

**VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
AUDIT REPORT
FOR THE YEAR ENDED
FEBRUARY 28, 2018**

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
FEBRUARY 28, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members
of the Village Board
Village of Washingtonville
Washingtonville, New York 10992

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund information of Village of Washingtonville, as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

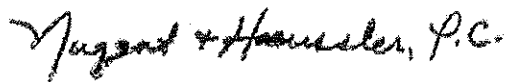
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund information of the Village of Washingtonville, as of February 28, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits funding progress, the Village's proportionate share of the net pension liability, the schedule of the Village contributions and budgetary comparison information on pages 3 through 17 and 55 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020 on our consideration of the Village of Washingtonville'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 the audit performed in accordance with *Government Auditing Standards* in considering the Village of Washingtonville's internal control over financial reporting and compliance.



Montgomery, New York
May 21, 2020

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

The following is a discussion and analysis of the Village of Washingtonville's financial performance for the year ended February 28, 2018. The Village of Washingtonville's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Village's financial activity, (c) identify changes in the Village's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The section is a summary of the Village's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed 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.

HIGHLIGHTS

Financial Highlights:

- The assets of the Village of Washingtonville exceeded its liabilities at the close of the fiscal years 2018 and 2017 by \$5,715,682 and \$ 6,068,577 (net position) respectively. The net position at February 28, 2018 reflects a decrease of \$352,895.
- Revenue, as reflected in the governmental funds statement, increased \$148,649 from the previous fiscal year. This was due to incremental increases across several revenue categories.
- The governmental expenditures decreased by \$5,283 from the previous fiscal year. This was due to additional management oversight and controlled spending.
- As of the close of the current fiscal year, the Village of Washingtonville's governmental funds reported a combined ending fund balance deficit of \$293,362, which is a deficit decrease of \$121,688 in comparison with the prior year. Operating deficits in the water and capital projects funds are the primary cause.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,379,235.
- The Village of Washingtonville's total debt decreased by \$210,000 (7.49%) during the current fiscal year.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD & A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are *government-wide* financial statements that provide both short-term and long-term information about the Village's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide statements. The fund financial statements concentrate on the Village's most significant funds.
- The *government fund statements* tell how basic services such as water and sewer were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* 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 statements and provide more detailed data. The 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.

Figure 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 MD & A highlights the structure and contents of each of the statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

Figure A-1 Major Features of the Government-wide and Fund Financial Statements

	Government-wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Government (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the Village administers resources on behalf of someone else, such as bid deposits, engineering fees, and street opening deposits.
Required financial statements	- Statement of net position - Statement of activities	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of fiduciary net position - Statement of changes in fiduciary 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/liability information	All asset and liabilities, 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 not currently contact capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash 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 OF WASHINGTONVILLE
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GOVERNMENT-WIDE STATEMENTS

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

- Over time, increases or decreases in the Village's net position is 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 changes in the Village's property tax base and the condition of facilities and infrastructures.

In the government-wide financial statements, the Village's activities are shown as governmental activities: Most of the Village's basic services are included here, such as water and sewer services (home and community services), road maintenance (transportation), and administration (general governmental support). Property taxes and charges for services 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 (such as repaying its long-term debts) or to show that it is properly using certain revenues.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

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 (2) the balances left at year end that are available for spending. Consequently, the governmental funds 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 government-wide statements, reconciling statements (Schedule 4 and Schedule 6) have been added to explain the relationship (or differences) between them.
- **Fiduciary Funds-Agency Funds:** The Village acts in an agency capacity for assets that are ultimately transferred to others, such as payroll withholdings. The Village excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net position at the fiscal year end is \$5,715,682. This is a \$352,895 decrease from last year's net position of \$6,068,577. Figure A-2 provides a summary of the Village's net position:

	FIGURE A-2		
	2018	2017	Total Change 2018-2017
Current Assets	\$ 2,025,903	\$ 1,936,514	\$ 89,389
Non-Current Assets	10,710,530	10,650,228	60,302
Deferred Outflow of Resources	1,254,318	1,944,491	(690,173)
Total Assets	13,990,751	14,531,233	(540,482)
Current Liabilities	2,448,375	2,481,858	(33,483)
Non-Current Liabilities	5,659,242	5,769,698	(110,456)
Deferred Inflow of Resources	167,452	211,100	(43,648)
Total Liabilities	8,275,069	8,462,656	(187,587)
Net Investment in Capital Assets	8,207,757	7,937,455	270,302
Restricted	334,922	289,196	45,726
Unrestricted	(2,826,997)	(2,158,074)	(668,923)
Total Net Position	\$ 5,715,682	\$ 6,068,577	\$ (352,895)

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The schedule on the following page and supporting graphs provides a summary of revenues, expenses and changes in net position for the fiscal years ended February 28, 2018 and February 28, 2017:

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

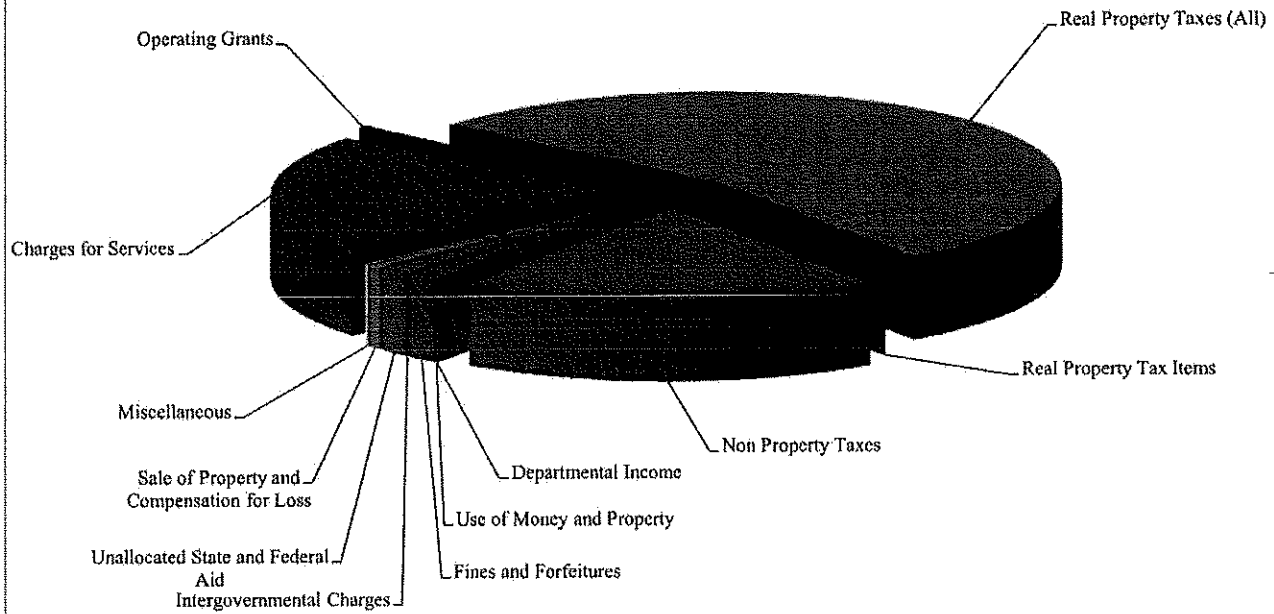
FIGURE A-3

	2018		2017	
	Amount	%	Amount	%
REVENUES				
PROGRAM REVENUES				
Charges for Services	\$ 1,339,433	21.77%	\$ 1,264,208	21.06%
Operating Grants	34,454	0.56%	9,986	0.17%
GENERAL REVENUES				
Real Property Taxes	3,328,054	54.09%	3,286,685	54.74%
Real Property Tax Items	8,478	0.14%	11,226	0.19%
Non Property Taxes	1,198,693	19.48%	1,170,421	19.49%
Departmental Income	2,494	0.04%	2,188	0.04%
Use of Money and Property	131	0.00%	103	0.00%
Fines and Forfeitures	91,227	1.48%	104,995	1.75%
Unallocated State and Federal Aid	91,086	1.48%	73,500	1.22%
Sale of Property and Compensation for Loss	44,124	0.72%	41,152	0.69%
Miscellaneous	14,605	0.24%	39,665	0.66%
	<u>\$ 6,152,779</u>	<u>100.00%</u>	<u>\$ 6,004,129</u>	<u>100.00%</u>
EXPENDITURES				
General Government	\$ 398,902	6.13%	\$ 543,906	8.82%
Public Safety	1,859,410	28.58%	1,778,871	28.85%
Health	-	0.00%	-	0.00%
Transportation	683,659	10.51%	557,150	9.04%
Economic Assistance and Opportunity	2,131	0.03%	2,000	0.03%
Culture and Recreation	70,197	1.08%	68,123	1.10%
Home and Community Services	24,029	0.37%	10,688	0.17%
Water Utilities	310,280	4.77%	340,762	5.53%
Sewer Utilities	622,822	9.57%	548,434	8.90%
Interest on Debt	42,196	0.65%	46,194	0.75%
Employee Benefits	2,176,103	33.45%	1,918,124	31.11%
Depreciation	315,945	4.86%	351,004	5.69%
	<u>\$ 6,505,674</u>	<u>100.00%</u>	<u>\$ 6,165,256</u>	<u>100.00%</u>
Increase (Decrease) in Net Assets	<u>\$ (352,895)</u>		<u>\$ (161,127)</u>	

