

VILLAGE OF SKANEATELES

**Audited Financial Statements
May 31, 2017**

VILLAGE OF SKANEATELES
Audited Financial Statements

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CUDDY & WARD, LLP
Certified Public Accountants
110 GENESEE STREET – SUITE 230
AUBURN, NEW YORK 13021
PHONE 315-253-8424 FAX 315-253-8458
www.cuddyandwardcpa.com

PAUL L. CUDDY, CPA
RICHARD D. WARD, CPA

RICHARD L. BEAUCHINE, CPA, MST
FRANK L. DeROSA, CPA, CMC

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Village Council
Village of Skaneateles
Skaneateles, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Skaneateles, New York, as of and for the year ended May 31, 2017, which collectively comprise the Village's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Skaneateles, New York as of May 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison on pages 3-6 and 32-34 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.

Respectfully submitted,

Cuddy + Ward, LLP

Cuddy and Ward CPA, LLP
Certified Public Accountants

Auburn, New York
December 19, 2017

VILLAGE OF SKANEATELES
Management's Discussion and Analysis

The Village of Skaneateles was established in 1833, and is governed by its Charter, the Village local law and other general laws of the State of New York and various local laws of the State of New York and various local laws. The Village Board of Trustees is the legislative body responsible for overall operations and the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Village's financial position as of May 31, 2017, and the results of its operations for the year then ended. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Village, which directly follow the MD&A.

Financial Highlights

- The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$19,201,530.
- At the end of the current fiscal year, the fund balance for the general fund was \$979,539, an increase of \$240,068 from last year.
- The Village's total long-term debt decreased by \$200,000 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the Village's basic financial statements. The Village's basic financial statements comprise three components:

1. Government-wide financial statements.
2. Fund financial statements
3. Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the Village's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The statement of activities and changes in net position presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (sales tax and state aid) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (water and sewer operations).

The government-wide financial statements can be found starting on page 7 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term effect of the governments near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, water, sewer, and capital funds.

The basic governmental fund financial statements can be found starting on page 9 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 18 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to schedules disclosing the Village's actual results compared to the approved budget. Required supplementary information can be found starting on page 32 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village of Skaneateles, assets exceeded liabilities by \$19,201,530 at the close of the most recent fiscal year.

By far the largest portion of the Village's net position reflects its investment in capital assets (e.g., land, buildings, vehicles and equipment, less any related debt used to acquire those assets that are still outstanding). The Village uses these capital assets to provide services to Village residents; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of expendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$1,738,301, an increase of \$371,812 in comparison with the prior year.

The general fund is the Village's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$979,607. The fund balance of the Village's general fund increased \$240,068 from 2016.

The Village's special revenue funds provide the same type of information in the government-wide financial statement.

Fund balances of the sewer and water funds amounted to \$(14,994) and \$684,461, respectively. The water fund had a net increase of \$37,861 and the sewer fund had a net increase of \$94,685.

Net Position

	Governmental Activities	Business - Type Activities	Total
Current assets	\$ 2,043,139	\$ 1,496,401	\$ 3,539,540
Capital assets	14,765,602	2,378,957	17,144,559
Deferred outflows of resources	<u>172,046</u>	<u>48,360</u>	<u>220,406</u>
Total assets and deferred outflows of resources	<u>16,980,787</u>	<u>3,923,718</u>	<u>20,904,505</u>
Long-term bonded debt	910,000	-	910,000
Pension liability	248,074	84,510	332,584
Other liabilities	295,420	95,449	390,869
Deferred inflows of resources	<u>54,297</u>	<u>15,225</u>	<u>69,522</u>
Total liabilities and deferred inflows of resources	<u>1,507,791</u>	<u>195,184</u>	<u>1,702,975</u>
Net Position:			
Invested in capital assets	13,855,602	2,378,957	16,234,559
Restricted	57,352	-	57,352
Unrestricted	<u>1,560,042</u>	<u>1,349,577</u>	<u>2,909,619</u>
Total Net Position	\$ <u>15,472,996</u>	\$ <u>3,728,534</u>	\$ <u>19,201,530</u>

Capital Asset and Debt Administration

The Village's investment in capital assets for its governmental activities as of May 31, 2017, amounts to \$39,555,546, less accumulated depreciation of \$24,789,944. This investment in capital assets includes land, buildings, improvements, machinery and equipment.

At the end of the current fiscal year, the Village had three bonds payable totaling \$910,000.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures were relatively minor.

During the year, general fund revenues exceeded budgetary estimates, and expenditures were slightly less than budgeted. The general fund experienced an increase in fund balance of \$240,068.

Budget to actual comparisons for the Village's special revenue funds were generally favorable as well, although to varying degrees.

