u>	<u>31,251,520</u>
Total capital assets, net	<u>\$ 68,397,008</u>	<u>\$ 3,823,621</u>	<u>\$ -</u>	<u>\$ 72,220,629</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 373,513
Public safety	1,403,155
Transportation	290,710
Culture and recreation	216,381
Home and community services	220,858
	<u>\$ 2,504,617</u>

8. Long-term debt

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 54,731,246	\$ -	\$ 2,829,010	\$ 51,902,236	\$ 3,222,236
Premium on bonds payable	530,748	-	73,729	457,019	73,729
Bonds payable, net	55,261,994	-	2,902,739	52,359,255	3,295,965
Net pension liability	3,760,415	-	2,006,350	1,754,065	-
Other post-employment benefits	19,380,000	4,270,000	1,390,000	22,260,000	-
Compensated absences	1,619,829	57,088	-	1,676,917	-
Total long-term liabilities	<u>\$ 80,022,238</u>	<u>\$ 4,327,088</u>	<u>\$ 6,299,089</u>	<u>\$ 78,050,237</u>	<u>\$ 3,295,965</u>

General obligation bonds - the Village borrows money in order to acquire land or equipment or to 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 are full faith and credit debt of the local government.

The following is a summary of bonds payable:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 5/31/2018
Public improvement serial bonds	11/1/2008	11/1/2028	3.25 - 5.00%	\$ 1,460,000
Public improvement refunding serial bonds	9/15/2010	9/15/2020	4.00%	1,690,000
Public improvement serial bonds	5/15/2013	5/15/2032	2.00 - 3.00%	4,845,000
Public improvement serial bonds	10/15/2013	10/15/2037	2.00 - 4.25%	24,305,000
Public improvement refunding serial bonds	3/15/2014	3/15/2025	2.00 - 2.25%	3,255,000
Public improvement serial bonds	4/1/2014	4/1/2032	2.50 - 3.50%	995,000
Public improvement serial bonds	6/15/2015	6/15/2035	2.00 - 3.50%	6,765,000
Public improvement serial bonds	6/15/2016	6/15/2036	3.00%	8,587,236
				<u>\$ 51,902,236</u>

The following table summarizes the Village's future bonded debt service requirements:

	Principal	Interest	Total
Year Ended <u>May 31,</u>			
2019	\$ 3,222,236	\$ 1,643,792	\$ 4,866,028
2020	3,255,000	1,550,036	4,805,036
2021	3,185,000	1,455,014	4,640,014
2022	2,660,000	1,372,261	4,032,261
2023	2,610,000	1,304,534	3,914,534
2024-2028	12,370,000	5,421,263	17,791,263
2029-2033	12,930,000	3,376,418	16,306,418
2034-2038	11,670,000	1,067,884	12,737,884
	<u>\$ 51,902,236</u>	<u>\$ 17,191,202</u>	<u>\$ 69,093,438</u>

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 1,739,623
Less interest accrued in the prior year	(252,487)
Plus interest accrued in the current year	357,520
Amortization of premiums and deferred charges	<u>(21,830)</u>
Interest expense	<u>\$ 1,822,826</u>

Other long-term debt - in addition to the above long-term debt, the Village had the following non-current liabilities:

Net pension liability - represents the proportionate share of the net pension liability relating to NYSERS.

Other post-employment benefits - represents the amortized portion of the annual required contribution for the Village's cost of health benefits for retirees.

Compensated absences - represents the value of earned and unused portion of the liability for compensated absences.

The liability for compensated absences is liquidated through the General Fund.

9. Pension Plans

Plan description

The Village of Tarrytown, New York participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State and Local Police and Fire Retirement System ("NYSPFRS") which are collectively referred to as New York State and Local Retirement System (the "System"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as the trustee of the Fund and is the 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 that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 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 percent 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 percent 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. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 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 percent 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 percent 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 percent of final 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. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of 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 and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent 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 percent 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 percent 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 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

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 and PFRS members, the accidental disability benefit is a pension of 75 percent 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 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) NYSERS 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. This 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 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

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 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (NYSERS) or January 9, 2010 (NYSPFRS) who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

