INCORPORATED VILLAGE OF AMITYVILLE

AMITYVILLE, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2017

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SKINNON AND FABER
Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Incorporated Village of Amityville
Amityville, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Amityville as of and for the year ended May 31, 2017, which are comprised of the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Incorporated Village of Amityville management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Incorporated Village of Amityville, as of May 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, funding progress for the retiree health plan, local government's proportionate share of the net pension liability, and local government contributions 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.

Skinnon and Faber, CPA's, P.C.

SKINNON AND FABER, CPA's, P.C.
February 20, 2018

INCORPORATED VILLAGE OF AMITYVILLE

Management's Discussion and Analysis
(Unaudited)

The Board of Trustees of the Incorporated Village of Amityville (the Village), would like to offer readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended May 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements report how Village activities were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail by providing information about the Village's most significant funds. The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by the required supplementary information, which supports the financial statements with a comparison of the Village's General Fund budget for the year, as well as the schedule of funding progress for the retiree health plan, the schedule of the local government's proportionate share of the net pension liability and the schedule of local government contributions.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

The Village's total net position decreased by $358,431 for the fiscal year ended May 31, 2017. A condensed summary of the Village's Statement of Net Position for the current year is detailed below.

Condensed Statement of Net Position – Governmental Activities

	May 31, 2017	May 31, 2016
Assets		
Current and Other Assets	$ 3,613,718	$ 1,856,385
Capital Assets (net)	14,543,252	13,382,519
Total Assets	18,156,970	15,238,904
Deferred Outflows of Resources	2,134,282	4,455,579
Liabilities		
Liabilities	1,320,795	1,335,465
Long-Term Liabilities	23,756,733	22,644,824
Total Liabilities	25,077,528	23,980,289
Deferred Inflows of Resources	606,440	748,479
Net Position		
Net Investment in Capital Assets	4,507,483	6,346,277
Restricted	319,109	319,048
Unrestricted (deficit)	(10,219,308)	(11,699,610)
Total Net Position	$ (5,392,716)	$ (5,034,285)

Net investment in capital assets is the Village's investment in capital assets, such as infrastructure, building and improvements, equipment and trucks, vehicles, and computers, reduced by accumulated depreciation and associated debt. This figure also includes land, which is not depreciated.

Changes in Net Position

The Statement of Activities reports the results of the current year's operations and the effect on net position in the accompanying financial statements. A summary of changes in net position from operating results is shown below.

Changes in Net Position from Operating Results – Governmental Activities

	For the Years Ended	
	May 31, 2017	**May 31, 2016**
Revenues		
Program Revenues:		
Fees, Fines and Charges for Services	$ 825,528	$ 858,344
Operating Grants and Contributions	145,254	167,792
Capital Grants and Contributions	82,812	838,310
General Revenues and Special Items:		
Property Tax Items	13,269,965	13,046,429
Non-Property Tax Items	1,174,764	1,229,951
Investment Earnings	2,723	1,392
State and Federal Aid	234,378	237,649
Other	100,895	54,186
Total Revenues	15,836,319	16,434,053
Expenses		
Governmental Activities:		
General Government Support	5,281,207	2,712,066
Public Safety	9,918,100	9,744,771
Health	10,061	2,247
Transportation	340,002	1,319,697
Economic Opportunity and Development	40,431	36,888
Culture and Recreation	282,082	621,072
Home and Community Services	99,018	337,002
Interest on Debt	223,849	239,489
Total Expenses	16,194,750	15,013,232
Change in Net Position	(358,431)	1,420,821
Beginning Net Position	(5,034,285)	(4,957,381)
Beginning Balance Adjustment	-	(1,497,725)
Beginning Net Position, as Restated	(5,034,285)	(6,455,106)
Ending Net Position	$ (5,392,716)	$ (5,034,285)

ANALYSIS OF POSITION AND RESULTS OF OPERATION

The Village had an excess of expenses over revenues of $358,431. This excess caused a decrease in net position. No significant individual economic factor affected these operating results.

The Village experienced a decrease in total revenue of $597,734 as compared to the previous year. The decrease in revenue was caused by several factors, including decreases in state and federal grants.

On the expense side, the Village had an increase of total expenses of $1,181,518 compared to the previous year. Expenses related to general government support increased significantly compared to the prior year. This increase can mainly be attributed to increases in other post-employment benefits and net pension liability, which is allocated to each function.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund balance increased by $783,169, resulting in an ending fund balance of $1,489,794. Of this amount, $319,109 is restricted for the asset forfeiture fund and a special legislative grant; $215,216 is nonspendable, $9,209 is assigned unappropriated and the remaining $946,260 of fund balance is unassigned for Village operations.

The Capital Fund balance increased by $972,124, resulting in an ending fund balance of $1,096,753. Of this amount, $977,546 was restricted for unspent bond proceeds.

BUDGETARY ANALYSIS

The following variances exist between the adopted budget and actual results for the year ended May 31, 2017:

Revenues:

- State Aid – Revenues from State Aid were approximately $127,000 less than budgeted. This is mainly due to anticipated revenue for CHIPS which had not been applied for before year end. The Village anticipates applying for reimbursement during the 2017-2018 fiscal year.