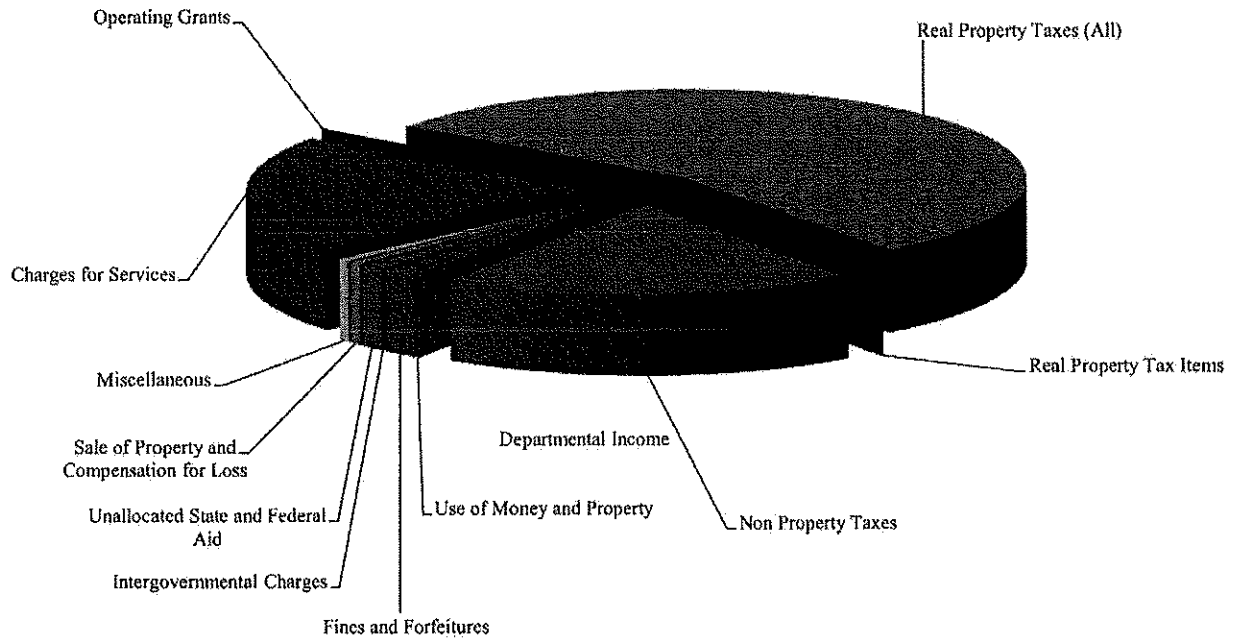
VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK

FIGURE A-4

SOURCES OF REVENUES FOR FISCAL YEAR 2018

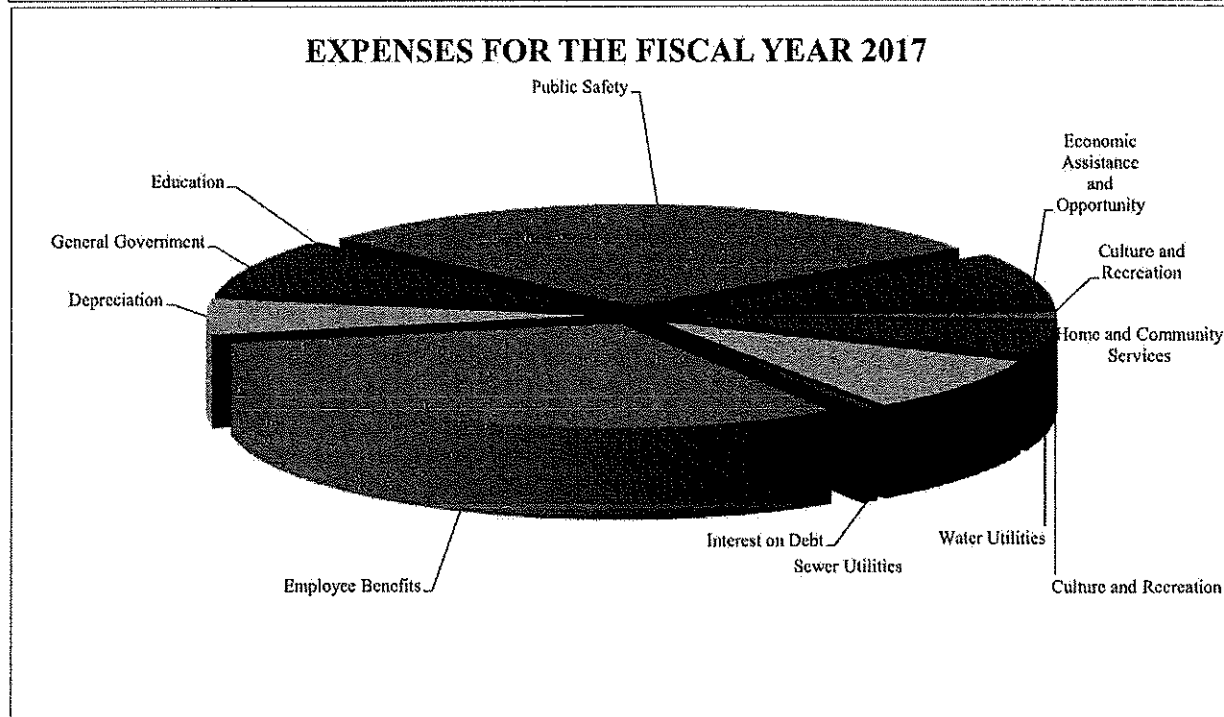
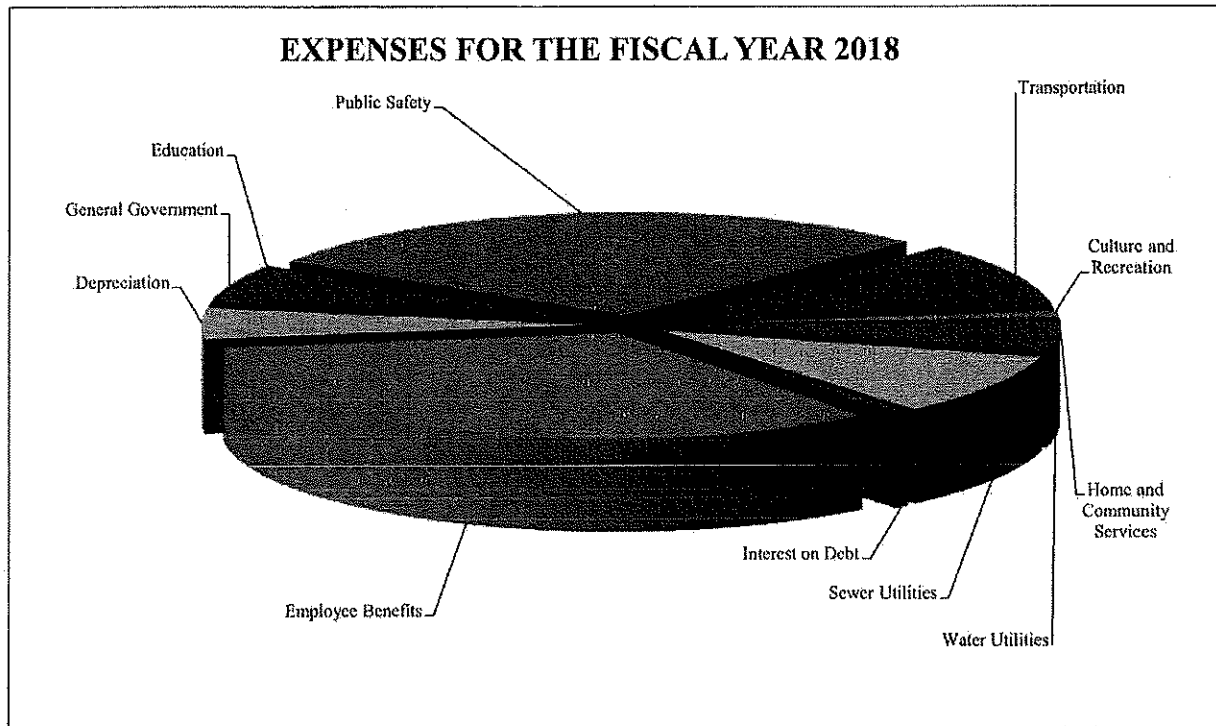


SOURCES OF REVENUES FOR FISCAL YEAR 2017



VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK

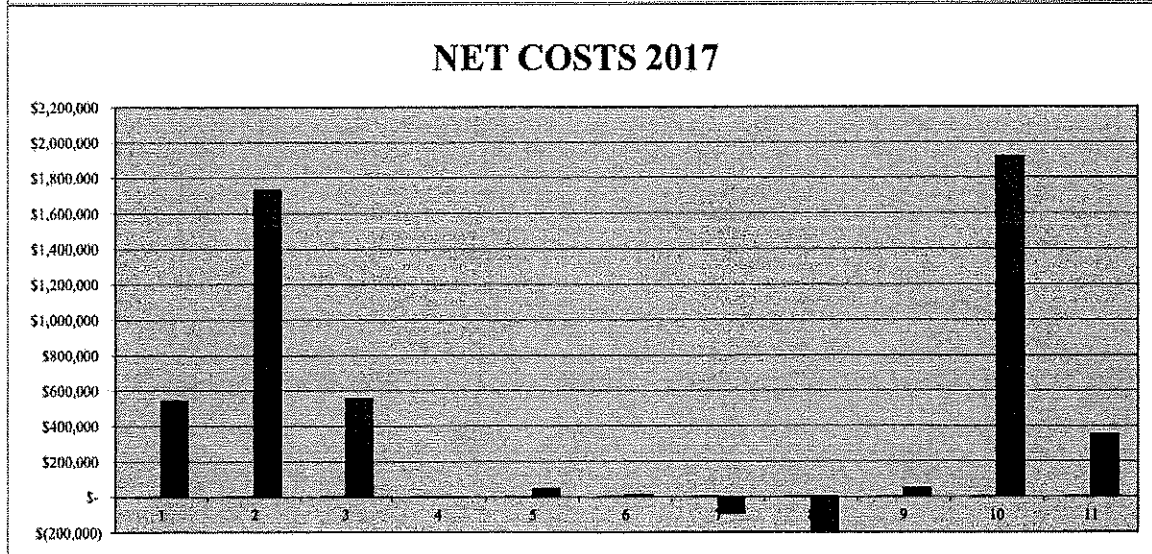
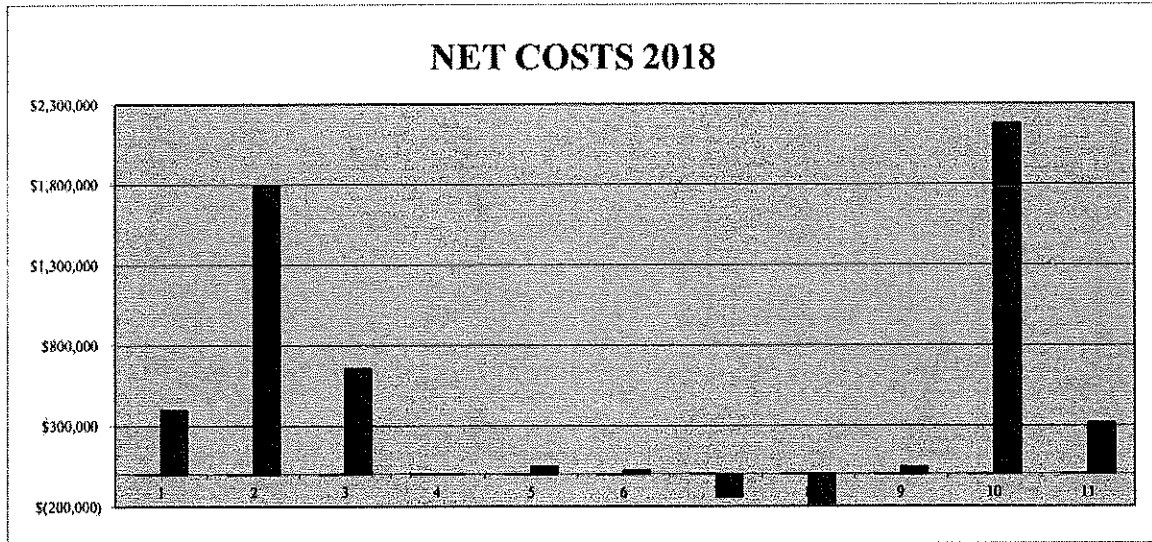
FIGURE A-5



VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK

FIGURE A-6

		TOTAL COST OF SERVICES 2018	NET COST OF SERVICES 2018	TOTAL COST OF SERVICES 2017	NET COST OF SERVICES 2017
GENERAL GOVERNMENT	1	\$ 398,902	\$ 397,982	\$ 543,906	\$ 543,246
PUBLIC SAFETY	2	1,859,410	1,793,980	1,778,871	1,730,503
TRANSPORTATION	3	683,659	654,554	557,150	557,150
ECONOMIC ASSISTANCE & OPPORTUNITY	4	2,131	2,131	2,000	2,000
CULTURE AND RECREATION	5	70,197	48,299	68,123	44,873
HOME AND COMMUNITY SERVICES	6	24,029	24,029	10,688	10,688
WATER UTILITIES	7	310,280	(140,199)	340,762	(94,707)
SEWER UTILITIES	8	622,822	(183,233)	548,434	(218,013)
INTEREST ON DEBT	9	42,196	42,196	46,194	46,194
EMPLOYEE BENEFITS	10	2,176,103	2,176,103	1,918,124	1,918,124
DEPRECIATION	11	315,945	315,945	351,004	351,004
		<u>\$ 6,505,674</u>	<u>\$ 5,131,787</u>	<u>\$ 6,165,256</u>	<u>\$ 4,891,062</u>



VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

Total costs of services provided by the Village (Figure A-7) for the fiscal years ended February 28, 2018 and 2017 were \$6,505,674 and \$6,165,257, respectively. In the current fiscal year, these charges were offset by grants and contributions of \$34,454, and charges for services of \$1,339,433, resulting in net cost of services of \$5,131,787. This is a \$240,724 increase from last year's net costs of \$4,891,063.

Figure A-7

	2018		2017	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Programs				
General Government	\$ 637,681	\$ 636,761	\$ 756,787	\$ 756,127
Public Safety	3,607,087	3,541,657	3,336,943	3,288,575
Health	151	151	129	129
Transportation	947,637	918,532	792,488	792,488
Economic Assistance and Opportunity	2,131	2,131	2,000	2,000
Culture and Recreation	72,562	50,664	70,232	46,982
Home and Community Services	24,029	24,029	10,688	10,688
Water Utilities	396,037	(54,442)	458,913	23,444
Sewer Utilities	776,163	(29,892)	690,883	(75,564)
Interest on Debt	42,196	42,196	46,194	46,194
	<u>\$ 6,505,674</u>	<u>\$ 5,131,787</u>	<u>\$ 6,165,257</u>	<u>\$ 4,891,063</u>

The Village's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Village consist of the General Fund, Water Fund, Sewer Fund, Capital Fund, Community Development Fund and Recreation Fund. The total fund balances allocated between nonspendable, restricted, assigned and unassigned fund balance for each of these funds in as follows:

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VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

Figure A-8

February 28, 2018				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund	\$ 35,647	\$ -	\$ 60,099	\$ 1,379,235
Water Fund	677	-	-	(24,494)
Sewer Fund	564	334,922	-	-
Capital Fund	-	-	-	(2,120,494)
Recreation Fund	-	-	40,482	-
	<u>\$ 36,888</u>	<u>\$ 334,922</u>	<u>\$ 100,581</u>	<u>\$ (765,753)</u>

February 28, 2017				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund	\$ 112,548	\$ -	\$ 170,832	\$ 978,530
Water Fund	4,570	398	-	-
Sewer Fund	3,574	288,798	-	-
Capital Fund	-	-	-	(2,014,782)
Recreation Fund	-	-	40,482	-
	<u>\$ 120,692</u>	<u>\$ 289,196</u>	<u>\$ 211,314</u>	<u>\$ (1,036,252)</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Village may revise the General Fund budgets to reflect additional changes in budgeted revenues and expenditures. Figure A-9 summarizes the General Funds original and revised budgets, actual expenditures and the variances for the year ended February 28, 2018.

VILLAGE OF WASHINGTONVILLE
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

Figure A-9

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 3,521,976	\$ 3,521,976	\$ 3,328,054	\$ (193,922)
Real Property Tax Items	41,400	41,400	8,478	(32,922)
Non-Property Tax Items	1,157,500	1,157,500	1,198,693	41,193
Departmental Income	69,200	69,200	83,843	14,643
Intergovernmental Charges	-	-	-	-
Use of Money and Property	-	-	131	131
Licenses and Permits	1,800	1,800	1,550	(250)
Fines and Forfeitures	115,000	115,000	91,227	(23,773)
Sale of Property and Compensation for Loss	250	250	44,124	43,874
Miscellaneous	40,000	40,000	14,605	(25,395)
State Aid	85,800	85,800	124,874	39,074
Federal Aid	-	-	666	666
TOTAL REVENUES	\$ 5,032,926	\$ 5,032,926	\$ 4,896,245	\$ (136,681)
OTHER SOURCES				
Operating Transfers In	-	-	-	
Appropriated Fund Balance	-	-	-	
TOTAL REVENUES AND OTHER SOURCES	\$ 5,032,926	\$ 5,032,926	\$ 4,896,245	
EXPENDITURES				
General Government Support	\$ 664,857	\$ 664,857	\$ 393,532	\$ 271,325
Public Safety	1,908,219	1,908,219	1,820,137	88,082
Health	2,000	2,000	-	2,000
Transportation	856,900	856,900	848,263	8,637
Economic Assistance and Opportunity	2,000	2,000	2,131	(131)
Culture and Recreation	62,300	62,300	70,144	(7,844)
Home and Community Services	34,225	34,225	24,029	10,196
Employee Benefits	1,418,238	1,418,238	1,440,751	(22,513)
Debt Service	84,187	84,187	84,187	-
TOTAL EXPENDITURES	\$ 5,032,926	\$ 5,032,926	\$ 4,683,174	\$ 349,752
OTHER USES				
Operating Transfers Out	-	-	-	
TOTAL EXPENDITURES AND OTHER USES	\$ 5,032,926	\$ 5,032,926	\$ 4,683,174	

VILLAGE OF WASHINGTONVILLE
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

CAPITAL ASSETS

The Village records expenditures for land, buildings, equipment, machinery and infrastructures (roads, water and sewer systems) as capital assets in the Statement of Net Position. Annual depreciation expense is recorded in the Statement of Activities to reflect the use of these assets over their useful lives. Land and construction in progress are not subject to depreciation. The Village's depreciation methods, assumptions regarding useful lives and capitalization thresholds are described in Notes 1 and 5 in the current year's Notes to the Financial Statements.

Under the implementation standards of GASB 34, the Village is considered a small government, and as such is required only to recognize infrastructures on a prospective (going forward) basis. The Village has maintained detailed, separate records of infrastructure additions since 2004. The Village has elected to include infrastructure additions since 2004 in the capital assets section of the Statement of Net Position, as management believes their inclusion provides the reader with a more complete accounting of the Village's investment in capital resources.

In 2018, the Village expended \$376,248 on capital additions. Figure A-10 reflects the changes in net capital assets.

Figure A-10

	Governmental Activities		Total Dollar
	2018	2017	Change
			2018-2017
Land	\$ 3,599,743	\$ 3,599,743	\$ -
Construction in Progress	2,097,205	1,891,493	205,712
Buildings and improvements	1,942,624	2,017,923	(75,299)
Furniture, fixtures and machinery	267,836	330,564	(62,728)
Infrastructure	2,650,912	2,776,269	(125,357)
Vehicles	152,210	34,236	117,974
Total	\$ 10,710,530	\$ 10,650,228	\$ 60,302

Major additions in 2018 included:

Construction in Progress	\$ 205,712
Vehicles	170,536
Total	\$ 376,248

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FEBRUARY 28, 2018

DEBT ADMINISTRATION

Debt, both short-term and long-term, decreased by \$210,000 during 2018.

The Village's liability for compensated absences increased \$64,468 during 2018.

The Village's liability for Other Post-Employment Benefits increased by \$500,000 during 2018.

Detailed information regarding the Village's short and long-term liabilities are presented in more detail in Note 6 in the current year's notes to the financial statements. Figure A-11 reflects the changes in the Village's debt for 2018.