<u>Year</u>	<u>NYSERS</u>	<u>NYSPFRS</u>
2018	\$ 792,561	\$ 1,110,933
2017	772,510	1,046,328
2016	1,015,139	938,617

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At May 31, 2018, the Village reported a liability of \$554,154 for NYSERS and \$1,199,911 for NYSPFRS for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2017. Update procedures were used to roll forward the pension liability to March 31, 2018. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

	<u>NYSERS</u>	<u>NYSPFRS</u>
Actuarial valuation date	April 1, 2017	April 1, 2017
Net pension liability	\$ 554,154	\$ 1,199,911
Village's portion of the Plans' total net position liability	0.017201%	0.118714%

For the year ended May 31, 2018, the Village recognized pension expense of \$815,523 for NYSERS and \$1,279,230 for NYSPFRS. At May 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources - NYSERS</u>	<u>Deferred Outflows of Resources - NYSPFRS</u>	<u>Deferred Inflows of Resources - NYSERS</u>	<u>Deferred Inflows of Resources - NYSPFRS</u>
Differences between expected experience and actual experience	\$ 198,005	\$ 493,872	\$ (163,624)	\$ (318,844)
Changes of assumptions	368,113	909,150	-	-
Net difference between projected and actual earnings on pension plan investments	806,317	971,188	(1,591,588)	(1,955,919)
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	371,711	401,447	(26,278)	-
Employer contributions made subsequent to the measurement date	128,695	175,500	-	-
Total	<u>\$ 1,872,841</u>	<u>\$ 2,951,157</u>	<u>\$ (1,781,490)</u>	<u>\$ (2,274,763)</u>

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

	<u>NYSERS</u>	<u>NYSPFRS</u>
<u>For the year ended:</u>		
2019	\$ 263,221	\$ 378,701
2020	202,705	351,274
2021	(350,955)	(181,789)
2022	(152,315)	(121,720)
2023	-	74,428

Actuarial assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuation used the following actuarial assumptions:

	<u>NYSERS</u>	<u>NYSPFRS</u>
Measurement date	March 31, 2018	March 31, 2018
Actuarial valuation date	April 1, 2017	April 1, 2017
Interest rate	7.00%	7.00%
Salary scale	3.80%	4.50%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.50%	2.50%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

NYSERS and NYSPFRS

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return strategies	2.00%	3.75%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	(0.25%)
Domestic equity	36.00%	4.55%
Inflation-indexed bonds	4.00%	1.25%
International equity	14.00%	6.35%
Opportunistic portfolio	3.00%	5.68%
Private equity	10.00%	7.50%
Real assets	3.00%	5.29%
Real estate	10.00%	5.55%
	<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension liability was 7.00%. 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 the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<u>NYSERS</u>	<u>1% Decrease (6.00%)</u>	<u>Current assumption (7.00%)</u>	<u>1% Increase (8.00%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 4,200,442	\$ 554,154	\$ (2,528,615)
<u>NYSPFRS</u>	<u>1% Decrease (6.00%)</u>	<u>Current assumption (7.00%)</u>	<u>1% Increase (8.00%)</u>
Employer's proportionate share of the net pension liability (asset)	\$ 5,877,491	\$ 1,199,911	\$ (2,723,481)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of April 1, 2017, were as follows:

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSPFRS</u>	<u>Total</u>
Employers' total pension liability	\$ (183,400,590)	\$ (32,914,423)	\$ (216,315,013)
Plan net position	<u>180,173,145</u>	<u>31,903,666</u>	<u>212,076,811</u>
Employers' net pension liability	<u>\$ (3,227,445)</u>	<u>\$ (1,010,757)</u>	<u>\$ (4,238,202)</u>
Ratio of plan net position to the Employers' total pension liability	98.24%	96.93%	98.04%

10. Length of Service Award Programs (collectively, "LOSAP" or "Programs")

Ambulance Corps Service Awards Program

Program Description

The Village sponsors a defined benefit LOSAP effective January 1, 2003 for active ambulance corps of the Village. The Program provides municipally-funded deferred compensation to ambulance corps to facilitate the recruitment and retention of active ambulance corps. The Village is the Sponsor of the Program and the Program Administrator.

Funding policy

The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program is non-contributory. The Village is required to contribute the total amount sufficient to cover the normal cost of the plan.