Changes in Net Position

	Governmental Activities	Business - Type Activities	Total
REVENUE			
Program revenues:			
Charges for services	\$ 1,906,515	\$ 1,895,854	\$ 3,802,369
General revenues:			
Taxes	1,685,462	-	1,685,462
State and federal aid	130,011	-	130,011
Other	282,046	4,604	286,650
Total revenues	<u>4,004,034</u>	<u>1,900,458</u>	<u>5,904,492</u>
EXPENSES:			
General government	388,126	-	388,126
Public safety and health	826,492	-	826,492
Transportation	676,543	-	676,543
Culture and recreation	24,325	-	24,325
Economic assistance and opportunity	-	-	-
Home and community services	588,835	-	588,835
Employee benefits	584,856	-	584,856
Depreciation expense	716,293	146,477	862,770
Interest	51,363	-	51,363
Electric	-	1,551,090	1,551,090
Parking	-	135,032	135,032
Total expenses	<u>3,856,833</u>	<u>1,832,599</u>	<u>5,689,432</u>
Increase (decrease) in net position	147,201	67,859	215,060
NET POSITION, beginning	<u>15,325,795</u>	<u>3,660,675</u>	<u>18,986,470</u>
NET POSITION, ending	<u>\$ 15,472,996</u>	<u>\$ 3,728,534</u>	<u>\$ 19,201,530</u>

Requests for Information

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Village of Skaneateles, 26 Fennell Street, Skaneateles, New York 13152.

VILLAGE OF SKANEATELES

Statement of Net Position

May 31, 2017

	Governmental Activities	Business Type Activities	Total
ASSETS			
Unrestricted cash	\$ 1,882,788	\$ 1,236,218	\$ 3,119,006
Restricted cash	57,352	-	57,352
Receivables:			
Accounts receivable	68,696	155,417	224,113
Due from other governments	-	-	-
Due from fiduciary funds	34,303	(2,769)	31,534
Inventory	-	94,700	94,700
Prepaid expenses	-	12,835	12,835
Capital assets (net of accumulated depreciation):			
Land	2,964,334	2,900	2,967,234
Buildings and Improvements	5,297,600	100,437	5,398,037
Infrastructure	6,154,065	2,005,165	8,159,230
Machinery and equipment	349,603	270,455	620,058
	<u>16,808,741</u>	<u>3,875,358</u>	<u>20,684,099</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - other	<u>172,046</u>	<u>48,360</u>	<u>220,406</u>
Total assets	\$ <u>16,980,787</u>	\$ <u>3,923,718</u>	\$ <u>20,904,505</u>
LIABILITIES			
Accounts payable	\$ 35,171	\$ 70,222	\$ 105,393
Accrued expenses	69,667	25,227	94,894
Deposits	200,000	-	200,000
Other post retirement benefits payable	(9,418)	-	(9,418)
Net pension liability	248,074	84,510	332,584
Bonds payable	910,000	-	910,000
Total liabilities	<u>1,453,494</u>	<u>179,959</u>	<u>1,633,453</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - other	<u>54,297</u>	<u>15,225</u>	<u>69,522</u>
NET POSITION			
Invested in capital assets, net of related debt	13,855,602	2,378,957	16,234,559
Restricted	57,352	-	57,352
Unrestricted, as restated	<u>1,560,042</u>	<u>1,349,577</u>	<u>2,909,619</u>
Total net position	<u>15,472,996</u>	<u>3,728,534</u>	<u>19,201,530</u>
Total liabilities and net position	\$ <u>16,980,787</u>	\$ <u>3,923,718</u>	\$ <u>20,904,505</u>

VILLAGE OF SKANEATELES
Statement of Activities and Changes in Net Position
For the Year Ended May 31, 2017

Net (Expense) Revenue and Changes in Net Position

Functions/Programs	Expenses	Charges for Services	Governmental Activities	Business Type Activities	Total
Governmental activities:					
General government	\$ 388,126	\$ 278,972	\$ (109,154)	\$ -	\$ (109,154)
Public safety and health	826,492	270,466	(556,026)	-	(556,026)
Transportation	676,543	299,700	(376,843)	-	(376,843)
Culture and recreation	24,325	-	(24,325)	-	(24,325)
Economic assistance and opportunity	-	-	-	-	-
Home and community services	588,835	1,057,377	468,542	-	468,542
Employee benefits	584,856	-	(584,856)	-	(584,856)
Depreciation expense	716,293	-	(716,293)	-	(716,293)
Interest	51,363	-	(51,363)	-	(51,363)
Total governmental activities	<u>3,856,833</u>	<u>1,906,515</u>	<u>(1,950,318)</u>	<u>-</u>	<u>(1,950,318)</u>
Business type activities:					
Electric	1,686,771	1,819,342	-	132,571	132,571
Parking	145,828	76,512	-	(69,316)	(69,316)
Total business type activities	<u>1,832,599</u>	<u>1,895,854</u>	<u>-</u>	<u>63,255</u>	<u>63,255</u>
Total primary government	<u>\$ 5,689,432</u>	<u>\$ 3,802,369</u>	<u>(1,950,318)</u>	<u>63,255</u>	<u>(1,887,063)</u>
General revenues:					
Real property taxes			1,625,320	-	1,625,320
Non property taxes			60,142	-	60,142
Use of money and property			129,248	1,879	131,127
State and federal aid			130,011	-	130,011
Fines and forfeitures			8,710	-	8,710
Gain on disposal of assets			1,575	-	1,575
Miscellaneous			142,513	2,725	145,238
Total general revenues			<u>2,097,519</u>	<u>4,604</u>	<u>2,102,123</u>
Change in net position			147,201	67,859	215,060
Net position, June 1,			<u>15,325,795</u>	<u>3,660,675</u>	<u>18,986,470</u>
Net position, May 31			<u>\$ 15,472,996</u>	<u>\$ 3,728,534</u>	<u>\$ 19,201,530</u>

