

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
MAY 31, 2018**

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE

TABLE OF CONTENTS

I. INDEPENDENT AUDITOR'S REPORT, MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS

Independent Auditor's Report

	Page
Management's Discussion and Analysis (Required Supplementary Information) (MD&A)	1-13
Statement of Net Position	14
Statement of Activities	15
Balance Sheet – Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Fund Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Fiduciary Net Position – Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	24
Notes to Financial Statements	25-61

II. REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	62-63
Schedule of Funding Progress for Other Post-Employment Benefits (OPEB)	64
Schedule of Village's Proportionate Share of the Net Pension Liability	65
Schedule of Village's Contributions	66

III. OTHER SUPPLEMENTARY INFORMATION

Comparative Balance Sheet – General Fund	67
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund	68
Comparative Balance Sheet – Capital Projects Fund	69

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Fund	70
Combining Balance Sheet – Non Major – Governmental Funds	71
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non Major – Governmental Funds	72
Comparative Balance Sheet – Community Development Fund	73
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances – Community Development Fund	74
Comparative Balance Sheet – Section 8 Housing Fund	75
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances – Section 8 Housing Fund	76
Comparative Balance Sheet – Special Purpose Fund	77
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Purpose Fund	78
Comparative Balance Sheet – Debt Service Fund	79
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Debt Service Fund	80
Comparative Statement of Fund Net Position – Enterprise Fund – Water Fund	81
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund - Water Fund	82
Comparative Statement of Cash Flows – Enterprise Fund - Water Fund	83
Comparative Statement of Fund Net Position – Enterprise Fund – Electric Fund	84
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund - Electric Fund	85
Comparative Statement of Cash Flows – Enterprise Fund - Electric Fund	86
Comparative Statement of Fund Net Position – Internal Service Fund – Risk Retention Fund	87
Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Fund – Risk Retention Fund	88
Comparative Statement of Cash Flows – Internal Service Fund – Risk Retention Fund	89
Comparative Statement of Fiduciary Net Position – Agency Fund	90
Statement of Changes in Assets and Liabilities – Agency Fund	91
Comparative Statement of Fiduciary Net Position – Pension Trust Fund	92
Comparative Statement of Changes in Fiduciary Net Position – Pension Trust Fund	93

**IV. REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Incorporated Village of Rockville Centre

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, fiduciary funds and the aggregate remaining fund information of the Incorporated Village of Rockville Centre as of and for the fiscal year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Rockville Centre'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, fiduciary funds and the aggregate remaining fund information of the Incorporated Village of Rockville Centre as of May 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the Village's proportionate share of the net pension liability, and the schedule of the Village's contributions on pages 1 through 13 and 62 through 66, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The information is the responsibility of management and was derived from and relates 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the Incorporated Village of Rockville Centre's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Incorporated Village of Rockville Centre's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
December 3, 2018

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

Introduction

The following discussion and analysis of the Incorporated Village of Rockville Centre, New York's financial statements provides an overview of the financial activities of the Village for the fiscal year ended May 31, 2018. This discussion should be read in conjunction with the transmittal letter, located at the front of this report, the basic financial statements and the accompanying notes to those statements that follow this section.

Financial Highlights for Fiscal Year 2018

- The general fund completed fiscal year 2018 with a fund balance totaling \$10,280,734. Of this amount, unassigned fund balance totaled \$6,846,257 while another \$2,309,647 was assigned and \$1,124,830 was restricted for unused sick, vacation, and terminal leave payments, primarily for retiring police officers.
- The water fund had an increase in net position of \$2,026,174 and the electric fund had a decrease in net position of \$54,417.
- The Village's total outstanding bonds payable at May 31, 2018 was \$54,645,000. Of this total, \$27,455,000 and \$27,190,000 were attributable to the Village's governmental and business-type activities, respectively.
- The capital projects fund balance was \$923,922 consisting of restricted fund balance totaling \$2,457,237 and an unassigned deficit balance of \$1,533,315.