Participation, vesting and service credit

In a defined benefit LOSAP, participating volunteers begin to be paid a Service Award upon attainment of the Program's Entitlement Age. An eligible Program Participant is defined by the Program Sponsor to be an active ambulance corps member who is at least 18 years of age and has earned one year of Service Award Program Service Credit. The amount of the service award paid to a participant is based upon the number of years of Service Credit the volunteer earned under the Program for performing active ambulance corps activities.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for five years of service or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 65. An active ambulance corps member earns a year of Service Award Program Service Credit for each calendar year after the establishment of the Program in which he or she accumulates fifty points. Points are granted for the performance of certain ambulance corps in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Award Program Service Credit for five years of active ambulance corps services rendered prior to the establishment of the Program as an active ambulance corps member of the Village.

Benefits

A Participant's Service Award benefit is paid as a continuous monthly payment life annuity. The amount payable each month equals \$20 for each year of service credit. The maximum number of years of Service Credit a Participant may earn under the Program is 20 years. Currently, there are no forms of payment of a volunteer's earned Service Award under the program.

Except in the Case of Pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Program credit and to thereby increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the participant was an active ambulance corps member at the time of death, the minimum death benefit is the lump sum equal to the present value of the accrued benefit. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

Participants covered by the benefit terms

At the December 31, 2017 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	10
Inactive participants entitled to but not yet receiving benefit payments	16
Active participants	<u>18</u>
Total	<u>44</u>

Contributions

New York State General Municipal Law §219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village.

Trust assets

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2017 measurement date was determined using an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	N/A

Mortality rates were based on the RP-2014 Mortality Table without projection for mortality improvement.

Discount rate

The discount rate used to measure the total pension liability was 3.16%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Discount Rate

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was 3.71% for the December 31, 2016 measurement date, and 3.16% for the December 31, 2017 measurement date.

Changes in the Total Pension Liability

Balance as of December 31, 2016 measurement date	\$ 841,620
Service cost	35,900
Interest	31,862
Changes of assumptions or other inputs	71,397
Differences between expected and actual experience	(16,017)
Benefit payments	<u>(37,430)</u>
Balance as of December 31, 2017 measurement date	<u>\$ 927,332</u>

Sensitivity of the total LOSAP pension liability to changes in the discount rate

The following presents the total LOSAP pension liability of the Village as of the December 31, 2017 measurement date, calculated using the discount rate of 3.16 percent, as well as what the Village's total LOSAP pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.16 percent) or 1-percentage point higher (4.16 percent) than the current rate:

	1% decrease (2.16%)	Current discount rate (3.16%)	1% increase (4.16%)
Total LOSAP pension liability	\$ 1,094,286	\$ 927,332	\$ 794,306

Pension expense and deferred outflows of resources and deferred inflows of resources related to LOSAP pensions

For the year ended December 31, 2017, the Village recognized pension expense of \$76,910. At December 31, 2017, the Village reported deferred outflows and deferred inflows of resources related to LOSAP pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 14,415
Changes of assumptions or other inputs	64,257	-
Benefit payments and administrative expenses subsequent to the measurement date	10,129	-
Totals	<u>\$ 74,386</u>	<u>\$ 14,415</u>

The Village reported \$10,129 as deferred outflows of resources related to LOSAP pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total LOSAP pension liability in the year ended May 31, 2019.

Other amounts reported as deferred outflows of resources related to LOSAP pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2018	\$ 5,538
2019	5,538
2020	5,538
2021	5,538
2022	5,538
Thereafter	22,152

Firefighter Service Awards Program

Program Description

The Village sponsors a defined benefit LOSAP effective January 1, 2003 for active volunteer firefighters of the Village. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is the Sponsor of the Program and the Program Administrator.

Funding policy

The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program is non-contributory. The Village is required to contribute the total amount sufficient to cover the normal cost of the plan.

Participation, vesting and service credit

In a defined benefit LOSAP, participating volunteers begin to be paid a Service Award upon attainment of the Program's Entitlement Age. An eligible Program Participant is defined by the Program Sponsor to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Award Program Service Credit. The amount of the service award paid to a participant is based upon the number of years of Service Credit the volunteer earned under the Program for performing active volunteer firefighter activities.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for five years of service or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 60. An active volunteer firefighter earns a year of Service Award Program Service Credit for each calendar year after the establishment of the Program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A Participant may also receive Service Award Program Service Credit for five years of active volunteer firefighting rendered prior to the establishment of the Program as an active volunteer firefighter of the Village.