Types

<u>Other Special Revenue Funds</u>	<u>Total Governmental Funds</u>
\$ 294,145	\$ 1,882,788
-	57,352
-	-
-	68,696
-	236,934
-	-
-	-
-	-
-	-
\$ <u>294,145</u>	\$ <u>2,245,770</u>
\$ 5,000	\$ 35,171
-	69,667
-	202,631
200,000	200,000
-	-
-	-
205,000	507,469
-	-
-	-
-	57,352
-	-
-	228,594
89,145	514,742
-	937,613
89,145	1,738,301
\$ <u>294,145</u>	\$ <u>2,245,770</u>

VILLAGE OF SKANEATELES
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
May 31, 2017

Fund Balances - Total Governmental Funds	\$	1,738,301
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources		172,046
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		14,765,602
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds		
Net pension liability		(248,074)
Deferred inflows of resources		(54,297)
Other post retirement benefits payable		9,418
Bonds payable		<u>(910,000)</u>
Net Position - Governmental Activities	\$	<u>15,472,996</u>



TYPES

Special Revenue Fund Types			
Water	Sewer	Other Special Revenue Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 1,625,320
-	-	-	60,142
472,960	537,162	-	1,540,295
-	47,255	-	346,955
1,739	98	1,830	129,248
-	-	-	19,265
-	-	-	8,710
-	-	-	1,575
-	-	-	8,667
-	-	-	-
-	-	-	130,011
<u>474,699</u>	<u>584,515</u>	<u>1,830</u>	<u>3,870,188</u>
94	2,021	849	484,381
-	-	-	893,417
-	-	-	-
-	-	-	756,815
-	-	945	24,325
-	-	-	-
234,488	287,633	-	665,329
80,647	29,922	-	556,592
80,000	120,000	-	200,000
41,609	9,754	-	51,363
-	-	-	-
<u>436,838</u>	<u>449,330</u>	<u>1,794</u>	<u>3,632,222</u>
<u>37,861</u>	<u>135,185</u>	<u>36</u>	<u>237,966</u>
-	-	-	175,184
-	(40,500)	(838)	(41,338)
-	-	-	-
-	-	-	-
-	<u>(40,500)</u>	<u>(838)</u>	<u>133,846</u>
37,861	94,685	(802)	371,812
646,600	(109,679)	89,947	1,366,489
\$ <u>684,461</u>	\$ <u>(14,994)</u>	\$ <u>89,145</u>	\$ <u>1,738,301</u>

See accountants' report and notes to financial statements

VILLAGE OF SKANEATELES
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For the Year Ended May 31, 2017

Amounts Reported for Governmental Activities in the Statement of Activities and Changes in Net Position
 Position are Different Because:

Net Change in Fund Balance - Total Governmental Funds \$ 371,812

Governmental funds report capital outlays as expenditures. However, in the statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures	319,946
Disposal of assets	-
Depreciation expense	(716,293)

Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. This is the (increase) in the amount that is reported in the Statement of Activities and Changes in Net Position

Net pension liability	(37,955)
Other post employment benefits liability	9,691

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal paid on bonds	200,000
Bonds issued	-

Change in Net Position - Governmental Activities \$ 147,201

VILLAGE OF SKANEATELES
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
 May 31, 2017

	Electric	Parking	Total
ASSETS			
CURRENT ASSETS			
Cash:			
Unrestricted	\$ 1,182,640	\$ 53,578	\$ 1,236,218
Receivables:			
Accounts receivable	155,417	-	155,417
Due from other funds	-	-	-
Inventory	94,700	-	94,700
Prepaid expenses	12,835	-	12,835
Deferred outflow of resources	48,360	-	48,360
Total current assets	1,493,952	53,578	1,547,530
 NONCURRENT ASSETS			
Capital assets:			
Land	2,900	-	2,900
Buildings and improvements	137,692	44,310	182,002
Infrastructure	4,625,179	-	4,625,179
Machinery and equipment	695,254	80,851	776,105
Other capital assets	-	-	-
Less: Accumulated depreciation	(3,178,152)	(29,077)	(3,207,229)
Total noncurrent assets	2,282,873	96,084	2,378,957
 TOTAL ASSETS	\$ 3,776,825	\$ 149,662	\$ 3,926,487
 LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 70,222	\$ -	\$ 70,222
Accrued expenses	25,227	-	25,227
Due to other funds	2,769	-	2,769
Pension liability	84,510	-	84,510
Current portion of bonds payable	-	-	-
Deferred inflows of resources	15,225	-	15,225
Total current liabilities	197,953	-	197,953
 NONCURRENT LIABILITIES			
Bonds payable, net of current portion	-	-	-
Total noncurrent liabilities	-	-	-
TOTAL LIABILITIES	197,953	-	197,953
 NET POSITION			
Invested in capital assets, net of related debt	2,282,873	96,084	2,378,957
Restricted	-	-	-
Unrestricted	1,295,999	53,578	1,349,577
Total net position	3,578,872	149,662	3,728,534
 TOTAL LIABILITIES AND NET POSITION	\$ 3,776,825	\$ 149,662	\$ 3,926,487