Figure A-11

OUTSTANDING DEBT

	Governmental Activities		Total Dollar
	2018	2017	Change
			2018-2017
Serial Bonds	\$ 480,000	\$ 590,000	\$ (110,000)
Bond Anticipation Notes	2,115,000	2,215,000	(100,000)
Other Postemployment Benefits	4,000,000	3,500,000	500,000
Compensated Absences	382,793	318,325	64,468
Totals	\$ 6,977,793	\$ 6,623,325	\$ 354,468

FINANCIAL CONTACT

The Village's financial statements are designed to present users (citizens, taxpayers, customers, investors and creditors) with a general overview of the Village's finances and to demonstrate the Village's accountability. If you have questions about the report or need additional financial information, contact Joseph Bucco, Village Mayor, Village of Washingtonville, 9 Fairlawn Drive, Washingtonville, New York 10992.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
STATEMENT OF NET POSITION
FEBRUARY 28, 2018

ASSETS

Unrestricted Cash	\$ 815,044
Restricted Cash	334,922
Accounts Receivable	645,231
Due from Fiduciary Funds	71,019
Prepaid Expenses	36,888
Other Receivables, Net	122,799
Capital Assets (Net of Accumulated Depreciation)	10,710,530
TOTAL ASSETS	<u>12,736,433</u>

DEFERRED OUTFLOW OF RESOURCES

Pension Plans (ERS & PFRS)	1,254,318
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,254,318</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	194,159
Accrued Interest Payable	19,110
Bond Anticipation Notes Payable	2,115,000
Overpayments and Collections in Advance	10,106
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	110,000
Due and Payable More Than One Year:	
Bonds Payable	370,000
Net Pension Liability, Proportionate Share	906,449
Compensated Absences	382,793
Other Postemployment Benefits	4,000,000
TOTAL LIABILITIES	<u>8,107,617</u>

DEFERRED INFLOWS OF RESOURCES

Pension Plans (ERS & PFRS)	167,452
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>167,452</u>

NET POSITION

Net Investment in Capital Assets	8,207,757
Restricted	334,922
Unrestricted	<u>(2,826,997)</u>
TOTAL NET POSITION	<u>\$ 5,715,682</u>

See notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ (637,681)	\$ 920	\$ -	\$ -
Public Safety	(3,607,087)	60,081	5,349	-
Health	(151)	-	-	-
Transportation	(947,637)	-	29,105	-
Economic Assistance and Opportunity	(2,131)	-	-	-
Culture and Recreation	(72,562)	21,898	-	-
Home and Community Services	(24,029)	-	-	-
Water Utilities	(396,037)	450,479	-	-
Sewer Utilities	(776,163)	806,055	-	-
Debt Service - Interest	(42,196)	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ (6,505,674)	\$ 1,339,433	\$ 34,454	\$ -
GENERAL REVENUES				
Real Property Taxes				3,328,054
Real Property Tax Items				8,478
Non Property Taxes				1,198,693
Departmental Income				2,494
Use of Money and Property				131
Intergovernmental Charges				-
Fines and Forfeitures				91,227
Unallocated State and Federal Aid				91,086
Sale of Property and Compensation for Loss				44,124
Miscellaneous				14,605
TOTAL GENERAL REVENUES				4,778,892
Change in Net Position				(352,895)
Net Position - Beginning				6,068,577
Net Position - Ending				\$ 5,715,682

See notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
FEBRUARY 28, 2018

	GENERAL	WATER	SEWER	CAPITAL PROJECTS	RECREATION	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Unrestricted Cash	\$ 458,471	\$ -	\$ -	\$ 316,091	\$ 40,482	\$ 815,044
Restricted Cash	217,312	99,963	17,647	-	-	334,922
Accounts Receivable, Net	132,222	161,329	351,480	-	-	645,231
Due from Other Funds	838,252	47,283	252,626	-	-	1,138,161
Due from Fiduciary Funds	71,019	-	-	-	-	71,019
Prepaid Expenses	35,647	677	564	-	-	36,888
Other Receivables	122,799	-	-	-	-	122,799
TOTAL ASSETS	\$ 1,875,722	\$ 309,452	\$ 622,317	\$ 316,091	\$ 40,482	\$ 3,164,064
LIABILITIES						
Accounts Payable	58,497	19,969	44,537	71,156	-	194,159
Overpayments	10,106	-	-	-	-	10,106
Due to Other Funds	332,138	313,300	242,294	250,429	-	1,138,161
Bond Anticipation Notes Payable	-	-	-	2,115,000	-	2,115,000
TOTAL LIABILITIES	400,741	333,269	286,831	2,436,585	-	3,457,426
FUND BALANCES						
Unreserved:						
Nonspendable	35,647	677	564	-	-	36,888
Restricted	-	-	334,922	-	-	334,922
Assigned	60,099	-	-	-	40,482	100,581
Unassigned	1,379,235	(24,494)	-	(2,120,494)	-	(765,753)
TOTAL FUND BALANCES	1,474,981	(23,817)	335,486	(2,120,494)	40,482	(293,362)
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,875,722	\$ 309,452	\$ 622,317	\$ 316,091	\$ 40,482	\$ 3,164,064

See notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2018

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Unrestricted Cash	\$ 815,044	\$ -	\$ -	\$ 815,044
Restricted Cash	334,922	-	-	334,922
Accounts Receivable, Net	645,231	-	-	645,231
Prepaid Expenses	36,888	-	-	36,888
Due from Other Funds	1,138,161	-	(1,138,161)	-
Due from Fiduciary Funds	71,019	-	-	71,019
Other Receivables, Net	122,799	-	-	122,799
Capital Assets, Net	-	10,710,530	-	10,710,530
TOTAL ASSETS	\$ 3,164,064	\$ 10,710,530	\$ (1,138,161)	\$ 12,736,433
DEFERRED OUTFLOWS OF RESOURCES				
Pension Plans (ERS& PFRS)	-	1,254,318	-	1,254,318
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,164,064	\$ 11,964,848	\$ (1,138,161)	\$ 13,990,751
LIABILITIES				
Accounts Payable	\$ 194,159	\$ -	\$ -	\$ 194,159
Accrued Liabilities	-	19,110	-	19,110
Overpayments and Collections in Advance	10,106	-	-	10,106
Due to Other Funds	1,138,161	-	(1,138,161)	-
Bond Anticipation Notes Payable	2,115,000	-	-	2,115,000
Bond Payable	-	480,000	-	480,000
Compensated Absences Payable	-	382,793	-	382,793
Net Pension Liability, Proportionate Share	-	906,449	-	906,449
Other Postemployment Benefits	-	4,000,000	-	4,000,000
TOTAL LIABILITIES	3,457,426	5,788,352	(1,138,161)	8,107,617
DEFERRED INFLOWS OF RESOURCES				
Pension Plans (ERS& PFRS)	-	167,452	-	167,452
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,457,426	5,955,804	(1,138,161)	8,275,069
TOTAL FUND EQUITY/NET POSITION	(293,362)	6,009,044	-	5,715,682
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,164,064	11,964,848	(1,138,161)	13,990,751

See notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED FEBRUARY 28, 2018

	GENERAL	WATER	SEWER	CAPITAL PROJECTS	RECREATION	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Real Property Taxes	\$ 3,328,054	\$ -	-	\$ -	\$ -	\$ 3,328,054
Real Property Tax Items	8,478	-	-	-	-	8,478
Non Property Tax Items	1,198,693	-	-	-	-	1,198,693
Departmental Income	83,843	450,479	806,055	-	-	1,340,377
Use of Money and Property	131	-	-	-	-	131
Licenses and Permits	1,550	-	-	-	-	1,550
Fines and Forfeitures	91,227	-	-	-	-	91,227
Sale of Property and Compensation for Loss	44,124	-	-	-	-	44,124
Miscellaneous	14,605	-	-	-	-	14,605
State and Federal Aid	125,540	-	-	-	-	125,540
TOTAL REVENUES	4,896,245	450,479	806,055	-	-	6,152,779
EXPENDITURES						
General Government Support	393,533	-	-	-	-	393,533
Public Safety	1,820,137	-	-	-	-	1,820,137
Transportation	848,263	-	-	-	-	848,263
Economic Assistance and Opportunity	2,131	-	-	-	-	2,131
Culture and Recreation	70,144	-	-	-	-	70,144
Home and Community Service	24,029	304,878	614,384	-	-	943,291
Employee Benefits	1,440,750	52,442	101,310	-	-	1,594,502
Capital Outlay	-	-	-	205,712	-	205,712
Debt Service	84,187	121,944	47,249	-	-	253,380
TOTAL EXPENDITURES	4,683,174	479,264	762,943	205,712	-	6,131,093
OTHER FINANCING SOURCES (USES)						
BANS Redeemed from Appropriations	-	-	-	100,000	-	100,000
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL FINANCING SOURCES (USES)	-	-	-	100,000	-	100,000
Net Change in Fund Balances	213,071	(28,785)	43,112	(105,712)	-	121,686
Fund Balances - Beginning	1,261,910	4,968	292,374	(2,014,782)	40,482	(415,048)
Fund Balances - Ending	\$ 1,474,981	\$ (23,817)	\$ 335,486	\$ (2,120,494)	\$ 40,482	\$ (293,362)

See notes to financial statements.

**VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS - REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2018**

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE, EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real Property Taxes	\$ 3,328,054	\$ -	\$ -	\$ -	\$ -	\$ 3,328,054
Real Property Tax Items	8,478	-	-	-	-	8,478
Non Property Tax Items	1,198,693	-	-	-	-	1,198,693
Departmental Income	1,340,377	-	-	-	-	1,340,377
Use of Money and Property	131	-	-	-	-	131
Licenses and Permits	1,550	-	-	-	-	1,550
Fines and Forfeitures	91,227	-	-	-	-	91,227
Sale of Property and Compensation for Loss	44,124	-	-	-	-	44,124
Miscellaneous	14,605	-	-	-	-	14,605
State and Federal Aid	125,540	-	-	-	-	125,540
TOTAL REVENUES	6,152,779	-	-	-	-	6,152,779
EXPENDITURES						
General Government Support	393,533	5,366	26,297	-	212,485	637,681
Public Safety	1,820,137	39,273	192,472	-	1,555,205	3,607,087
Health	-	3	16	-	132	151
Transportation	848,263	5,932	29,072	-	64,370	947,637
Economic Assistance and Opportunity	2,131	-	-	-	-	2,131
Culture and Recreation	70,144	53	260	-	2,105	72,562
Home and Community Service	943,291	-	-	-	(919,262)	24,029
Employee Benefits	1,594,502	581,601	-	-	(2,176,103)	-
Capital Outlay	205,712	-	(376,248)	-	170,536	-
Water Utilities	-	5,402	26,477	-	364,158	396,037
Sewer Utilities	-	8,438	41,351	-	726,374	776,163
Debt Service	253,380	(1,184)	-	(210,000)	-	42,196
TOTAL EXPENDITURES	6,131,093	644,884	(60,303)	(210,000)	-	6,505,674
Excess (Deficiency) of Revenues Over Expenditures	21,686	(644,884)	60,303	210,000	-	(352,895)
OTHER SOURCES AND USES:						
BANS Redeemed from Appropriations	100,000	-	-	(100,000)	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-
TOTAL OTHER SOURCES (USES)	100,000	-	-	(100,000)	-	-
NET CHANGE FOR THE YEAR	\$ 121,686	\$ (644,884)	\$ 60,303	\$ 110,000	\$ -	\$ (352,895)

See notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FEBRUARY 28, 2018

	AGENCY FUNDS
ASSETS	
Cash	\$ 253,393
TOTAL ASSETS	<u>\$ 253,393</u>
LIABILITIES	
Due to Other Funds	\$ 71,019
Other Liabilities	<u>182,374</u>
TOTAL LIABILITIES	<u>\$ 253,393</u>

See notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The accompanying financial statements of the Village of Washingtonville have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Where comparative amounts are presented, certain reclassifications may have been made to the prior year amounts so that they would be in conformity with the current year's presentation. Significant accounting principles and policies utilized by the Village are describe below:

In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Village's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. Financial Reporting Entity

The Village of Washingtonville was established in 1895, is governed by the Village Law, other general municipal laws of the State of New York, and various local laws. The Village Board is the legislative body responsible for the overall operation, the Mayor serves as Chief Executive Officer and Chief Fiscal Officer.

The Village provides the following principal services: police protection, transportation (streets and highways), recreation, planning and zoning, general administration, public improvements, water and sewer and other home and community services.

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

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

A. Financial Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement #14, "The Financial Reporting Entity:"

1. The primary government which is the Village of Washingtonville.
2. Organizations for which the primary government is financially accountable, and;
3. Other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entities general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement #14, including legal standing, fiscal dependency, and financial accountability.

Based on the application of the above criteria, no other entities are included in the reporting entity.

B. Basis of Presentation

1. Government-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These 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. Government 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 grants.

The Statement of Activities presents a comparison between direct expenses and program 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. 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.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Basis of Presentation (Continued)

2. Fund Financial Statements

The fund statements provide information about the Village's funds, including fiduciary funds. Separate 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. All remaining Governmental Funds are aggregated and reported as non-major funds.

The Village of Washingtonville reports the following major Governmental Funds:

- **General Fund:** This is the Village's primary operating fund. It accounts for all financial transactions that are not required by law or other provision to be accounted for in other funds.
- **Water Fund:** Established by law to account for revenues derived from charges for water consumption and benefited assessments and the application of such revenues toward related operating expenses and debt retirement.
- **Sewer Fund:** Established by law to account for revenues derived from sewer rents and benefited assessments and used for related operating expenses and debt retirement.
- **Capital Projects Fund:** Used to account for capital improvements financed from current monies transferred from other funds, federal and state grants and proceeds of obligations.
- **Community Development Fund:** Established to account for funds received as Urban County Funding and other grants, Federal and State, pursuant to the Community Development.
- **Recreation Fund:** Used to account for recreational activities financed from related charges and fees.

The Village of Washingtonville reports the following fiduciary funds:

- **Agency Fund:** Used to account for those funds held in custody and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Measurement Focus and Basis of Accounting

The Government-Wide 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.

The Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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.

D. Property Taxes

Village real property taxes are levied annually on March 1, and become a lien on that date. Taxes are collected during the period March 1 to March 31 at face value and from April 1 to October 31 with interest added. The Village Receiver of Taxes collects all real estate taxes for Village purposes. The Village Receiver distributes the collected tax money to the Mayor prior to reporting the uncollected balance to the County. The Village thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

E. Budgetary Data

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

- a. No later than December 20, the budget officer submits a tentative budget with the Village Clerk. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. No later than December 31, the Village Clerk presents the tentative budget to the Village Board for the fiscal year commencing the following March 1.
- c. Public hearings are conducted to obtain taxpayer comments and may be adjourned from day to day but not beyond January 20.
- d. After public hearings are conducted the Village Board adopts the budget by February 1.
- e. All modifications of the budget must be approved by the Village Board. However, the Mayor is authorized to transfer certain budgeted amounts within departments.

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as reservations of 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.

3. Budget Basis of Accounting

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

Budgetary controls for the special grant fund are established in accordance with the applicable grant agreements which cover, in most cases, a period other than the Village's fiscal year.

F. Cash and Investments

The Village of Washingtonville's investment policies are governed by State statutes. In addition, the Village of Washingtonville has its own written investment policy. Village of Washingtonville's monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The mayor is authorized to use demand account 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.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

F. Cash and Investments (Continued)

Collateral is required for demand deposits and certificates of deposit 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 and school districts.

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 and New York State. Underlying securities must have market value of at least the cost of the repurchase agreement.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

H. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. A detailed description of the individual fund balances is provided subsequently in these notes.

I. Inventories and Prepaid Items

Purchases of inventorable items are recorded as expenditures in the Government Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Village for which benefits extend beyond year-end.

J. Capital Assets

Capital assets are reported at historical costs. The Village depreciates capital assets using the straight-line method over the estimated useful life of the assets. Capitalization thresholds (the dollar value above which capital asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

J. Capital Assets (Continued)

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 5,000	20-50 years
Furniture, Fixtures, & Machinery	5,000	5-20 years
Vehicles	5,000	3-12 years

K. Infrastructure

The Village includes long-lived improvements to roads, water and sewer systems as capital assets in the Government-wide statements. Infrastructures are reported at historical costs and are depreciated using the straight-line method over their estimated useful lives.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Water & Sewer systems	\$ 5,000	20-50 years
Road Systems	5,000	15-50 years

L. Vested Employee Benefits

Employees accrue (earn) vacation leave based on the number of years employed up to a maximum of 20 days a year for employees except for those in the Police Department, who get a maximum of 18 days plus 1 day extra for each year of employment up to 20 years (17 years if hired after August 1, 2000). Upon separation from service, employees are paid for unused vacation time.

Employees accrue (earn) sick leave at the rate of 13 days per year and may accumulate such credits up to a total of 190 days. There is no cap for the Police Department. Employees who retire get paid for unused sick time at one-half of their present salary rate.

A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading "Compensated Absences."

The Village's employees participate in the New York State Employees' Retirement System and New York State Police and Fire Retirement Systems.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

L. Vested Employee Benefits (Continued)

In addition to providing pension benefits, the Village of Washingtonville provides health insurance coverage for retired employees. 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 are provided through an insurance company whose premiums are based on the benefits paid during the year for the community. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

M. Deferred Outflows and Inflows 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 then. The government has one item that qualifies for reporting in this category. This is related to pensions reported in the Village-wide Statement of Net Position. This represents the effect of the net change in the Village's proportion of the collective net pension asset or liability and difference during the measurement period between the Village's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the Village's contributions to the pension systems (PFRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one item that qualifies for reporting in this category. This item is related to pensions reported in the Village – wide Statement of Net Position. This represents the effect of the net change in the Village's proportion of the collective net pension liability (ERS and PFRS System) and difference during the measurement periods between the Village's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.

N. Unemployment Insurance

Village employees are covered by unemployment insurance. The Village has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Village's account. The Village is exempt for federal unemployment insurance tax.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

O. Deferred Compensation

The Village offers its employees a Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permit participants to defer a portion of their salary not to exceed the IRS limits. Amounts deferred under the Plan are not available to the employee until termination, retirement, death, or unforeseeable emergency.

P. Risk Retention

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

Q. Restricted Resources

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

R. Equity Classification

1. Government-wide Statements

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

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - All other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classification (Continued)

2. Funds Statements

The Village followed GASB Statement No. 54. The purpose of this new accounting standard is to provide fund balance categories and classifications that will be more easily understood by users of financial statements and consistently applied by villages. This new standard sets forth hierarchical fund balance classifications that are based primarily upon the extent to which a Village is bound to observe constraints imposed upon the use of resources reported in governmental funds. The following is a brief description on the five new fund balance classifications that the Village can utilize:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation. Restricted balances at February 28, 2018 were as follows:

Sewer Fund	\$	334,922
Total	\$	<u>334,922</u>

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. The Village did not classify any of its fund balances as committed as of February 28, 2018.

Assigned: Includes amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting particular amounts that are not restricted or committed in the governmental funds other than the General Fund, the Village has assigned those amounts to the purposes of the respective funds. Assigned fund balance in the General Fund is \$60,099, which represents an amount reserved for encumbrances. The Village did not appropriate any fund balance to be used to reduce the tax levy for the year ending February 28, 2019. If they had appropriated fund balance, the amount appropriated would be considered assigned. This assignment is made when the tax levy is set by the Board of Trustees pursuant to the Village's annual budget policy. The Recreation Fund also has assigned fund balance of \$40,482.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classification (Continued)

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

S. Interfund Transfers

The operations of the Village gives rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds for Interfund Transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these Notes.

T. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures 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, compensated absences, potential contingent liabilities and useful lives of long term assets.

U. New Accounting Standards

The Village has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At February 28, 2018, the Village implemented the following new standards issued by GASB:

- GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for the year ending February 28, 2018.
- GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the year ending February 28, 2018.
- GASB Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, effective for the year ending February 28, 2018.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. New Accounting Standards (Continued)

- GASB Statement 81, *Irrevocable Split-Interest Agreements*, effective for the year ending February 28, 2018.

GASB has issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The Village has implemented Statement 73 as required.

GASB has issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Village has implemented Statement 74, as required.

GASB has issued Statement 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The Village has implemented Statement 80, as required.

GASB has issued Statement 81, *Irrevocable Split-Interest Agreements*, to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Village has implemented Statement 81, as required.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS.

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the Government Funds.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

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 positions" 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 Fund Balance Sheet.