Expenditures:

- General Government Support – Expenditures were under budget by approximately $478,000. A majority of the variance was related to $199,830 for contingency that was not used. In addition, the Village budgeted for retiree/sick/vacation buy out for approximately $81,000 and there were no expenditures related to this in the current year.
- Employee Benefits – Expenditures for Employee Benefits were approximately $185,000 over budget. The variance between budgeted and actual amounts

was caused by an additional LOSAP payment that was not included in the budget.

- Debt Service – Expenditures related to Debt Service were approximately $264,000 under budget. The variance between budgeted and actual amounts was caused by budgeted payments for a BAN that was paid off in the prior year.

None of the variations between budgeted and actual results are expected to affect future services or liquidity.

A schedule showing the budgeted amounts compared to the Village's actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

During the year, the Village acquired capital assets with a cost of $1,984,147, which included vehicles, computer equipment, infrastructure and heavy equipment and trucks.

For the year ended May 31, 2017, the Village issued Bonds of $2,400,000 for road repair.

INFRASTRUCTURE ASSETS

There were no significant changes in the assessed condition of eligible infrastructure assets.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The current economic conditions of the Village mirrored those of the rest of the region. The Village faces increasing costs and shrinking revenues from non-property tax revenue. The administration has been diligent in containing expenses without sacrificing services to the residents.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

Incorporated Village of Amityville
Catherine Murdock, Clerk-Treasurer
21 Ireland Place
Amityville, New York 11701

INCORPORATED VILLAGE OF AMITYVILLE
Statement of Net Position
May 31, 2017

ASSETS		
Cash and Cash Equivalents	$	2,725,043
CLASS Investment Account		15,452
Accounts Receivable		149,364
Due from Other Governments		131,205
State and Federal Aid Receivables		3,615
Tax Sale Certificates (net)		54,714
Prepaid Expenses		215,216
Cash Special Reserve		319,109
Capital Assets (net)		14,543,252
Total Assets		18,156,970
DEFFERED OUTFLOW OF RESOURCES		2,134,282
LIABILITIES		
Accounts Payable and Accrued Expenses		950,623
Bond Interest Payable		77,815
Agency Fund Payable		7,504
Retained Percentages - Contracts Payable		70,523
Due to Other Governments		214,330
Long-term Liabilities:		
Bonds:		
Due within one year		885,000
Due in more than one year		7,620,000
Compensated Absences:		
Due within one year		304,286
Due in more than one year		2,738,577
Capital Leases:		
Due within one year		28,702
Due in more than one year		-
Net Pension Liability:		
Due within one year		-
Due in more than one year		2,904,175
Other Post-employment Benefits:		
Due within one year		-
Due in more than one year		8,470,000
ERS Liability:		
Due within one year		110,315
Due in more than one year		695,678
Total Liabilities		25,077,528
DEFERRED INFLOWS OF RESOURCES		606,440
NET POSITION		
Net Investment in Capital Assets		4,507,483
Restricted		319,109
Unrestricted (deficit)		(10,219,308)
Total Net Position	$	(5,392,716)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF AMITYVILLE
Statement of Activities
For the Year Ended May 31, 2017

		PROGRAM REVENUES			
Functions/Programs	**Expenses**	**Fees, Fines and Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Net (Expense) / Revenue**
Governmental Activities:					
General Government Support	$ 5,281,207	$ 113,808	$ -	$ -	$ (5,167,399)
Public Safety	9,918,100	581,103	145,254	36,004	(9,155,739)
Health	10,061	-	-	-	(10,061)
Transportation	340,002	29,027	-	45,335	(265,640)
Economic Opportunity and Development	40,431	-	-	-	(40,431)
Culture and Recreation	282,082	19,760	-	1,473	(260,849)
Home and Community Services	99,018	81,830	-	-	(17,188)
Interest on Debt	223,849	-	-	-	(223,849)
Total Governmental Activities	$ 16,194,750	$ 825,528	$ 145,254	$ 82,812	(15,141,156)
	GENERAL REVENUES AND SPECIAL ITEMS:				
	Real Property Taxes and Related Tax Items				13,269,965
	Non-Property Taxes				1,174,764
	Investment Earnings				2,723
	State and Federal Aid				234,378
	Insurance Recoveries and Minor Sales				15,467
	Other Revenues				85,428
	Total General Revenues and Special Items				14,782,725
	Change in Net Position				(358,431)
	Net Position - Beginning of Year				(5,034,285)
	Net Position - End of Year				$ (5,392,716)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF AMITYVILLE
Balance Sheets
May 31, 2017