See accountants' report and notes to financial statements

VILLAGE OF SKANEATELES
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
For the Year Ending May 31, 2017

	<u>Electric</u>	<u>Parking</u>	<u>Total</u>
OPERATING REVENUES			
Electricity services, penalties and interest	\$ 1,819,342	\$ -	\$ 1,819,342
Rental income	-	-	-
Parking services	-	<u>76,512</u>	<u>76,512</u>
Total operating revenues	<u>1,819,342</u>	<u>76,512</u>	<u>1,895,854</u>
OPERATING EXPENSES			
Operation and maintenance	1,513,630	1,186	1,514,816
Employee benefits	37,460	-	37,460
Depreciation	<u>135,681</u>	<u>10,796</u>	<u>146,477</u>
Total operating expenses	<u>1,686,771</u>	<u>11,982</u>	<u>1,698,753</u>
Operating income (loss)	<u>132,571</u>	<u>64,530</u>	<u>197,101</u>
NON OPERATING REVENUES (EXPENSES)			
Interest earnings	1,878	1	1,879
Miscellaneous income	2,725	-	2,725
Interest expense	-	-	-
Total non operating revenues (expenses)	<u>4,603</u>	<u>1</u>	<u>4,604</u>
INCOME (LOSS) BEFORE TRANSFERS	137,174	64,531	201,705
Interfund transfers - in	-	-	-
Interfund transfers - out	<u>-</u>	<u>(133,846)</u>	<u>(133,846)</u>
Change in net position	137,174	(69,315)	67,859
Net Position June 1	<u>3,441,698</u>	<u>218,977</u>	<u>3,660,675</u>
Net Position May 31	\$ <u>3,578,872</u>	\$ <u>149,662</u>	\$ <u>3,728,534</u>

VILLAGE OF SKANEATELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ending May 31, 2017

	Electric	Parking	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 1,758,980	\$ 76,512	\$ 1,835,492
Interest paid	-	-	-
Interest received	1,878	1	1,879
Cash paid to suppliers and personnel	<u>(1,613,696)</u>	<u>(135,032)</u>	<u>(1,748,728)</u>
Cash flows provided by operating activities	<u>147,162</u>	<u>(58,519)</u>	<u>88,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of fixed assets	<u>(216,503)</u>	<u>-</u>	<u>(216,503)</u>
Cash flows used by investing activities	<u>(216,503)</u>	<u>-</u>	<u>(216,503)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal paid on bonds	-	-	-
Bond proceeds	-	-	-
Borrowings from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	 (69,341)	 (58,519)	 (127,860)
 Cash and cash equivalents, June 1	 <u>1,251,981</u>	 <u>112,097</u>	 <u>1,364,078</u>
 Cash and cash equivalents, May 31	 \$ <u>1,182,640</u>	 \$ <u>53,578</u>	 \$ <u>1,236,218</u>
RECONCILIATION OF OPERATING INCOME TO			
NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Change in net position	\$ 137,174	\$ (69,315)	\$ 67,859
Depreciation	135,681	10,796	146,477
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(63,087)	-	(63,087)
Inventory	(16,795)	-	(16,795)
Prepaid expenses	-	-	-
Deferred outflow of expenses	82,496	-	82,496
(Decrease) increase in:			
Accounts payable	(12,983)	-	(12,983)
Accrued expenses	(45,300)	-	(45,300)
Pension liability	(65,922)	-	(65,922)
Deferred inflow of expenses	<u>(4,102)</u>	<u>-</u>	<u>(4,102)</u>
Net cash provided by operating activities	\$ <u>147,162</u>	\$ <u>(58,519)</u>	\$ <u>88,643</u>

See accountants' report and notes to financial statements

VILLAGE OF SKANEATELES
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
 May 31, 2017

ASSETS	
Cash	\$ 554,277
Investments - LOSAP	1,655,992
Due from other funds	-
Prepaid expenses	-
Total assets	<u>2,210,269</u>
TOTAL ASSETS	\$ <u>2,210,269</u>
 LIABILITIES AND NET POSITION	
Service awards payable	\$ 1,655,992
Accrued expenses	1,213
Deposits	32,880
Due to other funds	31,534
Total current liabilities	<u>1,721,619</u>
 NET POSITION	
Funds held in trust	<u>488,650</u>
Total net position	<u>488,650</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>2,210,269</u>

VILLAGE OF SKANEATELES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ending May 31, 2017

Additions	
Contributions	\$ 3,048
Interest income	<u>-</u>
Total additions	<u>3,048</u>
Deductions	
General expenses	<u>-</u>
Total deductions	<u>-</u>
Changes in net assets	3,048
Net Position June 1	<u>485,602</u>
Net Position May 31	\$ <u>488,650</u>

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Skaneateles is governed by the Village Law and other general laws of the State of New York and various local laws and ordinances. The Village Board, which is the legislative body responsible for the overall operation of the Village, consists of the Mayor and four Councilors. The Mayor serves as chief officer of the Village. All governmental activities and functions performed for the Village are the direct responsibility of the Board. No other governmental organizations have been included or excluded from the reporting entity.

The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Village's more significant accounting policies:

A.) Measurement Focus, Basis of Accounting and Financial Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial reports.

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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end.

