

Village of Pelham, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2016

Village of Pelham, New York

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General and Water Funds	22
Statement of Assets and Liabilities - Fiduciary Fund	24
Notes to Financial Statements	25
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	47
New York State and Local Employees' Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	48
Schedule of Contributions	49
New York State and Local Police and Fire Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	50
Schedule of Contributions	51
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	52
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	53
Schedule of Revenues and Other Financing Sources Compared to Budget	55
Schedule of Expenditures and Other Financing Uses Compared to Budget	58
Water Fund	
Comparative Balance Sheet	61
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	62
Capital Projects Fund	
Comparative Balance Sheet	64
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	65
Project-Length Schedule	66
Non-Major Governmental Fund	
Special Purpose Fund	
Comparative Balance Sheet	68
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	69

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Independent Auditors' Report

The Honorable Mayor and Board of Trustees of the Village of Pelham, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pelham, New York ("Village") as of and for the year ended May 31, 2016, 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.

Auditors' 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. 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 auditors' 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 Village'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 Village'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.

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 aggregate remaining fund information of the Village, as of May 31, 2016 and the respective changes in financial position, thereof, and the respective budgetary comparison for the General and Water funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 2D and Note 3F in the notes to financial statements which disclose the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement Nos. 68 "*Accounting and Financial Reporting for Pensions*" and 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 15, 2016

Village of Pelham, New York

Management's Discussion and Analysis (MD&A) as of May 31, 2016

Introduction

The management of the Village of Pelham offers this overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2016 to readers of the Village's financial statements. This document should be read and considered in conjunction with the basic financial statements, which immediately follow this section, in order to enhance the understanding of the Village's financial performance.

Financial Highlights and Comparative Information

- ❖ On the government-wide financial statements, the liabilities exceeded the assets at the close of FYE 2014-2015 by \$895,959.
- ❖ At the conclusion of FYE 2015-2016, liabilities exceeded assets by \$3,345,302. This change is due to the accumulated increase in OPEB liability and the first year reporting requirement to include the net pension liability for GASB Statement No. 68 "Accounting and Financial Reporting for Resources".
- ❖ As of the close of FYE 2014-2015, the Village's governmental funds reported combined ending fund balances of \$2,047,990, of which \$1,737,079 was undesignated. The majority of these funds is included in the General Fund and is available for spending at the Village's discretion.
- ❖ As of the close of FYE 2015-2016, the Village's governmental funds reported combined ending fund balances of \$2,135,819, of which \$1,882,890 was undesignated. The majority of these funds is included in the General Fund and is available for spending at the Village's discretion.
- ❖ At the end of FYE 2015-2016, the unreserved fund balance for the General Fund decreased by 1.71% from \$2,179,027, to \$2,141,824, *which equates to 14.9% of total General Fund expenditures budgeted* for 2015-2016.
- ❖ During the current fiscal year, the Village issued new short term debt of \$471,950. \$281,950 to refinance bond anticipation notes outstanding as of May 31, 2015, \$190,000 new money was issued to finance the acquisition of Police motor vehicle and DPW construction equipment while paying down \$191,380 in principal from General Fund appropriations.
- ❖ During the process of issuing bonds in 2005-06, the Village received their first bond rating from Standards and Poor of AA+. In March of 2011 the rating was changed to AA+/negative outlook. An updated review by Standards and Poor issued November 28, 2012 upgraded the rating back to AA+ with a stable outlook.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of activities presents information showing how the Village's net assets changed during the most recent fiscal year. All changes in net assets 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 (i.e., - uncollected taxes and accrued but unused vacation and compensatory leave, Post-employment benefits) Net Pension Liabilities being reported for the first time in accordance with GASB 68.

The governmental activities of the Village include general government support, public safety, transportation, economic assistance, home and community services, recreation and culture and water.

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 two categories: governmental 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 spendable resources, as well as balances of spendable 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 the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's 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 three major governmental funds: the General Fund, Water Fund and the Capital Projects Fund. Major funds have their information presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. There is one fund classified as non-major – Thomas Fenlon Tree Fund.

On June 1, 2015, Suez Water of Westchester took over the Village Water. The Water Fund will be officially closed to the General Fund as of June 1, 2016 after any outstanding water bills are rolled over to taxes.

Budgetary comparison statements are provided for the General and Water Funds. Budgetary comparison statements have been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village programs. The Village maintains one type of fiduciary fund, an Agency Fund. Resources in the Agency Fund are held by the Village purely in a custodial capacity. The activity in this fund is limited to the receipt and remittance of resources to the appropriate individual, organization, or government.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements and include individual fund financial statements and schedules of "budgets to actual" comparisons.

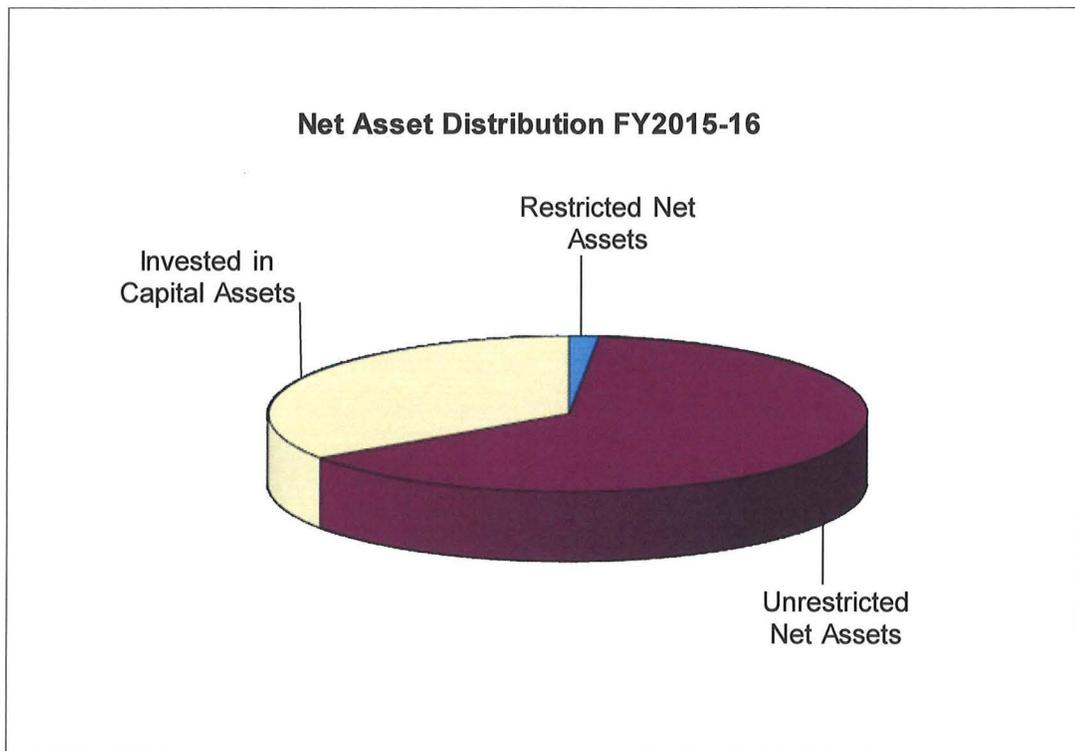
Government-wide Financial Analysis

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. In the case of the Village of Pelham, liabilities exceeded assets by \$3,345,302 for fiscal year ended 2016. This is a decrease of \$2,449,343, mostly because of the accrued liability for Other Post Employment Liabilities and the implementation of GASB No.68. A portion of the Village's net assets is its investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village's investments in its capital assets are 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 the debt.

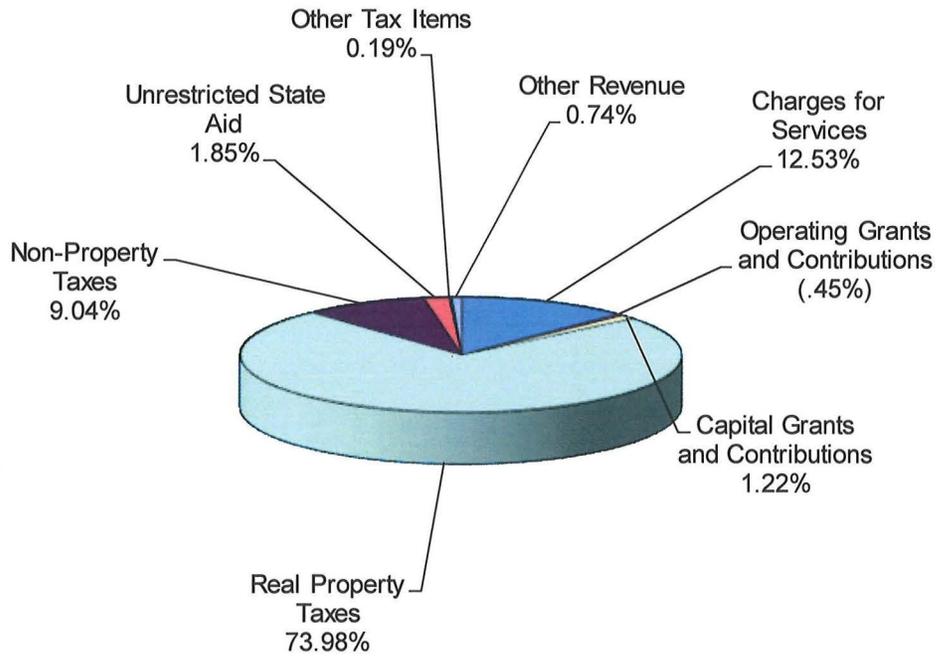
The following table reflects the condensed Statement of Net Position:

Statement of Net Position

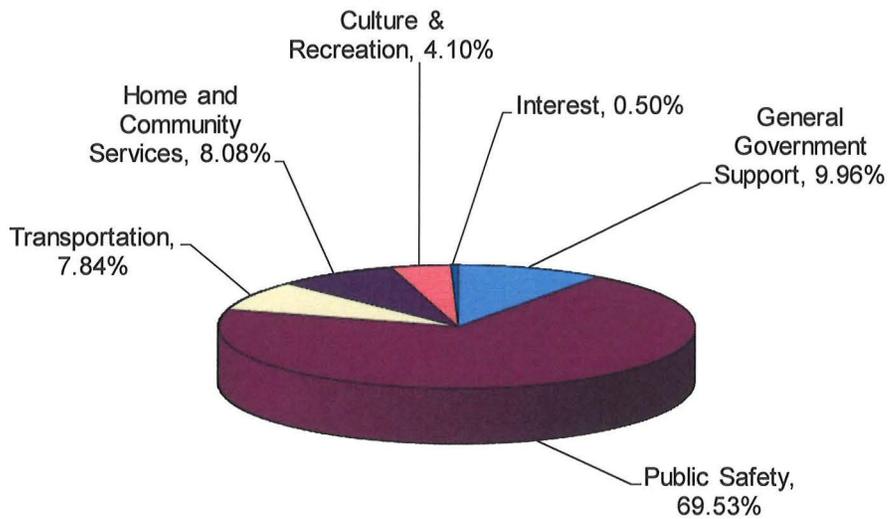
	May 31,	
	2016	2015
Current Assets	\$ 3,074,945	\$ 3,502,788
Capital Assets, net	6,705,848	7,312,758
Total Assets	9,780,793	10,815,546
Deferred Outflows of Resources	6,101,334	-
Current Liabilities	1,195,180	1,707,975
Long-term Liabilities	17,167,255	10,003,730
Total Liabilities	18,362,435	11,711,705
Deferred Inflows of Resources	864,994	-
Net Position:		
Investment in Capital Assets, net of related debt	4,171,596	4,401,010
Restricted	191,335	208,111
Unrestricted	(7,708,501)	(5,505,080)
Total Net Position	\$ (3,345,570)	\$ (895,959)



Sources of Revenues for Fiscal Year 2016 Governmental Activities



Expenses for Fiscal Year 2016 Governmental Activities



Governmental Activities

Government-wide activities decreased the Village's net assets by \$2,336,561. For the fiscal year ended May 31, 2016, revenues from governmental activities totaled \$14,285,677. Real estate property tax revenues for Fiscal Year 2015-2016 were \$10,566,305. Total tax revenues \$11,884,499 comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (83.19%). Total Program Revenues were \$2,029,764.

For the fiscal year ended May 31, 2016, expenses from governmental activities totaled \$16,622,238. The largest components of governmental activities' expenses are public safety \$11,558,169 (69.53%), home and community services \$1,342,316 (8.08%), general government support \$1,655,212 (9.96%) and Transportation \$1,302,996 (7.84%). Public Safety includes the following: Police, Fire and Safety Inspection and On Street Parking, Home and Community Services include the following: Zoning, Planning, Storm and Sanitary Sewers, Refuse Collection and Recycling, and Shade Trees. General Government Support includes the following: Board of Trustees, Village Administrator, Village Treasurer, Village Offices, Clerk, Law, Management Information Systems, Central Communications, Central Garage, Central Supplies, Central Printing and Mail, Unallocated Insurance, Consulting Fees, Bonding Expenses, Taxes on Village Property, Judgments and Claims and Contingency. Transportation includes the following: Highway Maintenance, Snow Removal, Street and Traffic Lights.

Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable 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. As of the end of the current fiscal year the Village's governmental funds reported combined ending fund balances of \$2,135,819 which included a negative \$258,984 Capital Projects balance. \$2,111,742 of the total ending fund balance constitutes assigned and unassigned fund balance. A portion of fund balance is restricted to indicate that it is not available for new spending because it has already been restricted to trusts \$24,077.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, fund balance of the General Fund was \$2,203,468 of which \$61,644 was assigned for encumbrances. None of the fund balance was appropriated for the Fiscal Year 2016-17 budget.

Actual results of operations resulted in a decrease in the General Fund Balance by \$79,359. Revenues were \$14,012,778 which was \$216,787 or 1.57% more than the final budget. Expenditures were \$14,012,419 which was \$203,059 or 1.43% less than the final budget.

The major areas where revenues exceeded budget were: Licenses and Permits of \$63,624, Non-property Taxes of \$37,620 due mainly to increase in Utilities Gross Receipt Tax, \$48,460 for fines and forfeitures, and \$46,505 for Mortgage Tax and State and County Aid.

The major area where spending was less than budgeted was General Government in the amount of \$66,757, Public Safety of \$70,336, and Transportation in the amount of \$40,355.

The Capital Projects Fund has an undesignated deficit of \$258,984 which is normal due to the fact that this includes short-term bond notes. These short-term notes will be paid off over a period of five years from their dates of issue. A majority of capital projects are financed by short and long term debt and State aid as of May 31, 2016.

The Water Fund was for a section of the Village of Pelham where the Village of Pelham purchased water from Suez Water of Westchester for approximately 550 Village residents, who in turn were billed by the Village for their metered usage. During the Fiscal Year 2014-15 negotiations with United Water took place and as of June 1, 2015, the Village of Pelham water accounts were taken over by Suez Water of Westchester. At the end of Fiscal Year 2015-16 the Water Fund balance was \$167,258. This fund balance will be closed to the General Fund in Fiscal Year 2016-17.

General Fund Budgetary Highlights

The difference between the appropriations in the original adopted budget and the appropriations in the final amended budget for the General Fund was an increase of \$681,658. This increase was to provide funding for contractual salary settlements and various programs, and functional categories, most of which was for Public Safety for Fire overtime and new computerization of the Building Department.

Capital Assets and Debt Administration

Capital Assets

The value of the Village's investment in capital assets for governmental activities at May 31, 2016, net of accumulated depreciation, was \$6,705,844. This investment in capital assets includes land, buildings and improvements, infrastructure, licensed vehicles, and machinery and equipment. Due to the exchange of the Pelham water to Suez Water of Westchester, capital assets for infrastructure decreased by \$116,955.

Major capital asset activity during the current fiscal year is depicted in the following table:

Capital Assets

	May 31,	
	2016	2015
Capital Assets, not being depreciated:	\$ 528,387	\$ 528,387
Land	-	-
Construction-in-Progress	-	-
Total Capital Assets not being depreciated	528,387	528,387
Capital Assets being depreciated:		
Buildings and Improvements	5,982,520	5,911,673
Machinery and Equipment	686,910	685,947
Licensed Vehicles	2,663,020	2,608,297
Infrastructure	8,106,990	8,223,945
Total Capital Assets being depreciated	17,439,440	17,429,862
Less Accumulated Depreciation for:		
Buildings and Improvements	2,123,887	1,974,239
Machinery and Equipment	538,615	519,457
Licensed Vehicles	2,287,238	2,151,837
Infrastructure	6,312,239	5,999,761
Total Accumulated Depreciation	11,261,979	10,645,294
Total Capital Assets, net of accumulated depreciation	6,177,461	6,784,568
Capital Assets, net	\$ 6,705,848	\$ 7,312,955

Long-Term Debt/Short-Term Debt

At the end of the fiscal 2016 year, the Village had total bonded debt outstanding of \$2,275,000, of which \$2,075,000 is long term debt. During 2015-16, the Village of Pelham issued a total of \$471,950 in short term bond anticipation notes debt, renewing \$281,950 of short term bond anticipation note debt outstanding at May 31, 2015 and issuing \$190,000 new debt to fund the acquisition of a Police motor vehicle and DPW construction equipment with a principal pay down of \$191,380.

Total short-term and long-term debt outstanding at May 31, 2016 was \$2,746,950. As required by New York State Law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village.

Known as the "constitutional debt limit", and pursuant to New York State Local Finance Law §104, the Village must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At May 31, 2016, the Village's five-year average full valuation was \$1,250,037,190 thereby establishing a constitutional debt limit for the year ending May 31, 2016 of \$87,502,260.