The basic financial statements on page 21 (Schedule 4) contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

(1) The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 21,788,509
Accumulated Depreciation	<u>(11,077,979)</u>
Capital Assets, Net	<u>\$ 10,710,530</u>

(2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at February 28, 2018	<u>\$ 19,110</u>
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(3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable	\$ 480,000
Compensated Absences	382,793
Other Postemployment Benefits	<u>4,000,000</u>
	<u>\$ 4,862,793</u>

(4) In the Statement of Net Position, a liability is recognized for the Village's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the Village participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

(5) If a pension plan's fiduciary net position exceeds its total pension liability, the Village's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at February 28, 2018 were as follows:

Deferred Outflows of Resources – Pension	\$ 1,254,318
Net Pension Liability, Proportionate Share (ERS & PFRS)	(906,449)
Deferred Inflows of Resources – Pension	(167,452)
	<u>\$ 180,417</u>

B. Explanation of Difference between Governmental Funds Operating Statement and the 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 three broad categories. The amounts shown below represent these differences as follows:

- 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.
- Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund 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 governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Governmental Fund 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.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

The basic financial statements on page 23 (Schedule 6) contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the Government Fund Statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in the Governmental Funds and
Statement of Activities (Schedule 5 and 6) \$ 6,152,779

Total Expenditures/Expenses

Total expenditures reported in governmental funds (Schedule 5) \$ 6,131,093

In the Statement of Activities, certain operating expenses
are measured by the amounts earned during the year.

In the governmental funds, however, expenditures for these
items are measured by the amount of financial resources
used (essentially, the amounts actually paid). The liability
for compensated absences increased during the year.
(Schedule 6) 64,466

In the Statement of Activities, certain operating expenses
are measured by the amounts earned during the year.

In the governmental funds, however, expenditures for these
items are measured by the amount of financial resources
used (essentially, the amounts actually paid). The liability
for other post-employment benefits increased during the year.
(Schedule 6) 500,000

(Increases) decreases in proportionate share of net pension asset/
liability reported in the Statement of Activities do not provide
for or require the use of current financial resources and therefore
are not reported as revenues or expenditures in the governmental
funds. (PFRS of \$75,009 and ERS of \$6,592) (Schedule 6) 81,601

When the purchase or construction of capital assets is financed
through governmental funds, the resources expended for those
assets are reported as expenditures in the years they are incurred.
However, in the Statement of Activities, the cost of those is
allocated over their estimated useful lives and reported as
depreciation expense. This is the amount by which capital
expenditures of \$376,248 were greater than depreciation of
\$315,946 in the current year. (60,302)

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS. (Continued)

Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable this year is less than the interest payable last year. (Schedule 6) \$ (1,184)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. (Schedule 6) (210,000)

Total Expenses of Governmental Activities \$ 6,505,674

NOTE 3. CASH.

The Village of Washingtonville's investment policies are governed by State statutes, as previously described in these Notes. The depository bank places approved pledged securities for safekeeping and trust with the Village's agent bank in an amount sufficient to protect Village funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At February 28, 2018, the carrying amount of the Village's deposits (cash, certificate of deposits and interest-bearing savings accounts) was \$1,403,359 and the bank balance was \$1,402,719. The Village's deposits at February 28, 2018 were entirely covered by FDIC Insurance or by pledged collateral held by the Village's agent bank in the Village's name.

NOTE 4. INTERFUND ACTIVITY.

Interfund receivables and payables at February 28, 2018, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 909,271	\$ 332,138
Water Fund	47,283	313,300
Sewer Fund	252,626	242,294
Capital Fund	0	250,429
Recreation Fund	0	0
Trust & Agency	0	71,019
Total	<u>\$ 1,209,180</u>	<u>\$ 1,209,180</u>

Interfund revenues and expenditures for the year ended February 28, 2018, were as follows:

<u>Fund</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	0	0
Capital Fund	0	0
Total	<u>\$ 0</u>	<u>\$ 0</u>

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended February 28, 2018, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Reclassifications</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Assets that are not Depreciated:				
Land	\$ 3,599,743	\$ -	\$ -	\$ 3,599,743
Construction in Progress	1,891,493	205,712	-	2,097,205
Total Non-Depreciable Historical Cost	<u>5,491,236</u>	<u>205,712</u>	<u>-</u>	<u>5,696,948</u>
Capital Assets that are Being Depreciated:				
Buildings	4,582,822	-	-	4,582,822
Furniture, Fixtures, & Machinery	2,467,259	-	-	2,467,259
Infrastructure	7,046,287	-	-	7,046,287
Vehicles	1,824,657	170,536	-	1,995,193
Total Depreciable Historical Assets	<u>15,921,025</u>	<u>170,536</u>	<u>-</u>	<u>16,091,561</u>
Less Accumulated Depreciation:				
Buildings	2,564,899	75,299	-	2,640,198
Furniture, Fixtures, & Machinery	2,136,695	62,728	-	2,199,423
Infrastructure	4,270,018	125,357	-	4,395,375
Vehicles	1,790,421	52,562	-	1,842,983
Total Accumulated Depreciation	<u>10,762,033</u>	<u>315,946</u>	<u>-</u>	<u>11,077,979</u>
Total Historical Cost, Net	<u>\$ 10,650,228</u>	<u>\$ 60,302</u>	<u>\$ -</u>	<u>\$ 10,710,530</u>

Depreciation was charged to governmental functions as follows:

General Government Support	\$ 26,298
Public Safety	192,472
Transportation	29,072
Culture and Recreation	260
Health	16
Water Utilities	26,477
Sewer Utilities	41,351
Total Depreciation Expense	<u>\$ 315,946</u>

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 6. LIABILITIES.

A. Short-Term Debt

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the Capital Projects Fund. The notes or renewal thereof may not extend more than five years beyond the original date of issue unless a portion is redeemed within five years and within each 12 month period thereafter. For short-term financing, the Village of Washingtonville redeems (pays down) one-fifth (1/5) of the original BAN borrowing.

State law requires that BAN's issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BAN's issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made. As of February 28, 2018, two Bond Anticipation Notes (BANs) outstanding for a total amount of \$2,115,000.

The Village may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The planned use of the budget note proceeds was to pay a number of outstanding invoices as well payroll.

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	2/8/2019	1.89%	\$ 635,000	\$ -	\$ 15,000	\$ 620,000
BAN	3/9/2018	1.23%	1,580,000	-	85,000	1,495,000
			<u>\$ 2,215,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,115,000</u>

Interest on short-term debt paid during the year was:

Interest paid	\$ 31,436
Less interest accrued - prior year	(19,453)
Plus interest accrued - current year	<u>18,426</u>
	<u>\$ 30,409</u>

B. Long-Term Debt

Bonds: The Village of Washingtonville borrows money in order to acquire land or equipment or construct buildings and improve water and sewer systems. This enables the cost of these capital assets to be borne by the present and future taxpayers.

At February 28, 2018, the total bond principal indebtedness outstanding of the Village of Washingtonville aggregated \$480,000.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 6. LIABILITIES. (Continued)

Interest on long-term debt paid during the year was:

Interest paid	\$ 11,944
Less interest accrued - prior year	(841)
Plus interest accrued - current year	<u>684</u>
	<u>\$ 11,787</u>

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Serial Bonds	\$ 590,000	\$ -	\$ 110,000	\$ 480,000
Other Liabilities:				
Compensated Absences	318,325	64,468	-	382,793
Other Post-Employment Benefits	<u>3,500,000</u>	<u>500,000</u>	<u>-</u>	<u>4,000,000</u>
Total Long-Term Liabilities	<u>\$ 4,408,325</u>	<u>\$ 564,468</u>	<u>\$ 110,000</u>	<u>\$ 4,862,793</u>

Activity for compensated absences is shown at net due the impracticability of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 110,000	\$ 17,288	\$ 127,288
2020	115,000	12,788	127,788
2021	125,000	7,925	132,925
2022	130,000	2,681	132,681
	<u>\$ 480,000</u>	<u>\$ 40,682</u>	<u>\$ 520,682</u>

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits

The Village provides medical coverage to actives and retirees through the NYSHIP Empire Plan. The Empire Plan provides comprehensive coverage through various programs.

The Village followed GASB Statement #45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the year ended February 28, 2018. 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.

The Village recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended February 28, 2018, the Village recognized approximately \$40,000 for its share of insurance premiums for currently enrolled retirees.

The Village has obtained a mid-cycle actuarial valuation report as of March 1, 2017, which indicates that the total liability for other post-employment benefits is \$5,170,000.

Plan Description:

Medical Benefits Program: The Plan is a fully insured plan. There is no "dependent" coverage. Current NYSHIP/Empire retiree premium rates provided to us by the Village include:

- | | |
|----------------------------|----------------------------|
| A) Individual Pre-Age 65: | Generally \$805 per month. |
| B) Individual Post-Age 65: | Generally \$402 per month. |

For GASB #45 purposes, the plan is deemed "community rated". Therefore, adjustments to the premium rates to reflect the difference between the pre-age 65 active/retiree group (for which the current premium rates were based on) and the pre-age 65 retiree group, were not required, due to the "community rated" exception under ASOP 6. The minor impact of the Healthnet coverage is not considered material for this purpose.

Medicare Part B Premiums: Paid by the Village at \$104.90/mo.

Eligibility: Eligibility requirements are as follows:

- A) Non-uniformed: An employee may retire after age 55 with at least 10 years of service.
- B) Police: An employee may retire after completing at least 20 years of service.
- C) Spousal benefit upon retiree's death: N/A
- D) Active service death benefit: N/A

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 6. LIABILITIES. (Continued)

D. Postemployment Benefits (Continued)

Village Subsidy: The Village will generally contribute 100% of the NYSHIP/State Empire medical premium amounts for individual coverage. There is no Village contribution toward family (dependent) coverage.

Funding Policy: The employer's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e., pay-as-you-go). Current New York State law prohibits municipalities from pre-funding retiree medical benefit obligations in a Trust, although pre-funding moneys can arguably be "set-aside" on the municipality's balance sheet.

Medicare Part D reimbursement by New York State is also considered an "employer contribution" for GASB #45 purposes.