A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and pension costs are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B.) Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, liabilities, fund balance/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Proprietary and Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliation is presented on the page following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

1. **Fund Categories**

- a. **Governmental Funds** – Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds.

General Fund – The General Fund constitutes the primary operating fund of the Village in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Special Revenue Fund – The Special Revenue Funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain defined purposes. The major special revenue funds of the Village are as follows:

Water – used to account for operational maintenance of the Water District.

Sewer – used to account for operational maintenance of the Sewer District.

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

Enterprise Funds – The Enterprise Funds are used to account for operational maintenance of the Electric and Parking Districts.

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B.) Fund Financial Statements - continued

1. Fund Categories - continued

- c. Fiduciary Funds –The Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others. The following are the Village’s fiduciary funds.

Agency Funds – Agency Funds are used to account for money received and held in the capacity of trustee, custodian or agent.

Private-Purpose Trust Funds – Private-Purpose Trust Funds are used to account for all other trust arrangements under which principal and income benefits individuals, private organizations or other governments.

C.) Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information on all non-fiduciary activities of the primary government as a whole and its component units. For the most part, the effect of inter-fund activity has been removed from these statements.

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities and Changes in Net Position demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities and Changes in Net Position.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D.) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds, except at year end. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

E.) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF SKANEATELES

Notes to financial statements

F.) Cash and investments

The Village investment policies are governed by State statutes. The Mayor is authorized to use demand accounts and certificates of deposit. Collateral is required for time 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.

The carrying amount of unrestricted and restricted cash for all reported funds as of May 31, 2017 is \$2,091,546 and is comprised entirely of bank checking accounts, savings accounts and certificates of deposits. The entire amount is covered by Federal Deposit Insurance or by collateral held in the pledging bank's trust department in the Village's name.

G.) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure asset (e.g., road, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value to the asset or materially extend asset lives is not capitalized.

Property, plant, equipment and infrastructure of the Village are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	15-40
Infrastructure	40
Machinery and equipment	3-15

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H.) Fund Balance Classifications

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Village's non-spendable fund balances consisted of permanent cemetery funds.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority, i.e., the Village Board. The Village has no committed fund balances as of May 31, 2017.

Assigned - Includes amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$-0-.

Unassigned – Includes all other General Fund balances that do not meet the definition of the above four classifications and are deemed to be available for general use by the Village. In addition, any deficit fund balances of the Village Fund would be included as Unassigned.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The Village Board adopts an annual budget for the general fund, water fund and sewer fund. The annual budgets are prepared in accordance with the basis of accounting utilized by each fund. The Board is authorized to transfer budgeted amounts within and among departments; and any revisions that alter the total expenditures/expenses must be approved by the Board. All annual appropriations lapse at fiscal year end.

B. Property Tax Limitation

The Village bills and collects its own property taxes. The Village property tax revenues are recognized when levied.

VILLAGE OF SKANEATELES
Notes to Financial Statements

NOTE 3 LONG-TERM DEBT

The following is a summary of long-term debt for the year ended May 31, 2017:

<u>Purpose</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 5/31/2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 5/31/2017</u>
Waterline Replacement	4/1/2020	5.90%	\$ 100,000	\$ -	\$ 25,000	\$ 75,000
EFC Sewer	1/15/2020	4.62%	510,000	-	120,000	390,000
UV disinfection	10/1/2024	2.75%	500,000	-	55,000	445,000
Total			\$ 1,110,000	\$ -	\$ 200,000	\$ 910,000

The annual debt service requirements as of May 31, 2017 were as follows:

<u>Fiscal Year Ending</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total Debt Service</u>
2018	\$ 210,000	\$ 31,726	\$ 241,726
2019	215,000	24,450	239,450
2020	220,000	16,557	236,557
2021	60,000	8,088	68,088
2022	65,000	6,131	71,131
2023-2024	140,000	5,163	145,163
	\$ 910,000	\$ 92,115	\$ 1,002,115

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2017 was as follows:

<u>Governmental Activities:</u>	<u>Balance June 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2017</u>
Capital assets, not being depreciated:				
Land	\$ 2,964,334	\$ -	\$ -	\$ 2,964,334
Capital assets, being depreciated:				
Buildings and improvements	\$ 18,736,785	\$ -	\$ -	\$ 18,736,785
Infrastructure	17,112,285	143,152	-	17,255,437
Machinery and equipment	422,196	176,794	-	598,990
Total capital assets being depreciated	36,271,266	319,946	-	36,591,212
Less: accumulated depreciation for:				
Buildings and improvements	13,173,241	265,944	-	13,439,185
Infrastructure	10,743,909	357,463	-	11,101,372
Machinery and equipment	156,501	92,886	-	249,387
Total accumulated depreciation	24,073,651	716,293	-	24,789,944
Total capital assets being depreciated, net	\$ 12,197,615	\$ (396,347)	\$ -	\$ 11,801,268
Government activities capital assets, net	\$ 15,161,949	\$ (396,347)	\$ -	\$ 14,765,602

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 4 CAPITAL ASSETS -- Continued