Other Post Employment Benefits

The Government Accounting Standard Board Statement No. 45 required municipalities to account for Post-Employment Benefits other than pensions such as health insurance coverage. The Fiscal Year ending May 31, 2009 was the implementation date for the Village of Pelham. An actuarial firm was hired by the Village to compute the present value of the liability, which measures the value of OPEB benefits earned by employees during their tenure and likely to be paid during their retirement. This amount is substantial, although, at the present time there is no requirement to fund this obligation. Under the present laws of the State of New York, there is no legal mechanism set up that would enable the funding of this obligation.

The Village's annual OPEB cost for 2015-16 was \$2,400,000. Contributions made on the pay as you go basis were \$960,000, leaving an increase in Net OPEB Obligation of \$1,440,000 for Fiscal Year 2016 and \$8,860,000 total Net OPEB obligation as of May 31, 2016. This amount is reflected in the government-wide financial statements. It should be noted that this amount is included in our Statement of Net Assets, contributing to a deficit in the Village of Pelham's Total Net Assets of \$2,786,964.

GASB Statement No. 68- Accounting and Financial Reporting for Pension

In June 2012, Government Accounting Standard Board issued Statement No.68. This statement establishes new accounting and financial reporting requirements for governments that provide their employees with pensions.

The new statement was designed to give users of the financial statements of cost-sharing employers access to better, more transparent financial information through the municipalities own financial statements. Cost sharing employers will be required to report their Statement of Net Position.

The net position liability represents the Village's proportionate share of the net pension liability of the New York State and Local Retirement Systems.

Economic Factors and Next Year's Budgets and Rates

Even though the Federal Reserve Board has kept interest rates low, the economy remains fragile and weak. There has been some movement in home sales and refinancing, the Mortgage Tax for FY2016 had an increase, and was more than in previous years. Due to low interest rates, the Village's interest earnings are anticipated to be significantly low again for 2016-2017. There continues to be some improvement in consumer spending as evidenced in the continued increase in Sales Tax Revenues distributed by Westchester County.

Increases for Police and Fire and CSEA personnel services due to union contract settlements and contractual raise in grades, and increases in Employee Benefits were all factors that were taken into consideration in development and preparation of the FY 2016-2017 budget. The Police Union is without a contract for Fiscal year 2016/17. In October of 2015, the Police Union settled for contract years 2012-13, 2013-14, 2014 -15 and 2015-16. They were awarded salary increases of 2% for 6/1/2012, 2% for 6/1/2013, 1.5% for 6/1/2014, and 1% for 6/1/2015. The Fire Union is without a contract for 6/1/2015-16, and 2016-17. CSEA is without a contract for 2016-17.

The Village did not appropriate unreserved general fund balance for expenditures for FY 2016-2017 budget.

Chapter 97 of the Laws of 2011 established a tax levy limit on all local governments in New York State, effective January 1, 2012. This law requires that local governments maintain any property tax levy increase to no more than 2 per cent or the rate of inflation, whichever is less.

The 2015-16 tax levy for Village of Pelham was materially within the allowable limit of 1.91%. The Tax Limit for the 2016/17 Village of Pelham budget was 1.20% and again the tax levy was materially within the limit.

Requests for Information

This financial report is designed to provide a general overview of the Village of Pelham's finances. Questions and comments concerning any of the information provided in this report should be addressed to Robert Yamuder, Village Administrator/Treasurer, or Shirley Brown, Finance Director, Village of Pelham, 195 Sparks Avenue, Pelham, New York, 10803.

Village of Pelham, New York

Statement of Net Position
May 31, 2016

ASSETS

Cash and equivalents	\$ 2,784,254
Investments	60,442
Receivables	
Accounts	136,945
Due from other governments	93,304
Capital assets	
Not being depreciated	528,387
Being depreciated, net	<u>6,177,461</u>
Total Assets	<u>9,780,793</u>

DEFERRED OUTFLOWS OF RESOURCES

6,101,334

LIABILITIES

Accounts payable	65,648
Accrued liabilities	76,606
Due to retirement systems	324,922
Bond anticipation notes payable	471,950
Accrued interest payable	21,054
Non-current liabilities	
Due within one year	235,000
Due in more than one year	<u>17,167,255</u>
Total Liabilities	<u>18,362,435</u>

DEFERRED INFLOWS OF RESOURCES

864,994

NET POSITION

Net investment in capital assets	4,171,864
Restricted for	
Water	167,258
Special purpose	24,077
Unrestricted	<u>(7,708,501)</u>
Total Net Position	<u>\$ (3,345,302)</u>

The notes to the financial statements are an integral part of this statement.

Village of Pelham, New York

Statement of Activities
Year Ended May 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 1,655,212	\$ 347,311	\$ 4,616	\$ -
Public safety	11,558,169	610,070	29,095	55,628
Transportation	1,302,996	826,278	10,000	119,115
Culture and recreation	680,967	-	21,010	-
Home and community services	1,342,316	6,591	50	-
Interest	82,578	-	-	-
Total Governmental Activities	\$ 16,622,238	\$ 1,790,250	\$ 64,771	\$ 174,743

General revenues

- Real property taxes
- Other tax items
- Interest and penalties on real property taxes
- Non-property taxes
- Non-property tax distribution from County
- Public utility taxes
- Cable TV franchise fees
- Unrestricted use of money and property
- Sale of property and compensation for loss
- Unrestricted State aid
- Miscellaneous
- Insurance recoveries

Total General Revenues

Change in Net Position

NET POSITION

Beginning, as reported

Cumulative Effect of Change in
Accounting Principle

Beginning, as restated

Ending

The notes to the financial statements are an integral part of this statement.

<u>Net (Expense)</u>	
<u>Revenue and</u>	
<u>Changes in</u>	
<u>Net Assets</u>	
\$	(1,303,285)
	(10,863,376)
	(347,603)
	(659,957)
	(1,335,675)
	<u>(82,578)</u>
	 <u>(14,592,474)</u>
	 10,566,305
	27,050
	1,004,946
	125,784
	160,414
	6,930
	16,050
	264,998
	774
	<u>82,662</u>
	 <u>12,255,913</u>
	 <u>(2,336,561)</u>
	 (895,959)
	 <u>(112,782)</u>
	 <u>(1,008,741)</u>
\$	<u><u>(3,345,302)</u></u>

Village of Pelham, New York

Balance Sheet
 Governmental Funds
 May 31, 2016

	General	Water	Capital Projects
ASSETS			
Cash and equivalents	\$ 2,573,396	\$ 163,802	\$ 22,979
Investments	60,442	-	-
Receivables			
Accounts	133,489	3,456	-
Due from other governments	93,304	-	-
Due from other funds	13	-	190,000
	<u>226,806</u>	<u>3,456</u>	<u>190,000</u>
Total Assets	<u>\$ 2,860,644</u>	<u>\$ 167,258</u>	<u>\$ 212,979</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 65,648	\$ -	\$ -
Accrued liabilities	76,606	-	-
Due to retirement systems	324,922	-	-
Due to other funds	190,000	-	13
Bond anticipation notes payable	-	-	471,950
Total Liabilities	<u>657,176</u>	<u>-</u>	<u>471,963</u>
Fund balances (deficits)			
Restricted	-	-	-
Assigned	61,644	167,258	-
Unassigned	2,141,824	-	(258,984)
Total Fund Balances (Deficits)	<u>2,203,468</u>	<u>167,258</u>	<u>(258,984)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,860,644</u>	<u>\$ 167,258</u>	<u>\$ 212,979</u>

The notes to the financial statements are an integral part of this statement.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 24,077	\$ 2,784,254
<u>-</u>	<u>60,442</u>
-	136,945
-	93,304
<u>-</u>	<u>190,013</u>
<u>-</u>	<u>420,262</u>
<u>\$ 24,077</u>	<u>\$ 3,264,958</u>
\$ -	\$ 65,648
-	76,606
-	324,922
-	190,013
<u>-</u>	<u>471,950</u>
<u>-</u>	<u>1,129,139</u>
24,077	24,077
-	228,902
<u>-</u>	<u>1,882,840</u>
<u>24,077</u>	<u>2,135,819</u>
<u>\$ 24,077</u>	<u>\$ 3,264,958</u>

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Village of Pelham, New York

Reconciliation of Governmental Funds Balance Sheet to the Government - Wide Statement of Net Position May 31, 2016

Fund Balances - Total Governmental Funds	<u>\$ 2,135,819</u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>6,705,848</u>
Governmental funds do not report the effect of assets or liabilities related to net pension assets (liabilities) whereas these amounts are deferred in the statement of activities	
Deferred amounts on net pension assets (liabilities)	<u>5,236,340</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(21,054)
Bonds payable	(2,275,000)
Compensated absences	(346,173)
Net pension liability	(5,921,082)
Other post employment benefit obligations payable	<u>(8,860,000)</u>
	<u>(17,423,309)</u>
Net Position of Governmental Activities	<u><u>\$ (3,345,302)</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Pelham, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended May 31, 2016