Total net position (assets and deferred outflows of resources minus liabilities and deferred inflows of resources) for fiscal year 2018 was \$47,583,545. Of this amount \$1,582,020 represents a deficit in the governmental net position and \$49,165,565 represents the business-type net position. The governmental activities net position decreased by \$1,687,613 for the fiscal year ended May 31, 2018. This was primarily due to the recognition of the increase in deferred inflows related to pensions and net other post-employment benefit obligations at May 31, 2018, offset by the recognition of an increase in deferred outflows related to pensions and a decrease in net pension liability-proportionate share and bonds payable, inclusive of premiums. The Village's proportionate share of the net pension liability was \$3,809,164 of which \$3,303,338 is recorded as a liability in the governmental activities on the government wide financial statements. For the fiscal year ending May 31, 2018, the Village's net OPEB obligations were \$46,721,342 of which \$40,608,257 is recorded as a liability in governmental activities on the government-wide financial statements. For the business-type net position, the water fund and electric fund net position totals were \$22,002,413 and \$27,163,152, respectively.

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

Overview of the Financial Statements

The Village's financial statements are comprised of this MD&A and the basic financial statements. The MD&A provides an analysis and overview of the Village's financial activities. The basic financial statements include three components: government-wide financial statements; fund financial statements; and notes to financial statements. This report also includes other supplementary information as listed in the table of contents.

Government-Wide Financial Statements

The *government-wide* financial statements are presented in a manner similar to private-sector business financial statements. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The government-wide financial statements include two statements: Statement of Net Position and Statement of Activities. Fiduciary activities, whose resources are not available to finance Village programs, are excluded from these statements.

The Statement of Net Position presents the Village's total assets and deferred outflows of resources, as well as total liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in the net position may serve as a gauge to determine whether the financial position of the Village is improving or deteriorating.

The Statement of Activities presents information showing the change in the Village's net position during the current fiscal year. All revenues and expenses are reported in this statement regardless of the timing of cash flows. The focus of this statement is on the net cost of providing various activities to the citizens of the Village.

Both of the above financial statements have separate sections for the two different types of activities. These two types of activities are:

Governmental activities - The activities reflected in this section are general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest. These activities are mostly supported by taxes, charges for services and operating grants and contributions.

Business-type activities - These activities consist of the Village's two enterprise funds: water and electric. These activities are intended to recover their cost of operation, including depreciation, primarily through user charges.

The government-wide financial statements can be found immediately following this discussion and analysis.

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

Fund Financial Statements

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Village divides its funds into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds - Most of the basic services provided by the Village are financed and accounted for through governmental funds. Governmental fund financial statements focus on *current inflows and outflows of spendable resources* as well as the *available balances of these resources* at the end of the fiscal year. This information is useful in determining the Village's financing requirements for the subsequent fiscal period. Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting with the exception of the Section 8 Fund where the accrual basis of accounting is utilized.

Because the focus of governmental funds is for the much narrower current period, it is useful to compare this information to the data presented in the *government-wide* financial statements in order to better understand the long-term impact of the Village's current 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 has six individual governmental funds: general fund, capital projects fund, community development fund, section 8 housing fund, special purpose fund and debt service fund. Of these, the general and capital projects funds are reported as major funds and are presented in separate columns on the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. Data for the other governmental funds are combined into a single, aggregated column on these statements. Individual fund data for these non-major funds can be found on the combining statements elsewhere in this report.

The Village adopts an annual budget for its general fund and debt service fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the respective budgets.

The governmental fund financial statements can be found in the basic financial statements section of this report.

Proprietary funds - The Village maintains two different types of proprietary funds: *enterprise funds* and *internal service funds*. These funds are used to show activities that operate similar to private business enterprises and charge fees for services provided. Proprietary fund financial

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

statements use the economic resources measurement focus and the accrual basis of accounting, like the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Village uses enterprise funds to account for its Water and Electric activities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Village's various functions. Within the Internal Service fund, the Village accounts for its activities related to workers' compensation benefits, general liability claims and unemployment claims.

The proprietary fund financial statements can be found in the basic financial statements section of this report.

Fiduciary funds - These funds are used to account for resources held for the benefit of parties outside of the Village. The fiduciary funds are not reflected in the government-wide financial statements because the assets of these funds are not available to support the activities of the Village.

The fiduciary fund financial statements can be found in the basic financial statements section of this report.