<u>Business type activities</u>	<u>Balance</u> <u>June 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>May 31,</u> <u>2017</u>
Capital assets, not being depreciated:				
Land	\$ <u>2,900</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,900</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 182,002	\$ -	\$ -	\$ 182,002
Infrastructure	4,468,993	162,801	-	4,631,794
Machinery and equipment	<u>722,403</u>	<u>53,702</u>	<u>6,615</u>	<u>769,490</u>
Total capital assets being depreciated	<u>5,373,398</u>	<u>216,503</u>	<u>6,615</u>	<u>5,583,286</u>
Less: accumulated depreciation for:				
Buildings and improvements	75,796	5,769	-	81,565
Infrastructure	2,504,324	122,305	-	2,626,629
Machinery and equipment	<u>487,247</u>	<u>18,403</u>	<u>6,615</u>	<u>499,035</u>
Total accumulated depreciation	<u>3,067,367</u>	<u>146,477</u>	<u>6,615</u>	<u>3,207,229</u>
Total capital assets being depreciated, net	\$ <u>2,306,031</u>	\$ <u>70,026</u>	\$ <u>-</u>	\$ <u>2,376,057</u>
Business type activities capital assets, net	\$ <u>2,308,931</u>	\$ <u>70,026</u>	\$ <u>-</u>	\$ <u>2,378,957</u>

NOTE 4 PENSION PLANS

The Village of Skaneateles participates in the New York State Local Employees Retirement System. This System is a cost sharing multiple public employers' retirement system. The System offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability. All benefits generally vest after ten years of service.

The New York State Retirement System and Social Security Law provide that all participants in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the System. The System is non-contributory except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary.

New York State and Local Retirement System

The pension benefit obligation of Credited Projected Benefits is a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employees' service to date. The retirement systems do not make separate measurements for individual employers. Historical trend information, showing the progress in accumulating sufficient assets to pay benefits when due, is presented in the Annual Financial Report of the system. Additional detailed information concerning the system may also be found therein.

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 4 PENSION PLANS - Continued

Other Information

Chapter 437 of the Laws of 1993 added Article 18 to the New York State Retirement and Social Security Law. Article 18 authorizes the granting of retroactive transfer, retroactive membership and credit for previous service in certain situations. It contains three Sections, each providing relief under different circumstances. Under Section 803, members may file application for retroactive membership before October 14, 2001, which may entitle members to an earlier date of membership. If it is determined that members are eligible for retroactive membership, the employer, at the time members were first eligible for membership, must pay the employer's share of the retirement cost. The probability of claims being asserted from members applying for retroactive membership and the resultant liability are not reasonably estimable.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended March 31,	<u>NYSPPFRS</u>	<u>NYSERS</u>
2018 \$	19,053 \$	44,389
2019	19,053	44,389
2020	18,037	39,223
2021	(2,714)	(33,327)
2022	2,781	-
Thereafter	-	-
\$	<u>56,210</u> \$	<u>94,674</u>

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the May 31, 2017 valuation were based on the results of an actuarial experience study for the period April 1, 2016 to March 31, 2017. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the April 1, 2017 actuarial valuation to more closely reflect the actual experience.

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

The discount rate used to measure the total pension liability was 7.0% for NYSPPFRS and NYSERS. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from villages will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected future benefit payments of current active and inactive employees. 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 SKANEATELES
Notes to financial statements

NOTE 4 PENSION PLANS - Continued

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
<u>NYSPFRS</u>			
Village's proportionate share of the net pension liability	\$ 258,337	\$ 91,126	\$ (49,123)

<u>NYSERS</u>			
Village's proportionate share of the net pension liability	\$ 771,169	\$ 241,458	\$ (206,412)

	NYSPFRS		NYSERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,954	\$ 15,745	\$ 6,051	\$ 36,667
Changes of assumptions	44,894	-	82,491	-
Net difference between projected and actual earnings on pension plan investments	13,610	-	48,229	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	11,774	10,277	1,403	6,833
Village contributions subsequent to the measurement date	-	-	-	-
	\$ 82,232	\$ 26,022	\$ 138,174	\$ 43,500

Detailed information about the pension plan's fiduciary net position is available in the separately issued NYSERS financial report.

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS

In 2017, the Village changed the way it accounts for the cost of its retiree health care post-retirement benefits. An alternative actuarial valuation using the entry age cost method of the Village of Skaneateles Postretirement Healthcare Benefits Program (the Plan) was performed for the plan for the fiscal year ended May 31, 2017.

The Plan is a single-employer, defined benefit healthcare plan administered by the Village of Skaneateles. The plan provides medical and dental benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the Village and bargaining units and are renegotiated each three-year period. The Plan does not issue a stand-alone financial report, as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The contribution requirements of Plan members and the Village are established and may be amended pursuant to applicable collective bargaining and employment agreements. The required contribution is based on projected pay-as-you-go financing requirements and varies depending on the applicable agreement.

For the year ended May 31, 2017, the Village contributed \$83,086 to the Plan for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit. The costs of administering the plan are paid by the Village.

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. 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 over a period of 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 to the Plan:

Annual Required Contribution	\$	73,395
Contributions made on behalf of employees		<u>83,086</u>
Increase in Net OPEB Obligation		(9,691)
 Net OPEB Obligation - June 1, 2015		 <u>273</u>
 Net OPEB Obligation - May 31, 2016	\$	 <u>(9,418)</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
5/31/2016 \$	73,395 \$	73,122	99.6% \$	273
5/31/2017 \$	<u>73,395 \$</u>	<u>83,086</u>	113.2% \$	<u>(9,691)</u>
	\$ <u>146,790</u> \$	<u>156,208</u>		\$ <u>(9,418)</u>

The year ended May 31, 2016 was the first year the OPEB obligation has been actuarially determined.