	Governmental Funds		
ASSETS	**General**	**Capital Projects**	**Total**
Assets:			
Cash and Cash Equivalents	$ 1,648,771	$ 1,076,272	$ 2,725,043
Cash Special Reserve	319,109	-	319,109
CLASS Investment Account	15,452	-	15,452
Accounts Receivable	149,364	-	149,364
Due to Other Governments	131,205	-	131,205
State and Federal Aid Receivables	3,615	-	3,615
Tax Sales Certificates (net)	54,714	-	54,714
Due From Other Funds	105,068	110,122	215,190
Prepaid Expenditures	215,216	-	215,216
Total Assets	$ 2,642,514	$ 1,186,394	$ 3,828,908
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Liabilities:			
Accounts Payable and Accrued Expenditures	$ 725,554	$ 25,069	$ 750,623
Due to Other Funds	158,122	64,572	222,694
Due to Other Governments	214,330	-	214,330
Total Liabilities	1,098,006	89,641	1,187,647
Deferred Inflows of Resources:			
Deferred Revenue - Real Property Taxes	54,714	-	54,714
Total Deferred Inflows of Resources	54,714	-	54,714
Fund Balance:			
Nonspendable	215,216	-	215,216
Restricted	319,109	977,546	1,296,655
Assigned	9,209	119,207	128,416
Unassigned	946,260	-	946,260
Total Fund Balance	1,489,794	1,096,753	2,586,547
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 2,642,514	$ 1,186,394	$ 3,828,908

See Notes to the Financial Statements

INCORPORATED VILLAGE OF AMITYVILLE
Reconciliation of the Governmental Funds Balance Sheets
to the Statement of Net Position
As of May 31, 2017

Total Fund Balance - Total Governmental Funds	$ 2,586,547
This amount differs from the amount of net position shown in the Statement of Net Position due to the following:	
Receivables for revenues earned, measurable, but not available to provide financial resources are included in the government-wide statements as assets and are added.	54,714
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	14,543,252
Deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and, accordingly, are not reported as fund liabilities and are added.	1,527,842
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 the governmental funds and are deducted.	(270,523)
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. However, these liabilities are included as liabilities in the government-wide statements and are deducted.	
Bonds	(8,505,000)
Compensated Absences	(3,042,863)
Capital Leases	(28,702)
Net Pension Liability	(2,904,175)
Other Post-employment Benefits	(8,470,000)
ERS Liability	(805,993)
Bond interest payable applicable to the governmental activities is not due and payable in the current period and, accordingly, is not reported in the governmental funds. However, these liabilities are included as liabilities in the government-wide statements and are deducted.	(77,815)
Total Net Position	$ (5,392,716)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF AMITYVILLE
Statements of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2017

	Governmental Funds		
	General	Capital Projects	Total
Revenues:			
Real Property Taxes	$ 12,810,503	$ -	$ 12,810,503
Real Property Tax Items	470,989	-	470,989
Non-Property Tax Items	1,174,764	-	1,174,764
Departmental Income	222,500	-	222,500
Intergovernmental Charges	44,225	-	44,225
Use of Money and Property	2,695	28	2,723
Licenses and Permits	368,407	-	368,407
Fines and Forfeitures	191,977	-	191,977
Insurance Recoveries and Minor Sales	15,467	-	15,467
Miscellaneous Local Sources	73,975	-	73,975
State Aid	462,444	-	462,444
Total Revenues	15,837,946	28	15,837,974
Expenditures:			
General Government Support	3,133,975	-	3,133,975
Public Safety	5,413,070	95,122	5,508,192
Health	5,056	-	5,056
Transportation	436,676	1,426,926	1,863,602
Economic Opportunity and Development	24,453	-	24,453
Culture and Recreation	175,817	15,978	191,795
Home and Community Services	82,336	-	82,336
Employee Benefits	4,585,663	-	4,585,663
Debt Service	1,087,609	-	1,087,609
Total Expenditures	14,944,655	1,538,026	16,482,681
Excess (Deficiency) of Revenues Over (Under) Expenditures	893,291	(1,537,998)	(644,707)
Other Financing Sources (Uses):			
Transfers In	-	110,122	110,122
Transfers Out	(110,122)	-	(110,122)
Proceeds from Bond Issuance	-	2,400,000	2,400,000
Total Other Financing Sources (Uses)	(110,122)	2,510,122	2,400,000
Net Change in Fund Balances	783,169	972,124	1,755,293
Fund Balances at Beginning of Year	706,625	124,629	831,254
Fund Balances at End of Year	$ 1,489,794	$ 1,096,753	$ 2,586,547

See Notes to the Financial Statements

INCORPORATED VILLAGE OF AMITYVILLE
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended May 31, 2017

Net Changes in Fund Balances Shown for Total Governmental Funds			$ 1,755,293
This amount differs from the change in net position shown in the Statement of Activities because of the following:			
Capital outlays for acquisition of capital assets are recorded in governmental funds 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.			
	Capital expenditures	1,984,147	
	Depreciation expense	(820,785)	1,163,362
Major revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are earned, measurable and available to provide current financial resources. In the Statement of Activities, major revenues are recognized when they are earned and measurable, regardless of when they become available.			(14,155)
The issuance of long-term liabilities provide current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term liabilities and related items.			(2,571,167)
Certain expenditures for insurance premiums, interest on debt and inventory type items are recorded in the governmental funds when the payments are due. In the Statement of Activities, these costs are allocated over the applicable time period that they pertain to. Insurance premiums are allocated over the policy period that they are prepaid for; interest on debt in the period the payments become due; and inventory type items over the period the commodities are consumed. This is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.			(1,241)
Deferred inflows of resources and deferred outflows of resources are not due and payable in the current period and, accordingly, are not reported as fund liabilities and are added.			(471,348)
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 the governmental funds.			136,114
Payments for compensated absences are shown in the governmental funds when they are due. In the Statement of Activities, these costs are reported during the period the liabilities are incurred, regardless of when they are due and payable. This amount represents the difference between the expenditures recorded in the current year for payments due on prior year liabilities and the expenses incurred during the current year that have not been paid.			(355,289)
Change in Net Position of Governmental Activities Shown in the Statement of Activities			$ (358,431)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF AMITYVILLE
Statement of Fiduciary Net Position
May 31, 2017