Notes to Financial Statements

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

Other Information

Additional statements and schedules can be found immediately following the notes to financial statements. These include the combining statements for the non-major governmental funds and proprietary funds and schedules of budget to actual comparisons.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$47,583,545 for fiscal year ended May 31, 2018.

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

The following table reflects the condensed Statement of Net Position:

	May 31, 2018			May 31, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current Assets	19,437,807	\$ 19,605,536	\$ 39,043,343	\$ 20,742,003	\$ 23,195,449	\$ 43,937,452
Capital Assets, Net	70,038,427	73,239,048	143,277,475	67,185,347	68,552,136	135,737,483
Total Assets	89,476,234	92,844,584	182,320,818	87,927,350	91,747,585	179,674,935
Deferred Outflows of Resources	8,344,263	1,686,555	10,030,818	7,160,441	1,263,528	8,423,969
Current Liabilities	4,449,671	6,679,654	11,129,325	3,652,433	5,824,403	9,476,836
Non-current Liabilities	87,265,071	37,069,783	124,334,854	89,919,336	39,778,256	129,697,592
Total Liabilities	91,714,742	43,749,437	135,464,179	93,571,769	45,602,659	139,174,428
Deferred Inflows of Resources	7,687,775	1,616,137	9,303,912	1,410,429	214,646	1,625,075
Net Position:						
Net Investment in Capital Assets	43,590,259	45,463,039	89,053,298	40,699,380	37,925,381	78,624,761
Restricted	2,618,743		2,618,743	2,558,742		2,558,742
Unrestricted (Deficit)	(47,791,022)	3,702,526	(44,088,496)	(43,152,529)	9,268,427	(33,884,102)
Total Net Position (Deficit)	\$ (1,582,020)	\$ 49,165,565	\$ 47,583,545	\$ 105,593	\$ 47,193,808	\$ 47,299,401

The largest component of the Village's net position reflects its net investment in capital assets amounting to \$89,053,298. The Village uses these capital assets to provide services to its citizens and, consequently, these assets are not available for future spending. Although the Village's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be utilized to liquidate these liabilities.

Restricted net position of \$2,618,743 represents resources that are subject to external restrictions on how they may be used. The restrictions are for the following purposes:

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

	<u>May 31,</u>	
	<u>2018</u>	<u>2017</u>
Capital projects	\$ 942,682	\$ 333,407
Employee benefit		
accrued liability	1,124,830	1,513,159
Debt service	363,874	467,133
Section 8 housing	44,504	64,772
Special purpose -		
culture and recreation		
and public safety	<u>142,853</u>	<u>180,271</u>
Total	<u>\$ 2,618,743</u>	<u>\$ 2,558,742</u>

Unrestricted net deficit totaled \$44,088,496. This amount is comprised of governmental activities net deficit totaling \$47,791,022 and business-type activities net position totaling \$3,702,526. The deficit in governmental activities net position is primarily due to (1) compensated absences of approximately \$12 million, and (2) other post-employment benefit obligations recorded in accordance with GASB Statement No. 45 of approximately \$41 million (3) deferred inflows related to pensions, offset by a decrease in the Village's net pension liability – proportionate share and bonds payable, inclusive of premiums and an increase in deferred outflows related to pensions.

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

The following table reflects the changes in net position from operating results:

	May 31, 2018			May 31, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Program Revenues:						
Charges for services:	\$ 11,716,049	\$ 32,595,126	\$ 44,311,175	\$ 11,803,398	\$ 33,052,978	\$ 44,856,376
Operating grants and contributions	3,184,457		3,184,457	3,811,766		3,811,766
Capital grants and contributions	1,333,276		1,333,276	406,896		406,896
General Revenues:						
Real property taxes	29,121,923		29,121,923	28,589,814		28,589,814
Other payments in lieu of taxes	706,726		706,726	560,602		560,602
Interest and penalties on taxes	113,259		113,259	125,776		125,776
Utilities	162,028		162,028	150,588		150,588
Non property taxes			-	66,749		66,749
Unrestricted use of money and property	515,063	205,704	720,767	88,537	142,617	231,154
State and federal aid	941,398		941,398	923,937		923,937
Miscellaneous	1,569,029		1,569,029	882,325		882,325
Total Revenues	49,363,208	32,800,830	82,164,038	47,410,388	33,195,595	80,605,983
Program Expenses:						
General government and admin.	8,919,948		8,919,948	7,640,852		7,640,852
Public safety	22,910,156		22,910,156	23,306,108		23,306,108
Health	82,370		82,370	50,585		50,585
Transportation	5,144,436		5,144,436	4,376,202		4,376,202
Economic opportunity and development	2,932,681		2,932,681	2,668,507		2,668,507
Culture and recreation	5,194,348		5,194,348	5,129,041		5,129,041
Home and community services	5,121,615		5,121,615	4,573,844		4,573,844
Interest	745,267		745,267	727,569		727,569
Water		4,945,390	4,945,390		4,954,780	4,954,780
Electric		25,883,683	25,883,683		24,911,272	24,911,272
Total expenses	51,050,821	30,829,073	81,879,894	48,472,708	29,866,052	78,338,760
Change in Net Position	(1,687,613)	1,971,757	284,144	(1,062,320)	3,329,543	2,267,223
Net Position - beginning of year	105,593	47,193,808	47,299,401	1,167,913	43,864,265	45,032,178
Net Position - end of year	\$ (1,582,020)	\$ 49,165,565	\$ 47,583,545	\$ 105,593	\$ 47,193,808	\$ 47,299,401

Governmental activities. As discussed previously, governmental activities resulted in a \$1,687,613 reduction in the Village's net position during the current fiscal year. Governmental activities reflected a net deficit of \$1,582,020 as opposed to a net position of \$105,593 for 2017, based on total revenues of \$49,363,208 and total expenses of \$51,050,281.

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

Property taxes (\$29.1 million) and charges for services (\$11.7 million) represented the largest revenue sources. Property taxes grew 1.86% due to a real estate tax rate increase of 1.72%. Collection of the current tax levy remains very strong at nearly 100%. Operating grants and contributions for general governmental activities decreased by \$627,309 primarily due to decreased reimbursements from FEMA and HUD during the current fiscal year. Capital grants and contributions for general governmental activities increased by \$926,380 primarily due to a contribution of \$724,000 during the current fiscal year.

Public Safety expenses totaled \$22.9 million and represented 44.88% of total expenses. Culture and Recreation expenses totaled \$5.2 million and reflected the Village's continuing commitment to its parks and recreation programs. Transportation expenditures totaled \$5.1 million, an increase of \$768,234 from the prior year. Additional post-employment benefits obligations of \$5.3 million and the change in net pension liability—proportionate share and related deferred inflows and deferred outflows recorded in accordance with GASB Statement No. 68 of approximately \$2.8 million were the primary reasons for the decrease in net position.

Business-type activities. Business-type activities reflected a net position totaling \$49,165,565 of which the water and electric funds totals were \$22,002,413 and \$27,163,152, respectively. Electric fund metered sales totaled \$25,376,857, a decrease from \$26,422,956 in fiscal year 2017. This decrease was primarily due to a decrease in consumption. Metered sales in the water fund decreased from \$5,613,203 in fiscal year 2017 to \$5,430,927 in fiscal year 2018 due to decreased usage in correlation with a cooler summer temperatures than the previous year. Purchased power and production for the electric fund increased from \$11,371,782 and \$1,922,845, respectively in fiscal year 2017 to \$11,657,876 and \$2,469,775, respectively in fiscal year 2018, due to an increase in LIPA rates and zero emission expenses which began in April 2017. Employee benefits for the electric fund increased by approximately \$625,196 from fiscal year 2017.

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, *unassigned 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 a combined ending fund balance of \$11,757,961, a decrease of \$1,941,039 from the prior year. Of the total combined fund balance, \$6,846,257 constitutes unassigned fund balance in the general fund, \$2,309,647 constitutes assigned fund balance in the general fund, \$1,533,315 constitutes unassigned deficit balance in the capital projects fund, \$2,074 is assigned for the community

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

development fund, and \$4,133,298 constitutes aggregate restricted fund balance in all governmental funds.