	General	Water	Capital Projects
REVENUES			
Real property taxes	\$ 10,566,305	\$ -	\$ -
Other tax items	27,050	-	-
Non-property taxes	1,291,144	-	-
Departmental income	806,513	1,341	-
Intergovernmental charges	2,192	-	-
Use of money and property	130,775	50	-
Licenses and permits	263,624	-	-
Fines and forfeitures	388,460	-	-
Sale of property and compensation for loss	16,050	-	-
State aid	272,659	-	119,115
Federal aid	-	-	726
Miscellaneous	248,006	-	54,902
	<u>14,012,778</u>	<u>1,391</u>	<u>174,743</u>
EXPENDITURES			
Current			
General government support	1,114,551	-	-
Public safety	6,157,834	-	-
Transportation	651,910	-	-
Culture and recreation	352,949	-	-
Home and community services	1,119,700	1,000	-
Employee benefits	4,334,774	-	-
Debt service			
Principal	195,000	-	-
Interest	85,701	-	-
Capital outlay	-	-	183,159
	<u>14,012,419</u>	<u>1,000</u>	<u>183,159</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>359</u>	<u>391</u>	<u>(8,416)</u>
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	82,662	-	-
Transfers in	30,000	-	191,380
Transfers out	(191,380)	(30,000)	-
	<u>(78,718)</u>	<u>(30,000)</u>	<u>191,380</u>
Net Change in Fund Balances	(78,359)	(29,609)	182,964
FUND BALANCES (DEFICITS)			
Beginning of Year	<u>2,281,827</u>	<u>196,867</u>	<u>(441,948)</u>
End of Year	<u>\$ 2,203,468</u>	<u>\$ 167,258</u>	<u>\$ (258,984)</u>

The notes to the financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 10,566,305
-	27,050
-	1,291,144
-	807,854
-	2,192
-	130,825
-	263,624
-	388,460
-	16,050
-	391,774
-	726
14,103	317,011
14,103	14,203,015
-	1,114,551
-	6,157,834
-	651,910
1,270	354,219
-	1,120,700
-	4,334,774
-	195,000
-	85,701
-	183,159
1,270	14,197,848
12,833	5,167
-	82,662
-	221,380
-	(221,380)
-	82,662
12,833	87,829
11,244	2,047,990
\$ 24,077	\$ 2,135,819

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Village of Pelham, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended May 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds \$ 87,829

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.

Capital outlay expenditures	164,209
Depreciation expense	<u>(771,319)</u>
	<u>(607,110)</u>

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	<u>195,000</u>
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	3,123
Compensated absences	(3,443)
Pension assets (obligations)	(571,960)
Other post employment benefit obligations	<u>(1,440,000)</u>
	<u>(2,012,280)</u>

Change in Net Position of Governmental Activities \$ (2,336,561)

The notes to the financial statements are an integral part of this statement.

Village of Pelham, New York

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 General and Water Funds
 Year Ended May 31, 2016

	General			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 10,597,280	\$ 10,597,280	\$ 10,566,305	\$ (30,975)
Other tax items	27,500	27,500	27,050	(450)
Non-property taxes	1,250,000	1,253,524	1,291,144	37,620
Departmental income	784,700	784,700	806,513	21,813
Intergovernmental charges	2,066	2,066	2,192	126
Use of money and property	122,200	122,200	130,775	8,575
Licenses and permits	200,000	200,000	263,624	63,624
Fines and forfeitures	340,000	340,000	388,460	48,460
Sale of property and compensation for loss	2,000	13,260	16,050	2,790
State aid	226,154	226,154	272,659	46,505
Miscellaneous	20,500	229,307	248,006	18,699
Total Revenues	13,572,400	13,795,991	14,012,778	216,787
EXPENDITURES				
Current				
General government support	1,495,924	1,181,308	1,114,551	66,757
Public safety	5,562,136	6,228,170	6,157,834	70,336
Transportation	531,950	692,265	651,910	40,355
Culture and recreation	362,502	368,408	352,949	15,459
Home and community services	1,067,452	1,126,479	1,119,700	6,779
Employee benefits	4,233,143	4,338,135	4,334,774	3,361
Debt service				
Principal	195,000	195,000	195,000	-
Interest	85,713	85,713	85,701	12
Total Expenditures	13,533,820	14,215,478	14,012,419	203,059
Excess (Deficiency) of Revenues Over Expenditures	38,580	(419,487)	359	419,846
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	20,000	30,000	82,662	52,662
Transfers in	30,000	30,000	30,000	-
Transfers out	(191,380)	(191,380)	(191,380)	-
Total Other Financing Uses	(141,380)	(131,380)	(78,718)	52,662
Net Change in Fund Balances	(102,800)	(550,867)	(78,359)	472,508
FUND BALANCES				
Beginning of Year	102,800	550,867	2,281,827	1,730,960
End of Year	\$ -	\$ -	\$ 2,203,468	\$ 2,203,468

The notes to the financial statements are an integral part of this statement.

Water			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
874,000	874,000	1,341	(872,659)
-	-	-	-
100	100	50	(50)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>874,100</u>	<u>874,100</u>	<u>1,391</u>	<u>(872,709)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
844,100	844,100	1,000	843,100
-	-	-	-
-	-	-	-
-	-	-	-
<u>844,100</u>	<u>844,100</u>	<u>1,000</u>	<u>843,100</u>
<u>30,000</u>	<u>30,000</u>	<u>391</u>	<u>(29,609)</u>
-	-	-	-
-	-	-	-
<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
-	-	(29,609)	(29,609)
-	-	196,867	196,867
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,258</u>	<u>\$ 167,258</u>

Village of Pelham, New York

Statement of Assets and Liabilities

Fiduciary Fund

May 31, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 28,326</u>
LIABILITIES	
Deposits	<u>\$ 28,326</u>

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Village of Pelham, New York ("Village") was incorporated in 1975 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operations. The Mayor serves as the chief executive officer and the Village Administrator serves as the Operating Officer. The Village provides the following services to its residents: public safety, transportation, culture and recreation, home and community services and general and administrative support.

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. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the Village, b) organizations for which the Village is financially accountable and c) other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Village as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment 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.

Separate financial statements are provided for governmental 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. 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. 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, a reconciliation is presented on the pages following, which briefly explain 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 two broad fund categories, in accordance with generally accepted accounting principles as follows:

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 and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects purposes. The major special revenue fund of the Village is as follows:

Water Fund - The Water Fund is used to record the water utility operations of the Village, which renders services on a user charge to the general public and is primarily funded by departmental revenues in the form of water rents.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The Village also reports the following non-major special revenue fund -

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

Note 1 - Summary of Significant Accounting Policies (Continued)

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others. The Village's Fiduciary Fund is primarily used to account for various deposits and payroll withholdings that are payable to other jurisdictions and individuals.

D. Measurement Focus, Basis of Accounting and Financial Statement 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 statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes 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 financial 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 ninety day availability period is generally used for revenue recognition for most 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 other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Village's investment policies are governed by State statutes. The Village has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2016.

Investments - All investments are stated at fair value. Investments consist of certificates of deposit which are fixed rate investments maturing in more than three months and are secured by FDIC coverage, with collateral posted by the respective depository.

The Village was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on June 1st. After the levy date, the tax roll is transferred to the Village of Pelham which is responsible for collection and for conducting in-rem foreclosure proceedings. The Village remits tax collections to the Village as they are collected.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure (e.g., roads, 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 \$5,000 and an estimated useful life in excess of one year.

Village of Pelham, New York

Notes to Financial Statements (Continued)
May 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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 to the value of the asset or materially extend assets lives is not capitalized.

Land is not depreciated. Property, plant and equipment 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	20-50
Infrastructure	10-65
Machinery and equipment	5-20
Licensed vehicles	5

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.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Village reported deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Village's pension plans in Note 3F.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide statement of net assets as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the Village's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for water and special purpose. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Village removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Village's Board of Trustees.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Water funds. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 15, 2016.

Village of Pelham, New York

Notes to Financial Statements (Continued)
May 31, 2016

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

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

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for 2015-2016 was \$25,152,951 which exceeded the actual levy by \$14,586,646.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

Note 2 - Stewardship, Compliance and Accountability (Continued)

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Village in a particular year, beginning with the 2012 year. It expires on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the Village Board, a local law to override such limit for such coming fiscal year.

C. Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of \$258,984 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

D. Cumulative Effect of Change in Accounting Principle

For the year ended May 31, 2016, the Village implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the methods and assumptions that should be used to project benefit payments, discount projected benefit payments

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 2 - Stewardship, Compliance and Accountability (Continued)

to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$646,392.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable consisted of the following:

Village taxes - Current year	\$ 55,459
Tax liens and overdue taxes	<u>26,518</u>
Total Taxes	81,977
Less - Allowance for uncollectable taxes	<u>(81,977)</u>
Taxes Receivable	<u>\$ -</u>

B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2016 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 13	\$ 190,000
Capital Projects	<u>190,000</u>	<u>13</u>
	<u>\$ 190,013</u>	<u>\$ 190,013</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

C. Capital Assets

Changes in the Village's capital assets are as follows:

	<u>Balance June 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2016</u>
Capital Assets, not being depreciated				
Land	<u>\$ 528,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528,387</u>

Village of Pelham, New York

Notes to Financial Statements (Continued)

May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2015	Additions	Deletions	Balance May 31, 2016
Capital Assets, being depreciated				
Buildings and improvements	\$ 5,911,676	\$ 70,844	\$ -	\$ 5,982,520
Infrastructure	8,223,945	-	116,955	8,106,990
Machinery and equipment	685,946	12,642	11,678	686,910
Licensed vehicles	2,608,297	80,723	26,000	2,663,020
	<u>17,429,864</u>	<u>164,209</u>	<u>154,633</u>	<u>17,439,440</u>
Total Capital Assets, being depreciated				
Less Accumulated Depreciation for				
Buildings and improvements	1,974,237	149,650	-	2,123,887
Infrastructure	5,999,762	429,432	116,955	6,312,239
Machinery and equipment	519,457	30,836	11,678	538,615
Licensed vehicles	2,151,837	161,401	26,000	2,287,238
	<u>10,645,293</u>	<u>771,319</u>	<u>154,633</u>	<u>11,261,979</u>
Total Accumulated Depreciation				
Total Capital Assets, being depreciated, net	<u>\$ 6,784,571</u>	<u>\$ (607,110)</u>	<u>\$ -</u>	<u>\$ 6,177,461</u>
Capital Assets, net	<u>\$ 7,312,958</u>	<u>\$ (607,110)</u>	<u>\$ -</u>	<u>\$ 6,705,848</u>

Depreciation expense was charged to the Village's functions and programs as follows:

Governmental Activities:	
General Government Support	\$ 110,966
Public Safety	196,334
Transportation	408,292
Culture and Recreation	23,251
Home and Community Services	<u>32,446</u>
Total Depreciation Expense	<u>\$ 771,319</u>

D. Accrued Liabilities

Accrued liabilities at May 31, 2016 were as follows:

Payroll and Employee Benefits	<u>\$ 76,606</u>
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Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

E. Short-Term Capital Borrowings - Bond Anticipation Notes

The schedule below details the changes in short-term capital borrowings:

Purpose	Date of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2015	New Issues	Redemptions	Balance May 31, 2016
Police Vehicles and DPW Equipment	10/01/10	-	- %	\$ 28,190	\$ -	\$ 28,190	\$ -
DPW Sweeper/Vacuum	10/01/10	-	-	48,220	-	48,220	-
Road Construction	09/28/12	09/23/16	0.89	149,500	-	48,300	101,200
DPW Equipment	09/28/12	09/23/16	0.89	34,780	-	11,340	23,440
Police Vehicles	09/28/12	09/23/16	0.89	22,750	-	7,350	15,400
Police Vests	09/28/12	09/23/16	0.89	6,820	-	2,100	4,720
Police Security Camera	09/28/12	09/23/16	0.89	22,750	-	7,350	15,400
Fire Equipment	09/28/12	09/23/16	0.89	23,400	-	7,560	15,840
Fire Equipment	09/27/13	09/23/16	0.89	18,480	-	4,181	14,299
Highway Equipment	09/27/13	09/23/16	0.89	13,440	-	3,038	10,402
Firehouse Paving	09/27/13	09/23/16	0.89	12,600	-	2,849	9,751
Wolfs Lane Retaining Wall	09/27/13	09/23/16	0.89	21,000	-	4,751	16,249
3rd Street Flood Remediation	09/27/13	09/23/16	0.89	71,400	-	16,151	55,249
Police Vehicles	05/03/16	05/02/17	0.89	-	40,000	-	40,000
DPW Equipment	05/03/16	05/02/17	0.89	-	150,000	-	150,000
				<u>\$ 473,330</u>	<u>\$ 190,000</u>	<u>\$ 191,380</u>	<u>\$ 471,950</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes 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.

Interest expenditures of \$4,201 were recorded in the fund financial statements in the General Fund. Interest expense of \$3,066 was recorded in the government-wide financial statements for governmental activities.

F. Long-Term Liabilities

The changes in the Village's long-term indebtedness during the year ended May 31, 2016 are summarized as follows:

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	Balance June 1, 2015	Cumulative Effect of Change in Accounting Principle	Balance June 1, 2015 as Restated	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2016	Due Within One-Year
Bonds Payable	\$ 2,470,000	\$ -	\$ 2,470,000	\$ -	\$ 195,000	\$ 2,275,000	\$ 200,000
Compensated Absences	342,730	-	342,730	37,443	34,000	346,173	35,000
Net Pension Liability	-	622,324	622,324	6,964,208	1,665,450	5,921,082	-
Other Post Employment Benefit Obligations Payable	7,420,000	-	7,420,000	2,400,000	960,000	8,860,000	-
	<u>\$ 10,232,730</u>	<u>\$ 622,324</u>	<u>\$ 10,855,054</u>	<u>\$ 9,401,651</u>	<u>\$ 2,854,450</u>	<u>\$ 17,402,255</u>	<u>\$ 235,000</u>

Each governmental funds' liability for bonds, compensated absences and other post employment benefit obligations is liquidated by the General and/or Water funds.

Bonds Payable

Bonds payable at May 31, 2016 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2016
Public Improvements	2003	\$ 300,000	September, 2021	5.000 %	\$ 130,000
Public Improvements	2006	1,392,720	September, 2020	4.0 - 4.375	510,000
Public Improvements	2012	1,913,792	September, 2032	2.0 - 4.000	1,635,000
					<u>\$ 2,275,000</u>

Interest expenditures of \$81,500 were recorded in the fund financial statements in the General Fund. Interest expense of \$79,512 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2016 including interest payments of \$551,203 are as follows:

Village of Pelham, New York

Notes to Financial Statements (Continued)
May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

Year Ending May 31,	Principal	Interest	Total
2017	\$ 200,000	\$ 73,363	\$ 273,363
2018	200,000	65,688	265,688
2019	215,000	58,488	273,488
2020	205,000	51,169	256,169
2021	205,000	43,825	248,825
2022-2026	485,000	163,700	648,700
2027-2031	530,000	86,656	616,656
2032-2033	235,000	8,313	243,313
	<u>\$ 2,275,000</u>	<u>\$ 551,202</u>	<u>\$ 2,826,202</u>

The above general obligation bonds are direct obligations of the Village for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Village.

Compensated Absences

Pursuant to Village policy, vacation time is credited to an employee on January 1st of each year. All vacation time must be used by December 31st of that same year. In addition, pursuant to the collective bargaining agreement between the Village and PBA, police are entitled to accumulate compensatory time in lieu of paid overtime. At the option of the employee, payment will be made either through additional compensation or compensatory time. The Village does not compensate employees for unused sick time.

Pension Plans

New York State and Local Retirement System

The Village 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") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/

Village of Pelham, New York

Notes to Financial Statements (Continued)
May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2016 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14	18.8 %
	4 A15	18.8
	5 A15	15.5
	6 A15	10.5
PFRS	2 384D	24.7
	5 384D	20.1
	6 384D	14.3

At May 31, 2016, the Village reported a liability of \$974,466 for its proportionate share of the net pension liability of ERS and a liability of \$4,946,616 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. At May 31, 2016 the Village's proportion was 0.0060713% for ERS and 0.1670710% for PFRS. For this first year of implementation, the System reported no change in the allocation percentage measured as of March 31, 2015.

For the year ended May 31, 2016 the Village recognized pension expense in the government-wide financial statements of \$165,071 for ERS and \$820,090 for PFRS. Pension expenditures of \$262,154 for ERS and \$1,242,995 for PFRS were recorded in the fund financial statements and were charged to the General Fund.

At May 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,924	\$ 115,507	\$ 44,367	\$ 747,869
Changes of assumptions	259,861	-	2,132,470	-
Net difference between projected and actual earnings on pension plan investments	578,106	-	2,772,179	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	7,523	-	45,721	-
Village contributions subsequent to the measurement date	-	1,618	-	-
	42,334	-	213,849	-
	<u>\$ 892,748</u>	<u>\$ 117,125</u>	<u>\$ 5,208,586</u>	<u>\$ 747,869</u>

\$42,334 and \$213,849 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Village's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended	ERS	PFRS
March 31,		
2017	\$ 182,176	\$ 1,000,694
2018	182,176	1,000,694
2019	182,176	1,000,694
2020	174,655	962,095
2021	-	282,689

The total pension liability for the March 31, 2016 measurement date was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liabilities to March 31, 2016. The total pension liabilities for the March 31, 2015 measurement date were determined by using an actuarial valuation as of April 1, 2015. Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

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

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

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 using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	<u>2</u>	4.00
	<u>100 %</u>	

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

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 proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the ERS net pension liability (asset)	\$ 2,197,349	\$ 974,466	\$ (58,819)
Village's proportionate share of the PFRS net pension liability (asset)	\$ 11,048,788	\$ 4,946,616	\$ 168,326

The components of the collective net pension liability as of the March 31, 2016 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 172,303,544,000	\$ 30,347,727,000	\$ 202,651,271,000
Fiduciary net position	156,253,265,000	27,386,940,000	183,640,205,000
Employers' net pension liability	\$ 16,050,279,000	\$ 2,960,787,000	\$ 19,011,066,000
Fiduciary net position as a percentage of total pension liability	90.7%	90.2%	90.6%

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Accrued retirement contributions as of May 31, 2016 represent the projected employer contribution for the period of April 1, 2016 through May 31, 2016 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the two months ended May 31, 2016 were \$42,334 and \$213,849, respectively.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post employment health care benefits is shared between the Village and the retired employee. Substantially all of the Village's employee's may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as an expenditure as claims are paid in the fund financial statements.