		Agency
ASSETS		
Cash and Cash Equivalents	$	212,249
Due from General Fund		7,504
Deferred Compensation Plan Assets		8,777,329
Service Award Program Assets		2,187,978
Total Assets		11,185,060
LIABILITIES		
Agency Fund Liability		107,823
Due to Other Governments		111,930
Deferred Compensation		8,777,329
Service Award Program Liability		2,187,978
Total Liabilities	$	11,185,060

See Notes to the Financial Statements

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The Incorporated Village of Amityville, (which was established in 1894), is governed by local village law and other general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The following basic services are provided: road maintenance, street light maintenance, snow plowing, tree maintenance, police services and fire protection.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Government's accounting policies are described below.

B. BASIS OF PRESENTATION

1. Government-Wide Financial Statements:

The government-wide financial statements include a Statement of Net Position and the Statement of Activities. Fiduciary activities of the Village are not included in these statements.

The statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Village are reported in three categories: 1) fees, fines, and charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All interfund balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and agency activities.

2. Fund Financial Statements:

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures, which are segregated for the purpose of carrying on specific activities. The various funds are exhibited by type in the financial statements. The following fund types are used:

Fund Categories

a. GOVERNMENTAL FUNDS - Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Village's governmental fund types.

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

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

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

   Trust and Agency Funds - used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent. These include expendable trusts, nonexpendable trusts and agency funds.

3. Equity Classifications:

Government-Wide Statements

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

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

Fund balance is classified and displayed in five components:

a. Nonspendable – Consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

b. Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

c. Committed – Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.

d. Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

e. Unassigned – Represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

C. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Measurement focus is the determination of what is measured, i.e. expenditures or expenses. Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days from year end. Material revenues that are accrued include real property taxes and state aid. If expenditures are the prime factor for determining eligibility, revenue from federal and state grants are accrued when the expenditure is made and the resources are available. Expenditures are recorded when the liability is incurred except that:

- Principal and interest on indebtedness are recognized as an expenditure at the time of payment.
- Expenditures for prepaid and inventory-type items are generally recognized at the time of purchase.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
- Pension costs are recognized as an expenditure when billed by the State.

D. CASH AND CASH EQUIVALENTS

The Village considers all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

E. PROPERTY TAXES

Property taxes are levied annually on June 1, payable in two equal payments on June 1 and December 1. Unpaid taxes become a lien in March of the subsequent year and penalty and interest are imposed pursuant to the Real Property Tax Law.

F. BUDGETARY DATA

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

   a. No later than March 20, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
   b. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the governing board adopts the budget.
   c. All modifications of the budget must be approved by the governing board.

2. Budget Basis of Accounting:

   Budgets are adopted annually on a basis consistent with generally accepted accounting principles applicable to municipalities.

G. CAPITAL ASSETS

Capital assets, which include land, computers, vehicles, equipment and trucks, buildings and improvements, and infrastructure, are reported in the government-wide financial statements. The capital assets are reported at original cost. Depreciation has been recorded using the straight-line method over 3 years for computers, 5 years for vehicles, 10 years for equipment and trucks, 30 years for buildings and improvements and 50 years for infrastructure. Land is not depreciated. The Village has established a capitalization threshold for assets of $1,500. General infrastructure assets acquired or constructed prior to June 1, 2004 are not reported in the financial statements.

H. COMPENSATED ABSENCES

Employees may not accrue vacation leave in excess of current year's entitlement. Police, including the Police Chief and Lieutenant, may accrue up to 90 days of prior years' unused vacation, plus current year's entitlement, paid out up to a maximum of 120 days at the prevailing contractual daily rate of pay.

Employees may accrue sick leave up to a maximum of 375 days. Upon separation, sick time is paid out at 50% of the prevailing daily rate of pay, up to 150 days maximum.

Police may accumulate up to 550 days of sick leave, paid out at 60% of prevailing contractual daily rate of pay.

The Police Chief and Lieutenant may accumulate up to 500 days sick leave, paid out at 70% and an additional 50 days sick leave, paid out at 60% of the prevailing contractual daily rate of pay.

Estimated vacation and sick leave pay accumulated by the Village employees and Police has been recorded in the government-wide financial statements. At May 31, 2017, the Village has an estimated liability of $3,042,863.

I. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village's full time employees may become eligible for these benefits.

Healthcare benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for these other post-employment benefits payable is recorded as a long-term debt in the government-wide statements. The current portion of this debt is estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 45.