The general fund is the chief operating fund of the Village. At the end of the current fiscal year, the total fund balance of the general fund was \$10,280,734 compared to \$8,325,106 at May 31, 2017. None of the May 31, 2018 fund balance was appropriated towards the next fiscal year budget. Of the general fund balance \$3,434,477 is either assigned or restricted and therefore is not available for discretionary spending. The assigned fund balance is comprised of \$2,024,956 for future real estate certiorari settlements and \$284,691 to liquidate contracts and purchase orders.

The general fund revenues and other financing sources aggregate amount was \$44,967,585 in fiscal 2018, an increase of \$1,169,679 from fiscal year 2017. Real property taxes totaled \$29,121,923, an increase of \$532,109 or 1.86% from fiscal year 2017 and represented the single largest revenue source at 64.76% of total general fund revenues. Parks and recreation charges totaled \$1,924,956, an increase of \$75,799 from fiscal year 2017. Building and alteration permits increased by \$176,910, from \$1,005,427 in fiscal year 2017 to \$1,182,337 in fiscal year 2018, primarily due to an increase in commercial property permits. Parking meter revenues decreased from \$1,387,024 in fiscal year 2017 to \$1,343,021 in fiscal 2018 due to a decrease in usage. Interfund revenues generated from charges to the Water and Electric funds increased by \$105,859, to a total of \$4,223,834, primarily as a result of increases to reimbursements for wages and benefit expenditures.

Once again, public safety represented the largest expenditure category totaling \$12,432,082, a \$431,884 decrease from fiscal year 2017. Employee benefits increased from \$10,943,806 in fiscal year 2017 to \$11,313,091 in fiscal year 2018. Health insurance related expenditures increased from \$5,180,660 in fiscal year 2017 to \$5,758,327 in fiscal year 2018. General government support expenditures aggregated \$6,240,668, an increase of \$198,350 from fiscal year 2017. Lastly, transfers for debt service decreased by \$46,477 from \$4,011,096 during fiscal year 2017 to \$3,964,619 during fiscal 2018.

The capital projects fund is used to account for capital project activity throughout the Village, exclusive of activity in the water and electric enterprise funds. The fund balance totaled \$923,922, a decrease of \$3,735,959 from fiscal year 2017. Expenditures totaled \$5,061,802 in fiscal year 2018, a \$725,367 decrease from fiscal year 2017. Capital projects during fiscal 2018 included road improvements, the renovation of Village buildings, parks and recreation and public safety.

Non-major Governmental Funds consists of special revenue funds and the debt service fund. The special revenue funds are made up of the following individual funds: community development, section 8 housing and special purpose. For fiscal year 2018, the combined fund balance of the non-major Governmental Funds totaled \$553,305 as compared to \$714,013 at May 31, 2017. The special purpose fund portion of the fund balance totaled \$142,853 and consisted of a reserve for

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

trusts to be utilized for recreational and police purposes. The section 8 housing fund had a restricted fund balance of \$44,504.

The debt service fund had a total fund balance at May 31, 2018 of \$363,874 all of which was restricted for future debt service purposes. At May 31, 2017, the debt service fund had a total fund balance of \$467,133. Debt service expenditures for fiscal year 2018 totaled \$4,099,619, a decrease of \$11,477 from fiscal year 2017.

Proprietary funds. The Village's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position totaled \$49,165,565 at the end of fiscal year 2018 compared to \$47,193,808 at May 31, 2017. Other factors concerning the finances of the enterprise fund have already been addressed in the discussion of the Village's business-type activities.

There is no net position reported in the Village's internal service fund. It has been the Village's practice to have the general and enterprise funds transfer the necessary amounts to meet all projected general liability, unemployment and worker's compensation expenditures on an annual basis.

Budgetary Highlights

The Village adopts annual operating budgets for its general and debt service funds and reports the results of operations on a budgetary comparison basis. The Village also used budget estimates as a management tool for its enterprise and internal service funds, although the Village does not report the results of these funds on a budgetary comparison basis. The capital projects fund is budgeted on a project basis.

In preparing its budget, the Village attempts to estimate its revenues and expenditures using realistic, but conservative methods so as to budget its operations in a prudent manner. As a result, the Board of Trustees adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing or creation of new programs.