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

Annual required contribution	\$ 590,000
Interest on net OPEB obligation	160,000
Adjustment to annual required contribution	<u>(210,000)</u>
Annual OPEB cost (expense)	540,000
Less: Contributions made	<u>40,000</u>
Increase in net OPEB obligation	500,000
Net OPEB obligation - beginning of year	<u>3,500,000</u>
Net OPEB obligation - end of year	<u><u>\$ 4,000,000</u></u>

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

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
02/28/18	\$ 540,000	7.4%	\$ 4,000,000
02/28/17	\$ 510,000	7.8%	\$ 3,500,000
02/29/16	\$ 480,000	10.4%	\$ 3,030,000

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (Continued)

Funded Status and Funding Progress:

As of March 1, 2017, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$5,170,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,170,000. The covered payroll (annual payroll of active employees covered by the plan) was \$2,500,000 and the ratio of the UAAL to the covered payroll was 207%. 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.

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. The actuarial funding method is the projected unit credit method.

The following assumptions were made:

Valuation Date: March 1, 2017.

Discount Rate: 4.5% per annum

Salary Scale: Not applicable.

Mortality: RP-2014 Mortality table with MP-2014 projection

Withdrawal: Sarasson T-5 Table.

Disability: Not applicable.

Retirement Age: Active employees, on average, will receive their benefits when eligible but no earlier than age 55.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 6. LIABILITIES. (Continued)

C. Postemployment Benefits (Continued)

Healthcare Cost Trend Rate: Healthcare costs will increase at an annual rate range of 8% for year one decreasing to 5% for years 7 and beyond.

Marital-Actives: Not applicable; no dependent coverage.

Participation Rate: 100% of eligible retirees expected to participate.

Asset Valuation Method: Market Value.

Amortization Basis: Level dollar basis/open; over 30 years.

NOTE 7. PENSION PLANS.

Plan Description

The Village of Washingtonville participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary for the first ten years of membership. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. The Village's contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

		<u>ERS</u>		<u>PFRS</u>
2018	\$	139,232	\$	343,832
2017		134,797		314,668
2016		126,735		386,717

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 7. PENSION PLANS. (Continued)

Village contributions made to the Systems were equal to 100% of the contributions required for each year. Since 1989, the Systems' billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the Systems' fiscal year ended March 31, 2005 (which otherwise were to have been paid on December 15, 2005) over a 10 year period, with an 8.00% interest factor added. Local governments were given the option to prepay this liability. The Village elected to prepay this liability.

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

At February 28, 2018, the Village reported the following asset/(liability) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017 for ERS and PFRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. Village's proportion of the net pension asset/(liability) was based on a projection of the Village's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Village.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	4/1/2017	4/1/2017
Net Pension Asset/(Liability)	\$ (238,828)	\$ (667,621)
Village's Portion of the Plan's Total Net Pension Asset/(Liability)	0.0025417%	0.0322109%

For the year ended February 28, 2018, the Village recognized pension expense of \$146,166 for ERS and \$422,172 for PFRS. At February 28, 2018 the Village's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 7. PENSION PLANS. (Continued)

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 5,985	\$ 87,580	\$ 93,565
Changes of Assumptions	81,593	328,909	410,502
Net difference between projected and actual earnings on pension plan investments	47,704	99,708	147,412
Changes in proportion and difference between the District's contributions and proportionate share of contributions	37,555	119,108	156,663
District's contributions subsequent to the measurement date	<u>127,943</u>	<u>318,233</u>	<u>446,176</u>
Total	<u>\$ 300,780</u>	<u>\$ 953,538</u>	<u>\$ 1,254,318</u>

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 36,267	\$ 115,350	\$ 151,617
Changes of Assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and difference between the District's contributions and proportionate share of contributions	3,000	12,835	15,835
District's contributions subsequent to the measurement date	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 39,267</u>	<u>\$ 128,185</u>	<u>\$ 167,452</u>

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 7. PENSION PLANS. (Continued)

Village contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended February 28, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>PFRS</u>
2018	\$ 54,226	\$ 158,524
2019	54,226	158,524
2020	50,548	151,082
2021	(25,433)	19,072
2022	-	19,917
Thereafter	-	-

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Inflation Rate	2.5%	2.5%
Projected Salary Increases	3.80%	4.50%
Projected Cost of Living Adjustments	1.3%	1.3%
Investment Rate of Return	7% compounded annually, net of investment expenses	7% compounded annually, net of investment expenses
Decrement	Actuarial experience study for the period April 1, 2010 to March 31, 2015	Actuarial experience study for the period April 1, 2010 to March 31, 2015
Mortality Improvement	Society of Actuaries Scale MP-2014	Society of Actuaries Scale MP-2014

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 7. PENSION PLANS. (Continued)

For ERS and PFRS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

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

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	ERS & PFRS	
	March 31, 2017	
	Target Allocation	Long-term expected real rate of return
Asset Class:		
Domestic Equity	36%	4.55%
International Equity	14%	6.35%
Private Equity	10%	7.75%
Real Estate	10%	5.80%
Absolute Return Strategies	2%	4.00%
Opportunistic Portfolio	3%	5.89%
Real Assets	3%	5.54%
Bonds and Mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.50%
Total	100%	

Discount Rate

The discount rate used to calculate the total pension liability was 7% for ERS and PFRS. 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.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 7. PENSION PLANS. (Continued)

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

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7% for ERS and PFRS, as well as what the Village's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6% for ERS and PFRS) or 1-percentage-point higher (8% for ERS and PFRS) than the current rate:

	1% Decrease 6.00%	Current Assumption 7.00%	1% Increase 8.00%
ERS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (762,771)	\$ (238,828)	\$ 204,164
PFRS			
Employer's Proportionate Share of the Net Pension Asset/(Liability)	(1,892,666)	(667,621)	359,892

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	PFRS
Measurement Date	March 31, 2017	March 31, 2017
Employers' total pension asset/(liability)	\$ (177,400,586)	\$ (31,670,483)
Plan net position	168,004,363	29,597,830
Employer's net pension asset/(liability)	<u>\$ (9,396,223)</u>	<u>\$ (2,072,653)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	94.70%	93.46%

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 7. PENSION PLANS. (Continued)

Payables to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of February 28, 2018 represent the projected employer contributions for the period of April 1, 2017 through February 28, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier.

NOTE 8. DEFICIT FUND BALANCES.

The Capital Projects and Water Funds have deficit fund balances at February 28, 2018 of \$2,120,494 and \$23,817, respectively. The capital projects deficit will be eliminated through permanent financing and the water funds deficit will be eliminated through prudent expenditure oversight.

NOTE 9. UNASSIGNED BALANCES.

Of the \$1,474,981 in General Fund balance, the unassigned portion is \$1,379,235.

NOTE 10. CONTINGENCIES.

The Village has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Village administration believes disallowances, if any, will be immaterial.

NOTE 11. TAX ABATEMENTS.

The Village negotiates property tax abatement agreements on an individual basis. The Village has tax abatement agreements with two entities as of February 28, 2018:

Full Assessed Value	PILOT's Received
\$ 2,579,700	\$ 96,210

Each agreement was negotiated under municipal law, allowing localities to abate property taxes for a variety of development purposes, including business relocation, retention and expansion. The abatements may be granted to any business located within or promising to relocate to a local government's geographic area. Localities may grant abatements up to 50% of annual property taxes through a direct reduction of the entity's property tax bill. The municipal law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement.

The Village has not made any commitments as part of the agreements other than to reduce property taxes. The Village is not subject to any tax abatement agreements entered into by other governmental entities. The Village has chosen to disclose information about its tax abatement agreements by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 28, 2018

NOTE 13. SUBSEQUENT EVENTS

Subsequent events were evaluated through May 21, 2020, which is the date the financial statements were available to be issued. As of this date, there are no subsequent events to report.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2018

	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Real Property Taxes	\$ 3,521,976	\$ 3,521,976	\$ 3,328,054	\$ (193,922)
Real Property Tax Items	41,400	41,400	8,478	(32,922)
Non-Property Tax Items	1,157,500	1,157,500	1,198,693	41,193
Departmental Income	69,200	69,200	83,843	14,643
Intergovernmental Charges	-	-	-	-
Use of Money and Property	-	-	131	131
Licenses and Permits	1,800	1,800	1,550	(250)
Fines and Forfeitures	115,000	115,000	91,227	(23,773)
Sale of Property and Compensation for Loss	250	250	44,124	43,874
Miscellaneous	40,000	40,000	14,605	(25,395)
State Aid	85,800	85,800	124,874	39,074
Federal Aid	-	-	666	666
TOTAL REVENUES	\$ 5,032,926	\$ 5,032,926	\$ 4,896,245	\$ (136,681)
OTHER SOURCES				
Operating Transfers In	-	-	-	-
Appropriated Fund Balance	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	\$ 5,032,926	\$ 5,032,926	\$ 4,896,245	
EXPENDITURES				
General Government Support	\$ 664,857	\$ 664,857	\$ 393,532	\$ 271,325
Public Safety	1,908,219	1,908,219	1,820,137	88,082
Health	2,000	2,000	-	2,000
Transportation	856,900	856,900	848,263	8,637
Economic Assistance and Opportunity	2,000	2,000	2,131	(131)
Culture and Recreation	62,300	62,300	70,144	(7,844)
Home and Community Services	34,225	34,225	24,029	10,196
Employee Benefits	1,418,238	1,418,238	1,440,751	(22,513)
Debt Service	84,187	84,187	84,187	-
TOTAL EXPENDITURES	\$ 5,032,926	\$ 5,032,926	\$ 4,683,174	\$ 349,752
OTHER USES				
Operating Transfers Out	-	-	-	-
TOTAL EXPENDITURES AND OTHER USES	\$ 5,032,926	\$ 5,032,926	\$ 4,683,174	

See accompanying notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
WATER FUND
FOR THE YEAR ENDED FEBRUARY 28, 2018