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 5 – OTHER POST EMPLOYMENT BENEFITS - Continued

Funded Status and Funding Progress

The funded status of the plan as of May 31, 2017 is as follows:

Actuarial accrued liability (AAL)	\$	1,108,697
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	1,108,697
Funded ration (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	1,250,822
UAAL as a percentage of covered payroll		112.82%
Annual required contribution	\$	70,572
Interest on Net OPEB Obligation		2,823
Adjustment to Annual Required Contribution		-
Annual OPEB Cost		73,395
Contributions made		<u>83,086</u>
Increase in Net OPEB Obligation		(9,691)
Net OPEB Obligation beginning of year		<u>273</u>
Net OPEB Obligation end of year	\$	<u>(9,418)</u>

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 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.

NOTE 6 FUND BALANCE CLASSIFICATIONS

Assigned Fund Balance

Assigned - Appropriated fund balance consists of amounts The Village Board has designated to be used for the ensuing year's budget as follows:

Fund/District	Amount	
General	\$	-
Water		201,594
Sewer		<u>27,000</u>
	\$	<u>228,594</u>

VILLAGE OF SKANEATELES

Notes to financial statements

NOTE 7 LENGTH OF SERVICE AWARDS PROGRAM

The Village financial statements are for the year ended May 31, 2017. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on December 31, 2016, which is the most recent plan year for which complete information is available.

The Village established a defined benefit LOSAP for the active volunteer firefighters of the Skaneateles Volunteer Fire Department. The program took effect on January 1, 1992. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program.

Program Description

Participation, vesting and service credit

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

Participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit or upon attaining the Program Entitlement Age while an active volunteer. The Program Entitlement Age is 65. An active volunteer firefighter earns a year of Service Credit for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter member of the Skaneateles Fire Department.

Benefits

A Participant's Service Award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of Service Credit earned by the Participant under the point system. The maximum number of years of Service Credit a Participant may earn under the Program is 40 years. Currently, there are no other forms of payment of a volunteer's earned Service Award under the Program.

Except in the case of pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Service Credit and thereby increase their Service Award payments. The pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If a volunteer is an active member of the Fire Department at the time of death, the minimum pre-Entitlement Age death benefit is \$10,000. The Program does not provide extra line-of-duty or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

For a complete explanation of the Program, see the Program Document, a copy of which is available from the Village Clerk/Treasurer.

VILLAGE OF SKANEATELES
Notes to financial statements

NOTE 7 LENGTH OF SERVICE AWARDS PROGRAM - Continued

Fiduciary Investment and Control

At the end of each calendar year, the fire department prepares and certifies a list of names of all persons who are active volunteer members of the fire department during the year indicating which volunteers earned fifty points. The certified list is delivered to the Village Board of Trustees for the Board's review and approval. The fire department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Trustees.

The Board of Trustees has retained Penflex, Inc. to assist in the administration of the Program. Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Board of Trustees the amount of the Service Award to be paid to a Participant or to a Participant's designated beneficiary. The person authorized by the Board of Trustees then authorizes, in writing, the custodian of the Village of Skaneateles LOSAP Trust Fund to pay the Service Award. No Service Award benefit payment is made without the written certification from Penflex and the written directive from an authorized representative of the Board of Trustees.

Penflex bills the Village of Skaneateles for the services it provides. Penflex invoices are authorized for payment by the Board of Trustees in the same manner as any other invoice presented to the Village for payment. The Village pays Penflex invoices from its general fund.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. The Board of Trustees created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Village Clerk/Secretary. The Board of Trustees is the Program Trustee.

Authority to invest Program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and an investment policy adopted by the Board of Trustees. A copy of the investment policy can be requested from the Village Clerk. The Board of Trustees has retained Glen Falls National Bank & Trust Co. to provide investment management and custodial services and to act as paying agent.

The Board of Trustees is required to retain an actuary to determine the amount of the Village's contributions to the plan. The actuarial firm retained by the Village for this purpose is Penflex, Inc. Portions of the following information are derived from a report prepared by the actuary dated March 8, 2017.

Program Financial Condition - Assets and Liabilities

Actuarial present value of accrued service awards as of 1/1/17	\$ 1,752,494
Less assets available for benefits	
Cash and money market accounts	51,354
Fixed income	486,467
Equities	<u>1,118,171</u>
Total net assets available for benefits	<u>1,655,992</u>
Total unfunded benefits	\$ 96,502
Less: unfunded liability for separately amortized costs	\$ <u>39,235</u>
Unfunded normal benefits	<u>\$ 57,267</u>

VILLAGE OF SKANEATELES

Notes to financial statements

NOTE 7 LENGTH OF SERVICE AWARDS PROGRAM - Continued

Separately Amortized Costs

Effective January 1, 2017, the unfunded liability for additional Service Awards earned after the Entitlement Age is being amortized over five years at 5.75% from the year they are accrued.