J. INSURANCE

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

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results may differ from those estimates.

L. 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. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

M. DEFERRED COMPENSATION PLAN

Employees of the Village may elect to participate in the Village of Amityville's Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. The plan is maintained through an insurance company, and the Village maintains no funds.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village's cash and cash equivalents consist of cash on hand and demand deposits. The Village investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in specified FDIC-insured commercial banks located in New York State. The Village Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include: obligations of the U.S. Treasury, obligations of New York State (or its localities if approved by the State Comptroller), and a CLASS investment account with the Municipal Investors Service Corp. which has a collateral arrangement with a third party custodial bank. All deposits and investments are carried at cost plus accrued interest.

Third party collateral is required for all deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are the same as the permissible investments mentioned above.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's third party custodial bank. They consisted of:

Deposits: All deposits are carried at cost plus accrued interest.

Bank balances for the Village's deposits with financial institutions as of May 31, 2017 totaled $3,723,220 and are covered by federal deposit insurance or third party collateral as follows:

Amount FDIC Insured	$ 1,069,222
Amount Collateralized	2,877,666
Total Amounts	$ 3,946,888

Investments: All deposits are stated at cost plus accrued interest.

	CLASS Investment Account	
Fund	Market Value	Carrying Amount
General	$ 15,452	$ 15,452
Total Deposits and Investments	$ 15,452	$ 15,452

2. Property Taxes:

Total Tax Sale Certificates of $54,714 are offset by deferred revenue for the same amount.

3. Interfund Receivables and Payables:

Temporary advances between funds and unpaid interfund charges will be reimbursed subsequent to year end. The interfund receivable and payable balances at May 31, 2017 are as follows:

	Amount Receivable	Amount Payable
General Fund	$ 105,068	$ 158,122
Capital Projects Fund	110,122	64,572
Trust and Agency Fund	7,504	-
Totals	$ 222,694	$ 222,694

4. Changes in Capital Assets:

A summary of changes in capital assets follows:

Capital Assets	Balance May 31, 2016	Additions	Deletions	Balance May 31, 2017
Land	$ 2,411,603	$ -	$ -	$ 2,411,603
Computers	228,378	9,954	-	238,332
Vehicles	1,556,208	281,838	(93,577)	1,744,469
Equipment and Trucks	4,977,639	76,720	(263,376)	4,790,983
Buildings and Improvements	10,028,132	26,000	-	10,054,132
Infrastructure	1,768,919	1,589,635	-	3,358,554
	20,970,879	1,984,147	(356,953)	22,598,073
Accumulated Depreciation				
Land	-	-	-	-
Computers	(167,823)	(40,029)	-	(207,852)
Vehicles	(1,415,239)	(76,475)	90,948	(1,400,766)
Equipment and Trucks	(3,284,030)	(319,846)	263,376	(3,340,500)
Buildings and Improvements	(2,525,697)	(342,684)	-	(2,868,381)
Infrastructure	(195,571)	(41,751)	-	(237,322)
	(7,588,360)	(820,785)	354,324	(8,054,821)
Totals				
Land	2,411,603	-	-	2,411,603
Computers	60,555	(30,075)	-	30,480
Vehicles	140,969	205,363	(2,629)	343,703
Equipment and Trucks	1,693,609	(243,126)	-	1,450,483
Buildings and Improvements	7,502,435	(316,684)	-	7,185,751
Infrastructure	1,573,348	1,547,884	-	3,121,232
Capital Assets (net)	$ 13,382,519	$ 1,163,362	$ (2,629)	$ 14,543,252

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities

General Government Support	$ 323,136
Public Safety	401,514
Transportation	88,690
Culture and Recreation	7,445
Total Depreciation Expense – Governmental Activities	$ 820,785

B. LIABILITIES

1. Description of Plan:

The Village of Amityville 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 (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

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. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides the 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. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS and PFRS are cost sharing, multiple-employer defined benefit pension plans. The System is included in the State's financial report as a pension trust fund

Separately issued financial statements for the System can be accessed on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups, generally:

ERS

Tier 1	Those persons who last became members before July 1, 1973.
Tier 2	Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
Tier 3	Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
Tier 4	Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
Tier 5	Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
Tier 6	Those persons who first became members on or after April 1, 2012.

PFRS

Tier 1	Those persons who last became members before July 31, 1973.
Tier 2	Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
Tier 3	Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
Tier 4	N/A
Tier 5	Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
Tier 6	Those persons who first became members on or after April 1, 2012.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100% vested.

Benefits

Tiers 1 & 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tier 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4, and 5 members, each year of final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% greater than the average of the previous four years.

Special Plans

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

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. The cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2017 was approximately 15.5% of payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2017 was approximately 24.3% of payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial rate applicable during the year. For the fiscal year ended March 31, 2016, the applicable interest rate was 7%.

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

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

2016-17	$ 1,367,293
2015-16	1,497,171
2014-15	1,256,913

Chapter 57 of the Laws of 2010 of the State of New York was enacted that allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-11, the amount in excess of the graded rate of 9.5 percent of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to one percent depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- The interest rate will be set annually, and will be comparable to taxable fixed income investments of a similar duration.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program. The total unpaid liability at the end of the fiscal year was $805,993 which is reported in the Schedule of Non-Current Governmental Liabilities.