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Departmental Income	\$ 690,124	\$ 690,124	\$ 450,479	\$ (239,645)
Use of Money and Property	-	-	-	-
Sale of Property and Compensation for Loss	3,000	3,000	-	(3,000)
TOTAL REVENUES	<u>\$ 693,124</u>	<u>\$ 693,124</u>	<u>\$ 450,479</u>	<u>\$ (242,645)</u>
OTHER SOURCES				
Operating Transfers In	-	-	-	
Proceeds from Obligations	-	-	-	
Appropriated Fund Balance	-	-	-	
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 693,124</u>	<u>\$ 693,124</u>	<u>\$ 450,479</u>	
EXPENDITURES				
Home and Community Services	\$ 472,411	\$ 472,411	\$ 304,878	\$ 167,533
Employee Benefits	89,025	89,025	52,442	36,583
Debt Service	131,688	131,688	121,944	9,744
TOTAL EXPENDITURES	<u>\$ 693,124</u>	<u>\$ 693,124</u>	<u>\$ 479,264</u>	<u>\$ 213,860</u>
OTHER USES				
Operating Transfers Out	-	-	-	
TOTAL EXPENDITURES AND OTHER SOURCES	<u>\$ 693,124</u>	<u>\$ 693,124</u>	<u>\$ 479,264</u>	

See accompanying notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
SEWER FUND
FOR THE YEAR ENDED FEBRUARY 28, 2018

	<u>ORIGINAL BUDGET</u>	<u>ADJUSTED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES				
Departmental Income	\$ 917,425	\$ 917,425	\$ 806,055	\$ (111,370)
Use of Money and Property	-	-	-	-
TOTAL REVENUES	<u>917,425</u>	<u>917,425</u>	<u>806,055</u>	<u>\$ (111,370)</u>
OTHER SOURCES				
Appropriated Fund Balance	-	-	-	
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 917,425</u>	<u>\$ 917,425</u>	<u>\$ 806,055</u>	
EXPENDITURES				
Home and Community Services	\$ 715,402	\$ 715,402	\$ 614,384	\$ 101,018
Employee Benefits	151,775	151,775	101,310	50,465
Debt Service	50,248	50,248	47,249	2,999
TOTAL EXPENDITURES	<u>917,425</u>	<u>917,425</u>	<u>762,943</u>	<u>\$ 154,482</u>
OTHER USES				
Operating Transfers Out	-	-	-	
TOTAL EXPENDITURES AND OTHER SOURCES	<u>\$ 917,425</u>	<u>\$ 917,425</u>	<u>\$ 762,943</u>	

See accompanying notes to financial statements.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED FEBRUARY 28, 2018

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
3/1/2017	\$ -	\$ 5,170,000	\$ 5,170,000	0%	\$ 2,500,000	207%
3/1/2016	\$ -	4,720,000	\$ 4,720,000	0%	\$ 2,910,000	162%
3/1/2015	\$ -	4,290,000	\$ 4,290,000	0%	2,420,000	177%

See paragraph on supplementary schedules included in auditor's report.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF THE VILLAGE'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED FEBRUARY 28, 2018

NYSERS Pension Plan
Last 10 Fiscal Years*

	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Town's proportion of the net pension asset/(liability)	0.0025417%	0.0025886%	0.0025509%	0.0025509%
Town's proportionate share of the net pension asset/(liability)	(238,828)	(415,478)	(86,174)	(115,269)
Town's covered-employee payroll	948,978	924,385	941,955	939,782
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-25.17%	-44.95%	-9.15%	-12.27%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%	97.20%

NYSPFRS Pension Plan
Last 10 Fiscal Years*

	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Town's proportion of the net pension asset/(liability)	0.0322109%	0.0356626%	0.0294486%	0.0294486%
Town's proportionate share of the net pension asset/(liability)	(667,621)	(1,055,895)	(81,060)	(122,597)
Town's covered-employee payroll	1,551,022	1,580,943	1,502,071	1,600,020
Town's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-43.04%	-66.79%	-5.40%	-7.66%
Plan fiduciary net position as a percentage of the total pension liability	93.50%	90.20%	99.00%	98.50%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF VILLAGE CONTRIBUTIONS
FOR THE YEAR ENDED FEBRUARY 28, 2018

NYSERS Pension Plan
Last 10 Fiscal Years*

	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Contractually required contribution	\$ 135,474	\$ 142,272	\$ 121,122	\$ 215,229
Contributions in relation to the contractually required contribution	<u>\$ 135,474</u>	<u>142,272</u>	<u>121,122</u>	<u>215,229</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	948,978	924,385	941,955	939,782
Contributions as a percentage of its covered-employee payroll	14.28%	15.39%	12.86%	22.90%

NYSPPRS Pension Plan
Last 10 Fiscal Years*

	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Contractually required contribution	\$ 307,195	\$ 307,195	\$ 277,506	\$ 338,746
Contributions in relation to the contractually required contribution	<u>\$ 307,195</u>	<u>307,195</u>	<u>277,506</u>	<u>338,746</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	1,551,022	1,580,943	1,502,071	1,600,020
Contributions as a percentage of its covered-employee payroll	19.81%	19.43%	18.47%	21.17%

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that this was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FEBRUARY 28, 2018

Capital Assets, Net		\$ 10,710,530
Deductions:		
Bond Anticipation Note Payable	\$ 2,115,000	
Short-Term Portion of Bonds Payable	110,000	
Long-Term Portion of Bonds Payable	370,000	
Less: Unspent Bond Proceeds	<u>(92,227)</u>	
Total Deductions		<u>2,502,773</u>
Net Investment in Capital Assets		<u>\$ 8,207,757</u>

See accompanying notes to financial statements.

**VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
STATEMENT OF INDEBTEDNESS
FOR THE YEAR ENDED FEBRUARY 28, 2018**

	DATE OF ORIGINAL ISSUE	MATURITY	INTEREST RATE	OUTSTANDING BEGINNING OF FISCAL YEAR	ISSUED DURING YEAR	REDEEMED DURING YEAR	PAID DURING YEAR	OUTSTANDING END OF YEAR	AMOUNT OF INTEREST PAID DURING FISCAL YEAR	AMOUNT OF INTEREST ACCRUED AT FEBRUARY 28, 2018	DUE WITHIN THE NEXT YEAR
SERIAL BONDS											
2006 Public Improvements	08/15/06	08/15/21	4.00%	\$ 590,000	-	-	\$ 110,000	\$ 480,000	\$ 11,944	\$ 684	\$ 110,000
TOTAL SERIAL BONDS				<u>\$ 590,000</u>	<u>-</u>	<u>-</u>	<u>\$ 110,000</u>	<u>\$ 480,000</u>	<u>\$ 11,944</u>	<u>\$ 684</u>	<u>\$ 110,000</u>
BOND ANTICIPATION NOTES											
Various Purpose (Village Hall & Sewer)	03/09/16	03/09/18	1.23%	1,580,000	-	-	85,000	1,495,000	16,250	17,784	1,495,000
Capital Improvements to Village Sewer System	02/08/17	02/08/19	1.89%	635,000	-	-	15,000	620,000	15,186	642	620,000
TOTAL BOND ANTICIPATION NOTES				<u>2,215,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>2,115,000</u>	<u>31,436</u>	<u>18,426</u>	<u>2,115,000</u>
TOTAL INDEBTEDNESS				<u>\$ 2,805,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,000</u>	<u>\$ 2,595,000</u>	<u>\$ 43,380</u>	<u>\$ 19,110</u>	<u>\$ 2,225,000</u>



Nugent & Haeussler, P.C.

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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

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Walter J. Jung, CPA
Jennifer A. Traverse, CPA

To the Mayor and Members
of the Village Board
Village of Washingtonville
Washingtonville, New York 10992

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, and the fiduciary fund information of the Village of Washingtonville, as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise the Village of Washingtonville's basic financial statements and have issued our report thereon dated May 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Washingtonville'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Washingtonville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Washingtonville'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. These significant deficiencies are identified as 2018-1 and 2018-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Washingtonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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*.

Village of Washingtonville's Response to Findings

The Village of Washingtonville's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Village of Washingtonville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Mugent & Haussler, P.C.

Montgomery, New York
May 21, 2020

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED FEBRUARY 28, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified? Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses

 X Yes No

Noncompliance material to financial statements noted?

 Yes X No

SECTION II FINANCIAL STATEMENT FINDINGS

Finding 2018-1 Limited Segregation of Duties

Condition: The auditor found instances where segregation of duties was limited. Limitations in control activities may be addressed through additional management oversight. Through interviews with management and staff we were able to satisfy ourselves that direct involvement and knowledge of these activities reduced the potential for errors or irregularities.

Criteria: Segregation of duties relates to how various duties are assigned to different people within the organization. Generally, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people so that no single person is in a position to both commit and conceal errors, irregularities or fraud.

Cause: Limited resources and personnel available contribute directly to the level of segregation achieved. Another factor is the organizational structure and the assignment of responsibilities within that structure.

Effect: The financial statements could have been significantly misstated due to errors or irregularities and fraud or misappropriation could occur and not be detected without adequate segregation of duties and responsibilities.

Recommendation: We recommend that the management review the responsibilities of business staff, as well as the duties actually being performed currently. This review should focus on segregating the functions for authorizing transactions, recording transactions, and maintaining custody of assets. As part of this review, management should consider whether the current staffing level is sufficient to achieve the desired internal control. It may be necessary to hire additional staff.

VILLAGE OF WASHINGTONVILLE
WASHINGTONVILLE, NEW YORK
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED FEBRUARY 28, 2018

SECTION II FINANCIAL STATEMENT FINDINGS (Continued)

Finding 2018-2 Management Oversight and Monitoring

Condition: The Auditor found instances where oversight and monitoring by management were not documented. Through interviews with management and related personnel we were able to satisfy ourselves that the necessary oversight and monitoring was performed.

Criteria: Effective internal control over financial reporting requires management oversight and monitoring to establish reasonable assurance that financial reporting is being reliably and accurately completed. Documentation of this oversight and monitoring is necessary to insure that this criteria is met.

Cause: These activities are often informal and performed as a part of the overall management of the entity's operations. Management's close involvement in operations will typically identify inaccuracies in financial data.

Effect: The financial statements could have been significantly misstated without adequate documentation and performance of oversight functions.

Recommendation: We recommend that management formally document its review of all elements of the financial data reflected in the financial reporting. This would include but not be limited to ledger account reconciliations, journal entries, trial balances, revenue status and budget status reports.

Management has not completed a response to the above findings as of the date of this audit report. Government Auditing Standards requires management's responses and planned corrective action to be included in this report.