Benefits

A Participant's Service Award benefit is paid as a continuous monthly payment life annuity. The amount payable each month equals \$20 for each year of service credit. The maximum number of years of Service Credit a Participant may earn under the Program is 20 years. Currently, there are no forms of payment of a volunteer's earned Service Award under the program.

Except in the Case of Pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Program credit and to thereby increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the participant was an active volunteer firefighter at the time of death, the minimum death benefit is the lump sum equal to the present value of the accrued benefit. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

Participants covered by the benefit terms

At the December 31, 2017 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	43
Inactive participants entitled to but not yet receiving benefit payments	13
Active participants	<u>101</u>
Total	<u><u>157</u></u>

Contributions

New York State General Municipal Law §219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village.

Trust assets

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2017 measurement date was determined using an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	N/A

Mortality rates were based on the RP-2014 Mortality Table without projection for mortality improvement.

Discount rate

The discount rate used to measure the total pension liability was 3.16%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Discount Rate

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was 3.71% for the December 31, 2016 measurement date, and 3.16% for the December 31, 2017 measurement date.

Changes in the Total Pension Liability

Balance as of December 31, 2016 measurement date	\$ 3,561,130
Service cost	113,223
Interest	133,555
Changes of assumptions or other inputs	299,584
Differences between expected and actual experience	73,110
Benefit payments	<u>(148,960)</u>
Balance as of December 31, 2017 measurement date	<u>\$ 4,031,642</u>

Sensitivity of the total LOSAP pension liability to changes in the discount rate

The following presents the total LOSAP pension liability of the Village as of the December 31, 2017 measurement date, calculated using the discount rate of 3.16 percent, as well as what the Village's total LOSAP pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.16 percent) or 1-percentage point higher (4.16 percent) than the current rate:

	<u>1% decrease (2.16%)</u>	<u>Current discount rate (3.16%)</u>	<u>1% increase (4.16%)</u>
Total LOSAP pension liability	\$ 4,677,800	\$ 4,031,643	\$ 3,511,541

Pension expense and deferred outflows of resources and deferred inflows of resources related to LOSAP pensions

For the year ended December 31, 2017, the Village recognized pension expense of \$298,136. At December 31, 2017, the Village reported deferred outflows of resources related to LOSAP pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 64,509	\$ -
Changes of assumptions or other inputs	264,339	-
Benefit payments and administrative expenses subsequent to the measurement date	<u>67,908</u>	<u>-</u>
Totals	<u>\$ 396,756</u>	<u>\$ -</u>

The Village reported \$67,908 as deferred outflows of resources related to LOSAP pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total LOSAP pension liability in the year ended May 31, 2019.

Other amounts reported as deferred outflows of resources related to LOSAP pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2018	\$ 43,846
2019	43,846
2020	43,846
2021	43,846
2022	43,846
Thereafter	109,618

11. Post-employment benefits

Plan description and annual other post-employment benefits ("OPEB") cost

The Village provides post-employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Village's contractual agreements.

The Village has implemented GASB Standards for Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. This required the Village to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 78 retired employees receive health benefits from the Village. The Village pays 100% of retiree cost and between 85% and 100% of dependent coverage.

The Village recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended May 31, 2018, the Village recognized \$1,390,000 for its share of insurance premiums for currently enrolled retirees.

The Village has obtained an actuarial valuation report as of June 1, 2017 which indicates that the total liability for other post-employment benefits was \$53,020,000.