Receipts and Disbursements

Plan net assets, beginning of year	\$ 1,629,726
Changes during the year:	
Plan contributions	27,744
Investment income earned	33,241
Investment fees	(9,720)
Changes in fair market value of investments	52,895
Plan benefit withdrawals	(76,800)
Administrative and other fees/charges	<u>(1,094)</u>
Plan net assets, end of year	\$ <u>1,655,992</u>

Contributions

Contribution recommended by actuary	\$ 27,744
Amount of sponsor's actual contributions	\$ 27,744

Administration fees

Fees paid to administrative/actuarial services provider	\$ 4,986
Fees paid for investment management	\$ 9,720
Other administrative fees	\$ 1,094

Funding Methodology and Actuarial Assumptions

The actuarial valuation methodology used by the actuary to determine the Sponsor contribution is the Attained Age Normal Cost Method. Under this method, the unfunded accrued liability is calculated using the Unit Credit Cost Method. All other calculations proceed in a similar manner to the Frozen Initial Liability Cost Method. The actuary assumed a rate of return on program investments of 5.75%.

NOTE 8 SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2017, the date on which the financial statements were available to be issued.

VILLAGE OF SKANEATELES
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
 Budget to Actual – General Fund
 May 31, 2017

	GENERAL FUND		
	Modified Budget	Actual	Variance Favaorable/ (Unfavorable)
REVENUES			
Real property taxes, penalties and interest	\$ 1,626,787	\$ 1,625,320	\$ (1,467)
Non-property taxes	50,000	60,142	10,142
Charges for services	436,121	530,173	94,052
Intergovernmental charges	266,400	299,700	33,300
Use of money and property	119,283	125,581	6,298
Licenses and permits	26,025	19,265	(6,760)
Fines and forfeitures	26,500	8,710	(17,790)
Sale of property	8,100	1,575	(6,525)
Miscellaneous	12,350	8,667	(3,683)
Federal Aid	-	-	-
State Aid	107,965	130,011	22,046
Total revenues	2,679,531	2,809,144	129,613
EXPENDITURES			
Current:			
General government	376,475	481,417	(104,942)
Public safety	942,110	893,417	48,693
Health	-	-	-
Transportation	895,350	756,815	138,535
Culture and recreation	16,970	23,380	(6,410)
Economic assistance and opportunity	1,200	-	1,200
Home and community services	138,345	143,208	(4,863)
Employee benefits	409,840	446,023	(36,183)
Debt Service:			
Principal retirement	-	-	-
Interest	-	-	-
Total expenditures	2,780,290	2,744,260	36,030
Excess revenues over (under) expenditures	(100,759)	64,884	165,643
OTHER FINANCIAL SOURCES (USES)			
Interfund transfers - In	100,759	175,184	74,425
Interfund transfers - Out	-	-	-
Total other financial sources (uses)	100,759	175,184	74,425
Excess revenues and other sources (uses) over (under) expenditures	\$ -	\$ 240,068	\$ 240,068

See accountants' report

VILLAGE OF SKANEATELES
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
Budget to Actual – Water Fund
May 31, 2017

	WATER FUND		
	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES			
Charges for service	\$ 429,806	\$ 472,960	\$ 43,154
Use of money and property	110	1,739	1,629
State Aid	-	-	-
Proceeds from obligations	-	-	-
Total revenues	429,916	474,699	44,783
EXPENDITURES			
Current:			
General government	674	94	580
Home and community services	218,704	234,488	(15,784)
Employee benefits	91,694	80,647	11,047
Debt Service:			
Principal retirement	430,000	80,000	350,000
Interest	17,844	41,609	(23,765)
Total expenditures	758,916	436,838	322,078
Excess revenues over (under) expenditures	(329,000)	37,861	366,861
OTHER FINANCIAL SOURCES (USES)			
Interfund transfers - In	-	-	-
Interfund transfers - Out	(21,000)	-	21,000
Total other financial sources (uses)	(21,000)	-	21,000
Excess revenues and other sources (uses) over (under) expenditures	\$ (350,000)	\$ 37,861	\$ 387,861

See accountants' report

VILLAGE OF SKANEATELES
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
 Budget to Actual – Sewer Fund
 May 31, 2017

	SEWER FUND		
	Modified Budget	Actual	Variance Favorable/ (Unfavorable)
REVENUES			
Charges for service	\$ 517,608	\$ 537,162	\$ 19,554
Intergovernmental charges	53,827	47,255	(6,572)
Use of money and property	25	98	73
Miscellaneous	-	-	-
Total revenues	571,460	584,515	13,055
EXPENDITURES			
Current:			
General government	4,206	2,021	2,185
Home and community services	327,761	287,633	40,128
Employee benefits	58,739	29,922	28,817
Debt Service:			
Principal retirement	120,000	120,000	-
Interest	9,754	9,754	-
Total expenditures	520,460	449,330	71,130
Excess revenues over (under) expenditures	51,000	135,185	84,185
OTHER FINANCIAL SOURCES (USES)			
Interfund transfers - In	-	-	-
Interfund transfers - Out	(51,000)	(40,500)	10,500
Total other financial sources (uses)	(51,000)	(40,500)	10,500
Excess revenues and other sources (uses) over (under) expenditures	\$ -	\$ 94,685	\$ 94,685

See accountants' report