The final amended general fund budget reflected a \$179,962 increase in appropriations from the original budget. The increase is largely attributable to the larger than anticipated expenditures in general government support, public safety offset by a decrease in home and community and employee benefits.

Capital Asset and Debt Administration

Capital Assets. The Village's capital assets for its governmental and business-type activities as of May 31, 2018 amount to \$143,277,475 (net of accumulated depreciation). These capital assets include land, buildings and equipment, infrastructure, and construction-in-progress.

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

Capital Assets
(Net of Depreciation)
(in thousands)

	May 31, 2018			May 31, 2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 4,576	\$ 376	\$ 4,952	\$ 4,576	\$ 376	\$ 4,952
Buildings and Equipment	22,938	63,029	85,967	23,138	56,064	79,202
Infrastructure	20,955		20,955	22,087		22,087
Construction- in-Progress	21,570	9,834	31,404	17,385	12,112	29,497
Total	<u>\$ 70,039</u>	<u>\$ 73,239</u>	<u>\$ 143,278</u>	<u>\$ 67,186</u>	<u>\$ 68,552</u>	<u>\$ 135,738</u>

Additional information on the Village's capital assets can be found in Note 8 in the notes to financial statements.

Long-term Debt. At the end of the current fiscal year, the Village had total debt outstanding of \$54,645,000 compared to \$60,730,000 at May 31, 2017. The Village's total long-term debt decreased by \$6,085,000 from the prior fiscal year. All of this debt is backed by the full faith and credit of the Village. During fiscal year 2018 the Village did not issue any new general obligation bonds.

Outstanding Debt
General Obligation Bonds
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	<u>\$ 27,455</u>	<u>\$ 30,735</u>	<u>\$ 27,190</u>	<u>\$ 29,995</u>	<u>\$ 54,645</u>	<u>\$ 60,730</u>

Through sound financial management, effective budgetary controls and manageable debt levels, the Village has been successful in receiving its high-grade ratings for its general obligation bonds. The Village enjoys bond ratings of Aa2 from Moody's Investors Service and AAA from Standard and Poor's. These ratings place the Village in the upper tier of rated Villages on Long Island.

The New York State Constitution limits the amount of indebtedness, both long-term and short-term, which the Village may incur. The State Constitution provides that the Village may not

Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018

contract indebtedness in an amount greater than seven percent of the average full value of taxable real property in the Village for the most recent five years. Certain indebtedness is excluded in determining the Village's authority to contract indebtedness within the constitutional limits; accordingly, debt of this kind, commonly referred to as "excluded debt", may be issued without regard to the constitutional limits and without affecting the Village's authority to issue debt subject to the limit. At May 31, 2018, the Village had a constitutional debt limit in excess of \$287 million. Total debt for both governmental and business-type activities is well below this amount.

Additional information on the Village's long-term debt can be found in Note 11 in the notes to financial statements.

Economic Factors and Fiscal Year 2019 Budget

The Village continues to enjoy both strong economic and fiscal health. The U.S. Census Bureau reported 2016 estimated median household and per capita incomes at \$102,807 and \$57,503, which are 69% and 68% above the 2016 estimated New York State averages respectively. An estimated 5.4% of the population is living below the poverty level, 61% below the estimated New York State average.

The fiscal 2019 budget contained a 1.88% real estate tax rate increase. This is the sixth consecutive year the board of trustees had kept the adopted budget under the state's tax cap. Historically, annual real estate tax collections have averaged 99.90%.

The following revenue sources are expected to experience budget growth in 2019: Payments in lieu of taxes from \$586,592 to \$678,219, parks and recreation from \$1,900,000 to \$2,000,000, on street parking from \$1,408,000 to \$1,423,000, interest earnings from \$73,000 to \$90,000, and sale of equipment from \$10,000 to \$15,000.

Building permits is anticipated to decline in 2019 from \$1,148,408 to \$1,100,000, as well as a decline in fines and forfeited from \$1,400,000 to \$1,200,000 as well as unclassified revenue from \$1,347,043 to \$850,000.

The fiscal 2019 budget assumes expenditures will be relatively consistent assuming a 0.25% decrease in total expenditures. Employee benefits including health insurance and retirement systems expenditures are anticipated to increase by approximately \$269,789 for 2019.