The Village's annual OPEB cost (expense) for its plan 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 to amortize any unfunded 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, the amount actually contributed to the plan, and changes in the Village's net OPEB obligation:

	<u>For the Year Ended May 31, 2018</u>
Annual required contribution	\$ 4,540,000
Interest on net OPEB obligation	870,000
Adjustment to annual required contribution	<u>(1,140,000)</u>
Annual OPEB cost	4,270,000
Contributions made	<u>(1,390,000)</u>
Increase in net OPEB obligation	2,880,000
Net OPEB obligation, beginning of year	<u>19,380,000</u>
Net OPEB obligation, end of year	<u>\$ 22,260,000</u>

Funded status and funding progress

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were 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>
05/31/18	\$ 4,270,000	32.6%	\$ 22,260,000
05/31/17	3,670,000	34.6%	19,380,000
05/31/16	3,570,000	30.0%	16,980,000

As of June 1, 2017, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$53,020,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$53,020,000. The covered payroll (annual payroll of active employees covered by the plan) was \$10,850,000 and the ratio of the UAAL to the covered payroll was 488.7%. 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 financial statements, present 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.

In the June 1, 2017 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.5% initially, reduced by decrements of 0.50% to an ultimate rate of 5.0% after 10 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level dollar amortization method over a period of 30 years. The remaining amortization period at May 31, 2018 was 20 years.

12. Commitments and contingencies

A. Risk management and litigation

In common with other municipalities, the Village receives numerous notices of claims. Although the eventual outcome of the claims cannot presently be determined, it is the opinion of the Village and Village Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have a material adverse effect on the financial condition of the Village, in view of the Village's ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law. The Village is insured for workers' compensation insurance and disability insurance.

B. Government grants

The Village receives grants which are subject to audit by agencies of the federal government, New York State and local governments. Such audits may result in disallowances and a request for a return of funds. Based on past experience, the Village Administration believes disallowances, if any, would be immaterial.

C. Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012-2013 through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2% or the rate of inflation, whichever is less, with some exceptions. The New York State Comptroller recently set the allowable levy growth factor for local go

vernments for fiscal years beginning June 1, 2018, at 1.02% (before exemptions). Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

13. Prior period adjustment

The Village's financial statements for the year ended May 31, 2017 have been restated as of June 1, 2017 to give effect to the following:

	<u>General Fund Fund Balance</u>	<u>Governmental Activities Net Position</u>
Balance as of May 31, 2017, as reported	\$ 8,099,133	\$ 10,746,403
GASB Statement No. 73 implementation:		
Add: Service award program assets	2,548,112	2,548,112
Less: Total pension liability - service award program	<u>-</u>	<u>(4,402,750)</u>
Balance as of June 1, 2017, as restated	<u>\$ 10,647,245</u>	<u>\$ 8,891,765</u>

14. Future accounting standards

The Village has adopted all current statements of GASB that are applicable. The following are changes in accounting standards that will be implemented when required:

GASB has issued Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions, which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73, which addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from actuarial standards, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 83, Certain Asset Retirement Obligations, which addresses the accounting and financial reporting for certain asset retirement obligations ("AROs"). The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2020.

GASB has issued Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of all state and local governments. The focus is on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2020.

GASB has issued Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during implementation and application of certain GASB statements, including: blending component units, goodwill, fair value measurement, and post-employment benefits. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 86, Certain Debt Extinguishment Issues, which addresses the aim to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2019.

GASB has issued Statement No. 87, Leases, which addresses improving accounting and financial reporting for leases by governments. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2021.

GASB has issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, which addresses enhancing the disclosures in the notes to financial statements related to debt. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending May 31, 2020.

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

15. Subsequent events

The Village has evaluated subsequent events occurring after the Statement of Net Position through the date of October 1, 2018, which is the date the financial statements were available to be issued. Based on this evaluation, the Village has determined that no subsequent events have occurred, which require disclosure in the financial statements.

**VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2018**

	Adopted Budget	Revised Budget	Actual	Year-End Encumbrances	Variance
REVENUES					
Real property taxes	\$ 15,833,010	\$ 15,833,010	\$ 15,813,150		\$ (19,860)
Other tax items	56,500	56,500	54,294		(2,206)
Non-property tax items	2,135,000	2,135,000	2,295,651		160,651
Departmental income	2,129,700	2,129,700	2,361,662		231,962
Intergovernmental revenue	314,815	314,815	322,390		7,575
Fines and forfeitures	500,000	500,000	625,292		125,292
Use of money and property	107,500	107,500	116,064		8,564
Licenses and permits	475,000	475,000	805,022		330,022
State and local aid	835,671	835,671	946,948		111,277
Federal aid	-	-	34,496		34,496
Sale of property and compensation for loss	2,500	2,500	4,257		1,757
Miscellaneous	944,000	944,000	274,425		(669,575)
Total revenues	23,333,696	23,333,696	23,653,651		319,955
EXPENDITURES					
Current -					
General government	3,225,747	3,225,747	3,956,655	\$ -	(730,908)
Public safety	6,148,809	6,148,809	6,262,374	-	(113,565)
Health	11,800	11,800	9,751	-	2,049
Transportation	1,441,851	1,441,851	1,466,550	-	(24,699)
Economic opportunity and assistance	67,442	67,442	64,320	-	3,122
Culture and recreation	1,197,562	1,197,562	1,286,636	-	(89,074)
Home and community services	1,063,687	1,063,687	1,053,827	-	9,860
Employee benefits	6,505,907	6,505,907	5,738,401	-	767,506
Debt service -					
Principal	2,118,913	2,118,913	2,120,811	-	(1,898)
Interest	1,179,211	1,179,211	1,179,883	-	(672)
Total expenditures	22,960,929	22,960,929	23,139,208	\$ -	(178,279)
Excess of revenues over expenditures	372,767	372,767	514,443		141,676
OTHER FINANCING USES					
Transfers in	535,000	535,000	1,835,000		1,300,000
Transfers out	(907,767)	(907,767)	(807,767)		100,000
Total other financing uses	(372,767)	(372,767)	1,027,233		1,400,000
Change in fund balance	-	-	1,541,676		\$ 1,541,676
Fund balance, beginning of year, as restated see Note 13	10,647,245	10,647,245	10,647,245		
Fund balance, end of year	\$ 10,647,245	\$ 10,647,245	\$ 12,188,921		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WATER FUND
FOR THE YEAR ENDED MAY 31, 2018**

	Adopted Budget	Revised Budget	Actual	Year-End Encumbrances	Variance
REVENUES					
Departmental income	\$ 5,816,773	\$ 5,816,773	\$ 5,578,768		\$ (238,005)
Miscellaneous	16,000	16,000	63,627		47,627
Total revenues	5,832,773	5,832,773	5,642,395		(190,378)
EXPENDITURES					
Current -					
General government	67,373	67,373	35,167	\$ -	32,206
Home and community services	3,596,329	3,596,329	3,746,463	-	(150,134)
Employee benefits	392,267	392,267	393,021	-	(754)
Debt service -					
Principal	668,518	668,518	666,608	-	1,910
Interest	523,286	523,286	522,610	-	676
Total expenditures	5,247,773	5,247,773	5,363,869	\$ -	(116,096)
Excess of revenues over expenditures	585,000	585,000	278,526		(306,474)
OTHER FINANCING SOURCES					
Transfers out	(585,000)	(585,000)	(535,000)		50,000
Total other financing sources	(585,000)	(585,000)	(535,000)		50,000
Change in fund balance	-	-	(256,474)		\$ (256,474)
Fund balance, beginning of year	316,171	316,171	316,171		
Fund balance, end of year	\$ 316,171	\$ 316,171	\$ 59,697		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND
FOR THE YEAR ENDED MAY 31, 2018

	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Year-End Encumbrances</u>	<u>Variance</u>
REVENUES					
Non-property tax items	\$ 9,446	\$ 9,446	\$ 9,446		\$ -
Departmental income	38,000	38,000	35,200		(2,800)
Intergovernmental revenue	707,174	707,174	707,174		-
Miscellaneous	53,013	53,013	49,288		(3,725)
Total revenues	<u>807,633</u>	<u>807,633</u>	<u>801,108</u>		<u>(6,525)</u>
EXPENDITURES					
Current -					
General government	50,210	50,210	47,774	\$ -	2,436
Culture and recreation	1,177,878	1,177,878	1,127,070	793	50,015
Employee benefits	424,666	424,666	433,282	-	(8,616)
Debt service -					
Principal	21,970	21,970	36,418	-	(14,448)
Interest	40,676	40,676	26,244	-	14,432
Total expenditures	<u>1,715,400</u>	<u>1,715,400</u>	<u>1,670,788</u>	<u>\$ 793</u>	<u>43,819</u>
Deficiency of revenues under expenditures	<u>(907,767)</u>	<u>(907,767)</u>	<u>(869,680)</u>		<u>37,294</u>
OTHER FINANCING SOURCES					
Transfers in	<u>807,767</u>	<u>807,767</u>	<u>807,767</u>		<u>-</u>
Total other financing sources	<u>807,767</u>	<u>807,767</u>	<u>807,767</u>		<u>-</u>
Change in fund balance	(100,000)	(100,000)	(61,913)		<u>\$ 37,294</u>
Fund balance, beginning of year	<u>146,803</u>	<u>146,803</u>	<u>146,803</u>		
Fund balance, end of year	<u>\$ 46,803</u>	<u>\$ 46,803</u>	<u>\$ 84,890</u>		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL PENSION LIABILITY
FIRE SERVICE AWARD PROGRAM
LAST FISCAL YEAR*