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

At May 31, 2017, the Incorporated Village of Amityville reported a liability of $2,904,175 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Incorporated Village of Amityville's proportion of the net pension liability was based on a projection of the Incorporated Village of Amityville's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2017, the Incorporated Village of Amityville's proportion was 0.0089504 percent for ERS and 0.0995429 percent for PFRS.

For the year ended May 31, 2017, the Incorporated Village of Amityville recognized pension expense of $1,838,641. At May 31, 2017, the Incorporated Village of Amityville reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 291,729	$ 484,182
Changes of Assumptions	1,303,756	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	476,114	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	62,683	122,258
	$ 2,134,282	$ 606,440

There were no amounts reported as deferred outflows of resources related to pensions resulting from the Incorporated Village of Amityville's contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended May 31:	
2018	$ 544,684
2019	544,684
2020	514,793
2021	(127,548)
2022	51,229
	$ 1,527,842

Actuarial Assumptions

The total pension liability at March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation for both ERS and PFRS used the following actuarial assumptions:

Inflation	2.5%
Salary Increases	3.8% in ERS, 4.5% in PFRS
Investment Rate of Return, Including Inflation	7% Compounded Annually, Net of Investment Expenses
Cost of Living Adjustments	1.3% Anually

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

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 rate 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 in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36 %	4.55 %
International equity	14	6.35
Private equity	10	7.75
Real estate	10	5.80
Absolute return strategies	2	4.00
Opportunistic portfolio	3	5.89
Real assets	3	5.54
Bonds and mortgages	17	1.31
Cash	1	-0.25
Inflation-indexed bonds	4	1.50
	100 %	

Discount Rate

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. 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.

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
ERS Net Pension Liability	$ 2,685,976	$ 840,996	$ (718,930)
PFRS Net Pension Liability	5,848,992	2,063,179	(1,112,192)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017, were as follows:

	Employees' Retirement System	Police and Fire Retirement System	Total
		(Dollars in thousands)	
Employers' total pension liability	$ 177,400,586	$ 31,670,483	$ 209,071,069
Plan net position	(168,004,363)	(29,597,831)	(197,602,194)
Employers' net pension liability	$ 9,396,223	$ 2,072,652	$ 11,468,875
Ratio of plan net position to the employers' total pension liability	94.7%	93.5%	94.5%

2. Long-Term Debt:

a. Outstanding bond indebtedness aggregated $8,505,000. Of this amount, $7,620,000 was subject to the constitutional debt limit and represented approximately 8.94% of its debt limit.

b. Serial Bonds – The Incorporated Village of Amityville borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

c. Other Long-Term Debt – In addition to the above long-term debt, the local government had the following non-current liabilities:
   - Compensated Absences - Represents the value of earned and unused portion of the liability for compensated absences.
   - Capital Leases – In prior years, the Village entered into multiple Capital Lease agreements.
   - Net Pension Liability – Represents the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees' past periods of service.
   - Other Post-employment Benefits (OPEB) – Represents the non-current portion of the liability to current employees and retirees.
   - ERS Liability – Unpaid amounts the Village has opted to amortize over 10 years.

d. Summary Long-Term Debt – The following is a summary of long-term liabilities by fund:

	General	Capital Projects
Serial Bonds	$ 1,650,000	$ 6,855,000
Total Bonds	1,650,000	6,855,000
Compensated Absences	3,042,863	-
Capital Leases	28,702	-
Net Pension Liability	2,904,175	-
Other Post-Employment Benefits	8,470,000	-
ERS Liabilty	805,993	-
Total Long-Term Debt	$ 16,901,733	$ 6,855,000

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

	Bonds	Compensated Absences	Capital Leases Payable	Net Pension Liability	Other Post-Employment Benefits	ERS Liability
Beginning of fiscal year	$ 6,970,000	$ 2,687,574	$ 52,535	$ 4,612,085	$ 7,410,000	$ 912,630
Additions	2,400,000	355,289	-	-	1,060,000	-
Reductions	(865,000)	-	(23,833)	(1,707,910)	-	(106,637)
End of fiscal year	$ 8,505,000	$ 3,042,863	$ 28,702	$ 2,904,175	$ 8,470,000	$ 805,993

f. Long-Term Debt Maturity Schedule – The following is a statement of serial bonds with corresponding maturity schedules:

Description by Fund	Orignal Date Issued	Original Amount	Rate %	Date Final Maturity	Outstanding
Capital Fund	10/12/2016	$ 2,400,000	2.25-2.5	10/1/2031	$ 2,400,000
General Fund	9/25/2014	2,300,000	1.000	9/25/2025	1,650,000
Capital Fund	3/15/2007	2,000,000	4.000	8/1/2026	1,100,000
Capital Fund	3/15/2008	3,000,000	3.750-4.250	2/1/2028	1,650,000
Capital Fund	10/1/2009	2,000,000	2.625-3.250	8/1/2021	930,000
Capital Fund	8/16/2011	1,400,000	2.0-3.5	2/1/2023	775,000
Total					$ 8,505,000

g. The following table summarizes the Incorporated Village of Amityville's future debt service requirements:

	Serial Bonds		
Ending Date	Principal	Interest	Total
May 31:			
2018	$ 885,000	$ 281,878	$ 1,166,878
2019	875,000	229,950	1,104,950
2020	885,000	203,938	1,088,938
2021	890,000	176,425	1,066,425
2022	910,000	147,769	1,057,769
2023-2027	2,935,000	387,896	3,322,896
2028-2032	1,125,000	66,216	1,191,216
Total	$ 8,505,000	$ 1,494,072	$ 9,999,072

C. DEFINED BENEFIT VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM

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

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

1. Program Description:

Participation, vesting and service credit
Active volunteer firefighters who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age sixty-two. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Benefits
A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to $20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed thirty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age.

2. Fiduciary Investment and Control:

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Benefit

Plans Administrative Services (BPAS). Portions of the following information are derived from a report prepared by the actuary dated March 2017.

3. Program Financial Condition:

Assets and Liabilities

Actuarial Present Value of Benefits at 12/31/16	$ 5,277,574
Total Net Assets Available for Benefits	(2,187,978)
Total Unfunded Benefits	3,089,596
Less: Unfunded Liability for Prior Service	(3,089,596)
Unfunded Normal Benefits	$ -

Prior Service Costs

Prior service costs are being amortized over a range of ten to fourteen years at a discount rate of 5%.

Contributions

Amount of sponsor's contribution recommended by actuary:	$374,579-$496,648
Amount of sponsor's actual contribution:	$503,025

4. Funding Methodology and Actuarial Assumptions:

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Unit Credit Cost Method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment 5%

Mortality Tables used for:

Withdrawal	None
Disability	None
Retirement	RP2 – RP-2000 Mortality Table
Death (Actives)	None
Death (Inactives)	None
Other	None

D. FUND BALANCE

The government's fund balance classification policies and procedures are as follows:

1. For committed fund balances:
   a. The government's highest level of decision-making authority resides with the Board of Trustees.
   b. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is through formal resolution by the Board.

2. For assigned fund balances:
   a. The body or official authorized to assign amounts to specific purpose is the Board of Trustees.
   b. The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given to the Board of Trustees.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

As of May 31, 2017, $215,216 of the General Fund Balance is considered non-spendable as it relates to prepaid items. An additional $319,109 of the General Fund Balance is restricted, $19,109 is for the asset forfeiture fund and $300,000 is for a special legislative grant. A total of $9,209 was assigned unappropriated for Fire Department equipment. The Capital Projects Fund Balance is $1,096,753 as of May 31, 2017, and $119,207 is assigned for future beach improvements and $977,546 is restricted bond proceeds.

E. POST-EMPLOYMENT HEALTHCARE PLAN

In the government-wide financial statements, the cost of other post-employment benefits (OPEB), like the cost of pension benefits, generally should be associated with the period in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended May 31, 2010, the Village recognizes the cost of other post-employment benefits in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Village's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing in 2010.

Plan Description. The Village, as a single-employer defined benefit OPEB plan, per its contract with employees, will pay various percentages of the premium costs for medical insurance coverage (currently provided through the New York State Health Insurance Plan) at retirement. These percentages are based upon employee classification and hire date. The Village has four classifications for its employees. They are as follows:

Police Benevolent Fund: The Village contributes 100% of the medical premiums.

Department of Public Works: The Village contributes 100% for retirees who were hired prior to March 22, 2004. Retirees hired after March 22, 2004 must have 20 years of service and the Village pays 90%. Retires hired after February 25, 2008 must also have 20 years of service and the Village contributes 85% of the medical premiums.

Civil Service Employee Association: The Village contributes 100% for retirees who were hired prior to August 4, 2004. Retirees hired after August 4, 2004 must have 20 years of service and the Village pays 90% of the medical premiums.

Village: The Village pays 100% for retirees hired prior to January 1, 2005. Retirees hired after January 1, 2005 must have 20 years of service and the Village contributes 90% of the medical premium. Retirees hired after January 1, 2008 must also have 20 years of service and the Village contributes 85% of the premiums.

The spouse of a retiree is entitled to the same contributions. Upon the death of a retiree, the Village will continue the health insurance for the spouse of the employee. Monthly medical premiums (effective 2005) for the NYSHIP Pre 65 Plan are $805 per month for Single and $1,809 per month for Family. For the NYSHIP Post 65 Plan, the monthly medical premiums are $402 per month for Single and $1,002 per month for Family. Medicare Part B Reimbursement is $104.90 per month.

Funding Policy. The contribution requirements of plan members and the Village are established by village contracts. For fiscal year 2017, the Village contributed $870,000 to the plan (contribution made was assumed to equal Expected Benefit Payments).