The Village's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims

Note 3 - Detailed Notes on All Funds (Continued)

cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. 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 not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Village is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the Village’s general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed rates of increase in post-retirement benefits are as follows:

Year Ended May 31,	Medical
2016	9.50 %
2017	9.00
2018	8.50
2019	8.00
2020	7.50
2021	7.00
2022	6.50
2023	6.00
2024	5.50
2025+	5.00

The amortization basis is the level percentage of payroll method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment rate of return, a 3% inflation rate and a 3% annual payroll growth rate. The Village currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method.

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

The number of participants as of May 31, 2016 was as follows:

Active Employees	61
Retired Employees	<u>64</u>
	<u>125</u>

Amortization Component	
Actuarial Accrued Liability as of June 1, 2015	\$ 29,440,000
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 29,440,000</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 7,520,000</u>
UAAL as a Percentage of Covered Payroll	<u>391%</u>
Annual Required Contribution	\$ 2,500,000
Interest on Net OPEB Obligation	330,000
Adjustment to Annual Required Contribution	<u>(430,000)</u>
Annual OPEB Cost	2,400,000
Contributions Made	<u>(960,000)</u>
Increase in Net OPEB Obligation	1,440,000
Net OPEB Obligation - Beginning of year	<u>7,420,000</u>
Net OPEB Obligation - End of year	<u>\$ 8,860,000</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 and preceding year is as follows:

<u>Fiscal Year Ended May 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 2,400,000	40.00 %	\$ 8,860,000
2015	2,280,000	39.91	7,420,000
2014	2,300,000	35.65	6,050,000

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

<u>Transfers Out</u>	<u>Transfers in</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
General Fund	\$ -	\$ 191,380	\$ 191,380
Water Fund	30,000	-	30,000
	<u>\$ 30,000</u>	<u>\$ 191,380</u>	<u>\$ 221,380</u>

Transfers are used to move funds earmarked in the operating funds to fulfill commitments for Capital Projects Fund expenditures and move amounts earmarked in the operating funds to fulfill commitments of the General Fund.

H. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Water - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

Restricted for Special Purpose - the component of net position that reports the difference between assets and liabilities of certain programs with constraints placed on their use by either external parties and/or statute.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2016

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2016					2015				
	General Fund	Water Fund	Capital Projects Fund	Non-Major Governmental Fund	Total	General Fund	Water Fund	Capital Projects Fund	Non-Major Governmental Fund	Total
Restricted										
Trusts	\$ -	\$ -	\$ -	\$ 24,077	\$ 24,077	\$ -	\$ -	\$ -	\$ 11,244	\$ 11,244
Assigned										
Purchases on order										
General government support	2,953	-	-	-	2,953	2,800	-	-	-	2,800
Public safety	31,962	-	-	-	31,962	-	-	-	-	-
Transportation	19,822	-	-	-	19,822	-	-	-	-	-
Culture and recreation	6,907	-	-	-	6,907	-	-	-	-	-
	61,644	-	-	-	61,644	2,800	-	-	-	2,800
Subsequent year's expenditures	-	-	-	-	-	100,000	-	-	-	100,000
Major funds	-	167,258	-	-	167,258	-	196,867	-	-	196,867
Total Assigned	61,644	167,258	-	-	228,902	102,800	196,867	-	-	299,667
Unassigned	2,141,824	-	(258,984)	-	1,882,840	2,179,027	-	(441,948)	-	1,737,079
Total Fund Balances	\$ 2,203,468	\$ 167,258	\$ (258,984)	\$ 24,077	\$ 2,135,819	\$ 2,281,827	\$ 196,867	\$ (441,948)	\$ 11,244	\$ 2,047,990

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Restricted for trusts has been established to set aside funds in accordance with the terms of the grants.

Purchases on order represent the Village's intention to honor the contracts in process at year-end. The subsequent year's appropriations will be amended to provide authority to complete the transactions. The amounts are reflected as assigned fund balance except where the assignment would cause a negative unassigned fund balance.

Subsequent year's expenditures represent that at May 31, 2015, the Board has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in the capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Village, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the Village, if adversely settled.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Village, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

The Village participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. The Village's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Village anticipates such amounts, if any, to be immaterial.

C. Risk Management

The Village maintains various liability insurance policies to provide against potential losses. The Village maintains general liability, law enforcement liability and public officials liability insurance coverage with policy limits carrying \$1 to \$10 million. The Village purchases conventional health insurance and workers' compensation insurance with coverage at statutory limits. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

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Village of Pelham, New York

Required Supplementary Information - Schedule of Funding Progress
Other Postemployment Benefits
Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2013	\$ -	\$ 27,440,000	27,440,000	- %	\$ 6,870,000	399 %
June 1, 2014	-	28,060,000	28,060,000	-	6,970,000	403
June 1, 2015	-	29,440,000	29,440,000	-	7,520,000	391

Village of Pelham, New York

Required Supplementary Information - Schedule of the
Village's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	<u>2016</u>
Village's proportion of the net pension liability (asset)	<u>0.0060713%</u>
Village's proportionate share of the net pension liability (asset)	<u>\$ 974,466</u>
Village's covered employee payroll	<u>\$ 1,450,700</u>
Village's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	<u>67.17%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31st measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Village of Pelham, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	<u>2016</u>
Contractually required contribution	\$ 273,362
Contributions in relation to the contractually required contribution	<u>(273,362)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Village's covered employee payroll	<u>\$ 1,450,700</u>
Contributions as a percentage of covered-employee payroll	<u>18.84%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Village of Pelham, New York

Required Supplementary Information - Schedule of the
Village's Proportionate Share of the Net Pension Liability
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	<u>2016</u>
Village's proportion of the net pension liability (asset)	<u>0.1670710%</u>
Village's proportionate share of the net pension liability (asset)	<u>\$ 4,946,616</u>
Village's covered employee payroll	<u>\$ 5,291,693</u>
Village's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	<u>93.48%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>99.00%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31st measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Village of Pelham, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	<u>2016</u>
Contractually required contribution	\$ 1,331,626
Contributions in relation to the contractually required contribution	<u>(1,331,626)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Village's covered employee payroll	<u>\$ 5,291,693</u>
Contributions as a percentage of covered-employee payroll	<u>25.16%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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Village of Pelham, New York

General Fund
Comparative Balance Sheet
May 31,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 2,573,396	\$ 2,920,789
Investments	60,442	60,436
Taxes receivable, net of allowance for uncollectible taxes of \$81,977 in 2016 and \$50,882 in 2015	-	-
Other receivables		
Accounts	133,489	107,172
Due from other governments	93,304	108,563
Due from other funds	13	31
	<u>226,806</u>	<u>215,766</u>
Total Assets	<u>\$ 2,860,644</u>	<u>\$ 3,196,991</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 65,648	\$ 135,336
Accrued liabilities	76,606	522,130
Due to retirement systems	324,922	257,698
Due to other funds	190,000	-
Total Liabilities	<u>657,176</u>	<u>915,164</u>
Fund balance		
Assigned	61,644	102,800
Unassigned	2,141,824	2,179,027
Total Fund Balance	<u>2,203,468</u>	<u>2,281,827</u>
Total Liabilities and Fund Balance	<u>\$ 2,860,644</u>	<u>\$ 3,196,991</u>