Measurement date as of December 31, 2017

Total pension liability:

Service cost	\$ 113,223
Interest	133,555
Changes of assumptions or other inputs	299,584
Differences between expected and actual experience	73,110
Benefit payments	<u>(148,960)</u>
Net change in total pension liability	470,512
Total pension liability, beginning of year	<u>3,561,130</u>
Total pension liability, end of year	<u><u>\$ 4,031,642</u></u>

Covered employee payroll	N/A
Total pension liability as a percentage of covered-employee payroll	N/A

Note to Required Supplementary Information

Changes of assumptions or other inputs: The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2016:	3.71%
December 31, 2017:	3.16%

Trust assets: There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 73 to pay related benefits. The trust assets are not legally protected from creditors to the Village.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**REQUIRED
SUPPLEMENTARY
INFORMATION**

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL PENSION LIABILITY
AMBULANCE SERVICE AWARD PROGRAM
LAST FISCAL YEAR*

Measurement date as of December 31, 2017

Total pension liability:

Service cost	\$ 35,900
Interest	31,862
Changes of assumptions or other inputs	71,397
Differences between expected and actual experience	(16,017)
Benefit payments	<u>(37,430)</u>
Net change in total pension liability	85,712
Total pension liability, beginning of year	<u>841,620</u>
Total pension liability, end of year	<u><u>\$ 927,332</u></u>

Covered employee payroll N/A

Total pension liability as a percentage of covered-employee payroll N/A

Note to Required Supplementary Information

Changes of assumptions or other inputs: The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2016: 3.71%
December 31, 2017: 3.16%

Trust assets: There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 73 to pay related benefits. The trust assets are not legally protected from creditors to the Village.

**Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED MAY 31, 2018

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)
6/1/2017	\$ -	\$ 53,020,000	\$ 53,020,000	0.0%	\$ 10,850,000	488.7%
6/1/2016	-	43,630,000	43,630,000	0.0%	10,610,000	411.2%
6/1/2015	-	41,760,000	41,760,000	0.0%	10,420,000	400.8%

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>
Village's proportionate share of the net pension liability	0.01720%	0.11871%	0.01720%	0.01582%	0.01582%	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	\$ 554	\$ 1,515	\$ 2,761	\$ 534	\$ 715	N/A	N/A	N/A	N/A	N/A
Village's covered payroll	\$ 5,199	\$ 4,934	\$ 5,003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of covered payroll	10.66%	30.71%	55.18%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	-98.24%	94.70%	90.68%	97.95%	97.20%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSPFRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>
Village's proportionate share of the net pension liability	0.11871%	0.10834%	0.10434%	0.10311%	0.10311%	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	\$ 1,200	\$ 2,245	\$ 3,089	\$ 284	\$ 429	N/A	N/A	N/A	N/A	N/A
Village's covered payroll	\$ 4,892	\$ 4,587	\$ 4,587	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of covered payroll	24.53%	48.95%	67.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	-96.93%	93.46%	90.24%	99.03%	98.48%	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>**2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>
Contractually required contribution	\$ 793	\$ 773	\$ 1,015	\$ 890	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>793</u>	<u>773</u>	<u>1,015</u>	<u>890</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Village's covered-employee payroll	\$ 5,199	\$ 4,934	\$ 5,003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	15.24%	15.66%	20.29%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