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

Annual required contribution	$ 1,980,000
Interest on net OPEB obligation	330,000
Adjustment to annual required contribution	(380,000)
Annual OPEB cost (expense)	1,930,000
Contributions made	(870,000)
Increase in net OPEB obligation	1,060,000
Net OPEB obligation—beginning of year	7,410,000
Net OPEB obligation—end of year	$ 8,470,000

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows (dollar amounts in thousands):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost of Payroll
5/31/2017	$ 1,930,000	45.1%	$ 8,470,000	$ 4,220,000	45.7%
5/31/2016	1,850,000	49.7%	7,410,000	4,000,000	46.3%
5/31/2015	2,060,000	41.7%	6,480,000	6,340,000	32.5%

Funded Status and Funding Progress. As of June 1, 2015, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits was $26,330,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $26,330,000. The covered payroll (annual payroll of active employees covered by the plan) was $4,220,000, and the ratio of the UAAL to the covered payroll was 624 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 1, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after seven years. Both rates included a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll at a payroll growth rate of 4.5 percent. The remaining amortization period at May 31, 2016 was twenty-four years.

F. CONCENTRATION OF RISK

The Village maintains all cash and cash equivalents in two depositories. FDIC insurance covers all government accounts up to $250,000 (per official custodian) for demand accounts and time and savings accounts.

G. COMMITMENTS AND CONTINGENCIES

State Grants

The Village is a recipient of a number of State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could lead to certain disallowances and a request for a return of funds. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the respective agency for each grant.

Tax Certiorari

There are presently pending against the Village a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current years. The financial exposures in these cases are indeterminable at this time. See subsequent events for additional information.

Other

The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

There are no contingencies that the Village is aware of that would have a material impact on the financial statements.

H. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2017 and the date that these financial statements were available to be issued, February 20, 2018, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF AMITYVILLE
Required Supplementary Information
For the Year Ended May 31, 2017
(Unaudited)

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund

	Original Budget	Final Budget	Actual
Revenues:			
Real Property Taxes	$ 12,858,864	$ 12,858,864	$ 12,810,503
Real Property Tax Items	402,585	402,585	470,989
Non-Property Tax Items	1,132,702	1,132,702	1,174,764
Departmental Income	151,950	151,950	222,500
Intergovernmental Charges	79,934	79,934	44,225
Use of Money and Property	1,000	1,000	2,695
Licenses and Permits	308,000	308,000	368,407
Fines and Forfeitures	273,700	273,700	191,977
Insurance Recoveries and Minor Sales	-	-	15,467
Miscellaneous Local Sources	-	-	73,975
State Aid	589,296	589,296	462,444
Total Revenues	15,798,031	15,798,031	15,837,946
Expenditures:			
General Government Support	3,611,487	3,611,487	3,133,975
Public Safety	5,393,058	5,393,058	5,413,070
Health	2,000	2,000	5,056
Transportation	519,800	519,800	436,676
Economic Opportunity and Development	31,150	31,150	24,453
Culture and Recreation	149,740	149,740	175,817
Home and Community Services	88,473	88,473	82,336
Employee Benefits	4,400,592	4,400,592	4,585,663
Debt Service	1,351,731	1,351,731	1,087,609
Total Expenditures	15,548,031	15,548,031	14,944,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	250,000	250,000	893,291
Other Financing Sources (Uses):			
Transfers Out	(250,000)	(250,000)	(110,122)
Total Other Financing Sources (Uses)	(250,000)	(250,000)	(110,122)
Net Change in Fund Balance	$ -	$ -	783,169
Fund Balance at Beginning of Year			706,625
Fund Balance at End of Year			$ 1,489,794

See Notes to the Financial Statements

INCORPORATED VILLAGE OF AMITYVILLE
Required Supplementary Information
For the Year Ended May 31, 2017
(Unaudited)

Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)— Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
6/1/2014	-	$ 27,170,000	$ 27,170,000	0.0%	$ 6,340,000	429.0%
6/1/2015	-	25,220,000	25,220,000	0.0%	4,000,000	631.0%
6/1/2016	-	26,330,000	26,330,000	0.0%	4,220,000	624.0%

Schedule of the Local Government's Proportionate Share of the Net Pension Liability

NYSLRS Pension Plan
For the 2017 Fiscal Year **

		2017	2016
Village's proportion of the net pension liability (asset)	ERS	0.0089504%	0.0089660%
	PFRS	0.0995429%	0.1071680%
Village's proportionate share of the net pension liability (asset)		$ 2,904,175	$ 3,173,017
Village's covered payroll		$ 4,220,000	$ 4,000,000
Village's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll		68.82%	79.33%
Plan fiduciary net position as a percentage of the total pension liability		90.70%	90.70%

** The amounts presented for the fiscal year were determined as of the March 31, 2016 measurement date.

INCORPORATED VILLAGE OF AMITYVILLE
Required Supplementary Information
For the Year Ended May 31, 2017
(Unaudited)

Schedule of Local Government Contributions

NYSLRS Pension Plan
For the 2017 Fiscal Year

	2017	2016
Contractually required contribution	$ 1,367,293	$ 1,497,171
Contributions in relation to the contractually required contribution	1,367,293	1,497,171
Contribution deficiency (excess)	$ -	$ -
Village's covered-employee payroll	$ 4,220,000	$ 4,000,000
Contributions as a percentage of covered-employee payroll	32.40%	37.43%

See Notes to Financial Statements