Village of Pelham, New York

General Fund
Comparative Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Years Ended May 31,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 10,597,280	\$ 10,597,280	\$ 10,566,305	\$ (30,975)
Other tax items	27,500	27,500	27,050	(450)
Non-property taxes	1,250,000	1,253,524	1,291,144	37,620
Departmental income	784,700	784,700	806,513	21,813
Intergovernmental charges	2,066	2,066	2,192	126
Use of money and property	122,200	122,200	130,775	8,575
Licenses and permits	200,000	200,000	263,624	63,624
Fines and forfeitures	340,000	340,000	388,460	48,460
Sale of property and compensation for loss	2,000	13,260	16,050	2,790
State aid	226,154	226,154	272,659	46,505
Federal aid	-	-	-	-
Miscellaneous	20,500	229,307	248,006	18,699
Total Revenues	13,572,400	13,795,991	14,012,778	216,787
EXPENDITURES				
Current				
General government support	1,495,924	1,181,308	1,114,551	66,757
Public safety	5,562,136	6,228,170	6,157,834	70,336
Transportation	531,950	692,265	651,910	40,355
Culture and recreation	362,502	368,408	352,949	15,459
Home and community services	1,067,452	1,126,479	1,119,700	6,779
Employee benefits	4,233,143	4,338,135	4,334,774	3,361
Debt service				
Principal	195,000	195,000	195,000	-
Interest	85,713	85,713	85,701	12
Total Expenditures	13,533,820	14,215,478	14,012,419	203,059
Excess (Deficiency) of Revenues Over Expenditures	38,580	(419,487)	359	419,846
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	20,000	30,000	82,662	52,662
Transfers in	30,000	30,000	30,000	-
Transfers out	(191,380)	(191,380)	(191,380)	-
Total Other Financing Sources (Uses)	(141,380)	(131,380)	(78,718)	52,662
Net Change in Fund Balance	(102,800)	(550,867)	(78,359)	472,508
FUND BALANCE				
Beginning of Year	102,800	550,867	2,281,827	1,730,960
End of Year	\$ -	\$ -	\$ 2,203,468	\$ 2,203,468

2015

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 10,440,024	\$ 10,440,024	\$ 10,470,274	\$ 30,250
27,500	27,500	35,709	8,209
1,185,000	1,185,000	1,243,644	58,644
762,200	762,200	789,221	27,021
2,066	2,066	3,356	1,290
127,200	127,200	126,445	(755)
165,000	165,000	230,619	65,619
330,000	330,000	371,087	41,087
2,000	5,500	13,696	8,196
216,154	216,154	222,777	6,623
-	-	1,057	1,057
20,500	79,246	87,957	8,711
<u>13,277,644</u>	<u>13,339,890</u>	<u>13,595,842</u>	<u>255,952</u>
1,560,059	1,216,429	1,086,096	130,333
5,486,327	5,803,514	5,706,339	97,175
399,807	516,367	507,721	8,646
300,617	284,617	280,266	4,351
1,066,894	1,043,058	1,030,813	12,245
4,129,287	4,242,706	4,193,727	48,979
195,000	195,000	195,000	-
95,795	95,795	95,778	17
<u>13,233,786</u>	<u>13,397,486</u>	<u>13,095,740</u>	<u>301,746</u>
<u>43,858</u>	<u>(57,596)</u>	<u>500,102</u>	<u>557,698</u>
20,000	27,187	62,981	35,794
90,000	90,000	115,000	25,000
(174,957)	(174,957)	(174,957)	-
<u>(64,957)</u>	<u>(57,770)</u>	<u>3,024</u>	<u>60,794</u>
(21,099)	(115,366)	503,126	618,492
<u>21,099</u>	<u>115,366</u>	<u>1,778,701</u>	<u>1,663,335</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,281,827</u>	<u>\$ 2,281,827</u>

Village of Pelham, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended May 31, 2016
 (With Comparative Actuals for 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2015 Actual
REAL PROPERTY TAXES	\$ 10,597,280	\$ 10,597,280	\$ 10,566,305	\$ (30,975)	\$ 10,470,274
OTHER TAX ITEMS					
Interest and penalties on real property taxes	27,500	27,500	27,050	(450)	35,709
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,000,000	1,000,000	1,004,946	4,946	994,876
Public utility taxes	130,000	133,524	125,784	(7,740)	113,906
Cable TV franchise fees	120,000	120,000	160,414	40,414	134,862
	<u>1,250,000</u>	<u>1,253,524</u>	<u>1,291,144</u>	<u>37,620</u>	<u>1,243,644</u>
DEPARTMENTAL INCOME					
Clerk fees	1,000	1,000	1,826	826	483
Police fees	600	600	710	110	560
Tax advertising	100	100	220	120	140
Safety inspection fees	17,500	17,500	16,625	(875)	22,580
Parking lots and fees	360,000	360,000	401,391	41,391	391,275
Parking meter fees	400,000	400,000	380,491	(19,509)	369,683
Zoning fees	2,500	2,500	3,250	750	2,000
Site plan fees	3,000	3,000	2,000	(1,000)	2,500
	<u>784,700</u>	<u>784,700</u>	<u>806,513</u>	<u>21,813</u>	<u>789,221</u>
INTERGOVERNMENTAL CHARGES					
Snow removal other governments	2,066	2,066	2,192	126	3,356

66

USE OF MONEY AND PROPERTY

Interest earnings	10,200	10,200	6,930	(3,270)	6,288
Rental income	112,000	112,000	123,845	11,845	120,157

	<u>122,200</u>	<u>122,200</u>	<u>130,775</u>	<u>8,575</u>	<u>126,445</u>
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LICENSES AND PERMITS

Business and occupational licenses	5,000	5,000	4,375	(625)	6,182
Street openings	35,000	35,000	42,204	7,204	36,250
Permit fees	160,000	160,000	217,045	57,045	188,187

	<u>200,000</u>	<u>200,000</u>	<u>263,624</u>	<u>63,624</u>	<u>230,619</u>
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FINES AND FORFEITURES

Fines and forfeited bail	340,000	340,000	388,460	48,460	371,087
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**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**

Sale of scrap	1,000	1,000	261	(739)	8,330
Other	1,000	12,260	15,789	3,529	5,366

	<u>2,000</u>	<u>13,260</u>	<u>16,050</u>	<u>2,790</u>	<u>13,696</u>
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STATE AID

Per capita	73,154	73,154	80,509	7,355	80,500
Mortgage tax	150,000	150,000	184,489	34,489	129,882
Emergency management assistance	-	-	-	-	176
Police and fire grants	3,000	3,000	7,661	4,661	12,219

	<u>226,154</u>	<u>226,154</u>	<u>272,659</u>	<u>46,505</u>	<u>222,777</u>
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FEDERAL AID

Emergency management assistance	-	-	-	-	1,057
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MISCELLANEOUS

Gifts and donations	5,000	28,207	28,207	-	11,628
Refunds of prior years' expenditures	5,000	5,000	739	(4,261)	20
Police overtime reimbursements	10,000	195,600	219,025	23,425	74,878
Miscellaneous	500	500	35	(465)	1,431

	<u>20,500</u>	<u>229,307</u>	<u>248,006</u>	<u>18,699</u>	<u>87,957</u>
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TOTAL REVENUES

	<u>13,572,400</u>	<u>13,795,991</u>	<u>14,012,778</u>	<u>216,787</u>	<u>13,595,842</u>
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Village of Pelham, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended May 31, 2016
 (With Comparative Actuals for 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2015 Actual
OTHER FINANCING SOURCES					
Insurance recoveries	\$ 20,000	\$ 30,000	\$ 82,662	\$ 52,662	\$ 62,981
Transfers in					
Water Fund	30,000	30,000	30,000	-	90,000
Special Purpose Fund	-	-	-	-	25,000
TOTAL OTHER FINANCING SOURCES	<u>50,000</u>	<u>60,000</u>	<u>112,662</u>	<u>52,662</u>	<u>177,981</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 13,622,400</u>	<u>\$ 13,855,991</u>	<u>\$ 14,125,440</u>	<u>\$ 269,449</u>	<u>\$ 13,773,823</u>

Village of Pelham, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended May 31, 2016

(With Comparative Actuals for 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2015 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 15,950	\$ 18,921	\$ 18,593	\$ 328	\$ 13,118
Mayor	6,500	3,960	3,960	-	8,473
Administrator	176,468	189,557	188,765	792	169,383
Treasurer	205,408	204,408	203,787	621	198,193
Assessment and taxation	4,200	4,200	3,979	221	4,158
Village office staff	74,225	80,225	76,428	3,797	70,201
Legal services	70,000	62,302	55,922	6,380	27,739
Engineering services	20,200	27,698	24,545	3,153	21,520
Village hall building	71,500	70,500	57,640	12,860	66,138
Central garage	286,573	260,713	242,676	18,037	276,960
Unallocated insurance	200,000	200,000	195,496	4,504	189,870
Municipal association dues	5,250	5,220	4,201	1,019	5,251
Judgments and claims	69,000	15,388	2,311	13,077	7,869
Taxes on Village property	12,650	13,252	12,737	515	10,131
Metropolitan commuter transportation mobility tax	18,000	18,000	17,841	159	17,092
Unclassified miscellaneous	-	6,964	5,670	1,294	-
Contingent account	260,000	-	-	-	-
	<u>1,495,924</u>	<u>1,181,308</u>	<u>1,114,551</u>	<u>66,757</u>	<u>1,086,096</u>
PUBLIC SAFETY					
Police department	3,511,689	3,840,038	3,819,858	20,180	3,677,864
Parking enforcement	70,000	70,000	54,257	15,743	62,567
Fire department	1,882,150	2,179,583	2,177,809	1,774	1,870,587
Safety inspection	98,297	138,549	105,910	32,639	95,321
	<u>5,562,136</u>	<u>6,228,170</u>	<u>6,157,834</u>	<u>70,336</u>	<u>5,706,339</u>