VILLAGE OF TARRYTOWN, NEW YORK
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS - NYSPFRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>**2014</u>	<u>**2013</u>	<u>**2012</u>	<u>**2011</u>	<u>**2010</u>	<u>**2009</u>
Contractually required contribution	\$ 1,111	\$ 1,046	\$ 939	\$ 1,227	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>1,111</u>	<u>1,046</u>	<u>939</u>	<u>1,227</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Village's covered-employee payroll	\$ 4,892	\$ 4,587	\$ 4,587	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	22.71%	22.81%	20.46%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**OTHER
SUPPLEMENTARY
INFORMATION**

**VILLAGE OF TARRYTOWN, NEW YORK
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
MAY 31, 2018**

	Sewer Fund	Library Fund	Special Purpose Fund	Total Non-Major Governmental Funds
ASSETS				
Cash:				
Unrestricted	\$ 437,347	\$ 75,713	\$ 12,088	\$ 525,148
Restricted	1,394	31,280	934,418	967,092
Accounts receivable	14,715	705	-	15,420
Due from other funds	-	-	2,500	2,500
	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Total assets	<u>\$ 453,456</u>	<u>\$ 107,698</u>	<u>\$ 949,006</u>	<u>\$ 1,510,160</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,241	\$ -	\$ 3,241
Due to employees' retirement system	-	19,567	-	19,567
	<u>-</u>	<u>19,567</u>	<u>-</u>	<u>19,567</u>
Total liabilities	<u>-</u>	<u>22,808</u>	<u>-</u>	<u>22,808</u>
FUND BALANCE				
Fund balance:				
Restricted	1,394	31,280	934,418	967,092
Assigned	452,062	53,610	14,588	520,260
	<u>453,456</u>	<u>84,890</u>	<u>949,006</u>	<u>1,487,352</u>
Total fund balance	<u>453,456</u>	<u>84,890</u>	<u>949,006</u>	<u>1,487,352</u>
Total liabilities and fund balance	<u>\$ 453,456</u>	<u>\$ 107,698</u>	<u>\$ 949,006</u>	<u>\$ 1,510,160</u>

**OTHER
SUPPLEMENTARY
INFORMATION**

VILLAGE OF TARRYTOWN, NEW YORK
COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2018

	Sewer Fund	Library Fund	Special Purpose Fund	Total Non-Major Governmental Funds
REVENUES				
Non-property tax items	\$ -	\$ 9,446	\$ -	\$ 9,446
Departmental income	138,287	35,200	-	173,487
Intergovernmental revenue	-	707,174	-	707,174
Use of money and property	-	-	1,395	1,395
Miscellaneous	-	49,288	140,342	189,630
Total revenues	<u>138,287</u>	<u>801,108</u>	<u>141,737</u>	<u>1,081,132</u>
EXPENDITURES				
Current -				
General government	-	47,774	-	47,774
Culture and recreation	-	1,127,070	127,134	1,254,204
Home and community services	10,695	-	-	10,695
Employee benefits	-	433,282	-	433,282
Debt service -				
Principal	5,173	36,418	-	41,591
Interest	10,886	26,244	-	37,130
Total expenditures	<u>26,754</u>	<u>1,670,788</u>	<u>127,149</u>	<u>1,824,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>111,533</u>	<u>(869,680)</u>	<u>14,588</u>	<u>(743,559)</u>
OTHER FINANCING SOURCES				
Transfers in	-	807,767	-	807,767
Total other financing sources	<u>-</u>	<u>807,767</u>	<u>-</u>	<u>807,767</u>
Change in fund balance	111,533	(61,913)	14,588	64,208
Fund balance, beginning of year	<u>341,923</u>	<u>146,803</u>	<u>934,418</u>	<u>1,423,144</u>
Fund balance, end of year	<u>\$ 453,456</u>	<u>\$ 84,890</u>	<u>\$ 949,006</u>	<u>\$ 1,487,352</u>



INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees of the
Village of Tarrytown, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the remaining fund information and the fiduciary funds of the Village of Tarrytown, New York (the "Village"), as of and for the year ended May 31, 2018, and the related notes to financial statements which collectively comprise the Village's financial statements, and have issued our report thereon dated October 1, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

NawrockiSmith

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Melville, New York
October 1, 2018

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.