TRANSPORTATION

Street maintenance	273,950	388,577	376,921	11,656	222,218
Permanent improvements	5,000	40,648	32,648	8,000	8,745
Snow removal	122,000	92,698	92,535	163	140,891
Street lighting	99,000	113,316	106,343	6,973	93,837
Traffic equipment	32,000	57,026	43,463	13,563	42,030
	<u>531,950</u>	<u>692,265</u>	<u>651,910</u>	<u>40,355</u>	<u>507,721</u>

CULTURE AND RECREATION

Parks maintenance and security	<u>362,502</u>	<u>368,408</u>	<u>352,949</u>	<u>15,459</u>	<u>280,266</u>
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HOME AND COMMUNITY SERVICES

Planning and zoning board	2,200	2,400	2,300	100	2,200
Storm and sanitary sewers	126,500	145,659	139,673	5,986	146,877
Garbage collection and recycling	705,000	718,753	718,753	-	652,428
Community environment	30,000	55,915	55,320	595	31,418
Street cleaning	203,752	203,752	203,654	98	197,890
	<u>1,067,452</u>	<u>1,126,479</u>	<u>1,119,700</u>	<u>6,779</u>	<u>1,030,813</u>

EMPLOYEE BENEFITS

8 State retirement	276,884	262,154	262,154	-	289,730
Police and fire retirement	1,175,738	1,242,995	1,242,995	-	1,240,321
Disability benefits	123,436	123,436	120,600	2,836	127,112
Social security and medicare	484,300	480,203	480,079	124	450,253
Life insurance	5,500	5,500	5,467	33	5,280
Unemployment benefits	4,000	3,330	3,056	274	6,881
Workers' compensation insurance	310,000	372,014	372,014	-	331,531
Medical insurance	1,850,000	1,845,218	1,845,124	94	1,739,334
Employee assistance program	3,285	3,285	3,285	-	3,285
	<u>4,233,143</u>	<u>4,338,135</u>	<u>4,334,774</u>	<u>3,361</u>	<u>4,193,727</u>

(Continued)

Village of Pelham, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
 Year Ended May 31, 2016
 (With Comparative Actuals for 2015)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2015 Actual
DEBT SERVICE					
Principal					
Serial bonds	\$ 195,000	\$ 195,000	\$ 195,000	\$ -	\$ 195,000
Interest					
Serial bonds	81,500	81,500	81,500	-	89,450
Bond anticipation notes	4,213	4,213	4,201	12	6,328
	<u>85,713</u>	<u>85,713</u>	<u>85,701</u>	<u>12</u>	<u>95,778</u>
	<u>280,713</u>	<u>280,713</u>	<u>280,701</u>	<u>12</u>	<u>290,778</u>
TOTAL EXPENDITURES	13,533,820	14,215,478	14,012,419	203,059	13,095,740
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	191,380	191,380	191,380	-	174,957
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 13,725,200</u>	<u>\$ 14,406,858</u>	<u>\$ 14,203,799</u>	<u>\$ 203,059</u>	<u>\$ 13,270,697</u>

Village of Pelham, New York

Water Fund
Comparative Balance Sheet
May 31,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 163,802	\$ 46,587
Accounts receivable	<u>3,456</u>	<u>213,429</u>
Total Assets	<u>\$ 167,258</u>	<u>\$ 260,016</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 63,139
Due to other funds	<u>-</u>	<u>10</u>
Total Liabilities	-	63,149
Fund balance		
Assigned	<u>167,258</u>	<u>196,867</u>
Total Liabilities and Fund Balance	<u>\$ 167,258</u>	<u>\$ 260,016</u>

Village of Pelham, New York

Water Fund

Comparative Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Years Ended May 31,

	2016			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Departmental income	\$ 874,000	\$ 874,000	\$ 1,341	\$ (872,659)
Use of money and property	100	100	50	(50)
Total Revenues	874,100	874,100	1,391	(872,709)
EXPENDITURES				
Current				
Home and community services	844,100	844,100	1,000	843,100
Excess (Deficiency) of Revenues Over Expenditures	30,000	30,000	391	(29,609)
OTHER FINANCING USES				
Transfers out	(30,000)	(30,000)	(30,000)	-
Net Change in Fund Balance	-	-	(29,609)	(29,609)
FUND BALANCE				
Beginning of Year	-	-	196,867	196,867
End of Year	\$ -	\$ -	\$ 167,258	\$ 167,258

2015

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 934,000	\$ 934,000	\$ 904,595	\$ (29,405)
100	100	55	(45)
934,100	934,100	904,650	(29,450)
844,100	968,371	967,403	968
90,000	(34,271)	(62,753)	(28,482)
(90,000)	(90,000)	(90,000)	-
-	(124,271)	(152,753)	(28,482)
-	124,271	349,620	225,349
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,867</u>	<u>\$ 196,867</u>

Village of Pelham, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	\$ 22,979	\$ 33,608
Due from other funds	<u>190,000</u>	<u>-</u>
Total Assets	<u>\$ 212,979</u>	<u>\$ 33,608</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ -	\$ 2,205
Due to other funds	13	21
Bond anticipation notes payable	<u>471,950</u>	<u>473,330</u>
Total Liabilities	471,963	475,556
Fund deficit		
Unassigned	<u>(258,984)</u>	<u>(441,948)</u>
Total Liabilities and Fund Deficit	<u>\$ 212,979</u>	<u>\$ 33,608</u>

Village of Pelham, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2016</u>	<u>2015</u>
REVENUES		
State aid	\$ 119,115	\$ 123,801
Federal aid	726	-
Miscellaneous	<u>54,902</u>	<u>78,180</u>
Total Revenues	174,743	201,981
EXPENDITURES		
Capital outlay	<u>183,159</u>	<u>215,510</u>
Deficiency of Revenues Over Expenditures	(8,416)	(13,529)
OTHER FINANCING SOURCES		
Transfers in	<u>191,380</u>	<u>174,957</u>
Net Change in Fund Balance	182,964	161,428
FUND DEFICIT		
Beginning of Year	<u>(441,948)</u>	<u>(603,376)</u>
End of Year	<u><u>\$ (258,984)</u></u>	<u><u>\$ (441,948)</u></u>

Village of Pelham, New York

Capital Projects Fund
Project Length Schedule
Inception of Project Through May 31, 2016

<u>Project</u>	<u>Authorization</u>	<u>Expenditures and Transfers</u>	<u>Unexpended Balance</u>
Police Vehicles	\$ 37,125	\$ 37,127	\$ (2)
Road Construction	230,000	230,000	-
DPW Equipment	54,000	54,000	-
Police Vests	17,776	16,876	900
Police Security Camera	35,000	12,932	22,068
Fire Equipment	61,242	61,242	-
Highway Equipment	16,075	16,075	-
Firehouse Paving	15,000	15,000	-
Wolfs Lane Retaining Wall	25,000	25,000	-
Police Vehicle	40,000	-	40,000
DPW Equipment	150,000	-	150,000
3rd Street Flood Remediation	85,420	85,420	-
Totals	<u>\$ 766,638</u>	<u>\$ 553,672</u>	<u>\$ 212,966</u>

Total Revenues	Fund Balance (Deficit) at May 31, 2016	Bond Anticipation Notes Out- standing at May 31, 2016
\$ 21,725	\$ (15,402)	\$ 15,400
128,800	(101,200)	101,200
30,560	(23,440)	23,440
13,056	(3,820)	4,720
19,600	6,668	15,400
31,103	(30,139)	30,139
5,673	(10,402)	10,402
5,249	(9,751)	9,751
8,751	(16,249)	16,249
-	-	50,000
-	-	140,000
30,171	(55,249)	55,249
\$ 294,688	\$ (258,984)	\$ 471,950

Village of Pelham, New York

Non-Major Governmental Fund
Special Purpose Fund
Comparative Balance Sheet
May 31,

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and equivalents	<u>\$ 24,077</u>	<u>\$ 12,204</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 960
Fund balance		
Restricted	<u>24,077</u>	<u>11,244</u>
Total Liabilities and Fund Balance	<u>\$ 24,077</u>	<u>\$ 12,204</u>

Village of Pelham, New York

Non-Major Governmental Fund
Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2016</u>	<u>2015</u>
REVENUES		
Miscellaneous	\$ 14,103	\$ 15
EXPENDITURES		
Current		
Culture and recreation	<u>1,270</u>	<u>660</u>
Excess (Deficiency) of Revenues Over Expenditures	12,833	(645)
OTHER FINANCING USES		
Transfers out	<u>-</u>	<u>(25,000)</u>
Net Change in Fund Balance	12,833	(25,645)
FUND BALANCE		
Beginning of Year	<u>11,244</u>	<u>36,889</u>
End of Year	<u>\$ 24,077</u>	<u>\$ 11,244</u>