The schedule below provides the budget growth in funding premiums from the New York State Retirement Systems during the last twelve fiscal years.

Adopted General fund Budget for Retirement Systems

**Incorporated Village of Rockville Centre, New York
Management's Discussion and Analysis (MD&A)
May 31, 2018**

2008	2009	2010	2011	2012	2013
\$ 1,670,000	\$ 1,595,000	\$ 1,582,000	\$ 2,213,000	\$ 2,692,000	\$ 3,566,512

2014	2015	2016	2017	2018	2019
\$ 4,117,926	\$ 4,080,000	\$ 3,950,000	\$ 3,795,000	\$ 3,890,400	\$ 3,458,208

The total debt service budget for fiscal year 2019 is \$4,189,813 compared to \$3,964,619 during fiscal year 2018.

Health insurance related expenditures continue to grow. The schedule below reveals the budget growth in this category during the last twelve fiscal years.

Adopted General fund Budget for Health Insurance

2008	2009	2010	2011	2012	2013
\$ 3,250,000	\$ 3,475,000	\$ 3,616,000	\$ 3,852,000	\$ 4,322,770	\$ 4,537,000

2014	2015	2016	2017	2018	2019
\$ 4,690,674	\$ 4,653,000	\$ 4,862,000	\$ 5,142,000	\$ 5,567,600	\$ 6,300,000

The health insurance budget has increased 94% between fiscal year 2008 and fiscal year 2019. The fiscal year 2019 budget for health insurance is \$6,300,000, an increase of \$732,400 from fiscal year 2018. Short term health insurance premium increases are expected to continue at the same pace as in recent fiscal years. However, there is some concern that long term premium increases may experience more significant growth in response to federal health care reform.

Requests for Information

This financial report is designed to provide a general overview of the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dennis Morgan, Comptroller, Village of Rockville Centre, PO Box 950, Rockville Centre, NY 11571-0950, telephone (516) 678-9228 or visit the Village's web site at www.rvcny.us.

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
MAY 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents - unrestricted	\$ 14,410,943	\$ 10,181,353	\$ 24,592,296
Cash and cash equivalents - restricted	3,252,176		3,252,176
Taxes receivable, net of allowance for uncollectible amounts	294		294
Other receivables:			
Accounts, net	211,682	6,611,219	6,822,901
State and federal aid	177,003		177,003
Due from other governments	209,153		209,153
Internal balances	27,365	(27,365)	-
Prepaid expenses	261,348		261,348
Inventories		2,840,329	2,840,329
Capital assets (net of accumulated depreciation):			
Land	4,576,378	375,885	4,952,263
Construction-in-progress	21,569,824	9,833,747	31,403,571
Buildings and equipment	22,937,568	63,029,416	85,966,984
Infrastructure	20,954,657		20,954,657
TOTAL ASSETS	88,588,391	92,844,584	181,432,975
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	8,198,439	1,515,351	9,713,790
Deferred charge on refunding	145,824	171,204	317,028
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,344,263	1,686,555	10,030,818
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	96,932,654	94,531,139	191,463,793
LIABILITIES			
Payables			
Accounts payable	1,269,312	4,486,643	5,755,955
Accrued liabilities	1,579,914	278,466	1,858,380
Accrued interest payable	206,083	230,135	436,218
Due to other governments	2,216		2,216
Customer deposits		1,502,868	1,502,868
Due to retirement systems	558,733	117,824	676,557
Unearned revenues			
Collections in advance	507	63,718	64,225
Noncurrent liabilities			
Due within one year			
Bonds payable, inclusive of premiums	3,573,993	2,742,581	6,316,574
Claims payable	1,318,344		1,318,344
Compensated absences	1,515,187	62,591	1,577,778
Due in more than one year			
Bonds payable, inclusive of premiums	24,579,554	25,204,632	49,784,186
Claims payable	1,784,500		1,784,500
Compensated absences	10,526,961	2,441,068	12,968,029
Net pension liability - proportionate share	3,303,338	505,826	3,809,164
Net other post-employment benefits obligations	40,608,257	6,113,085	46,721,342
TOTAL LIABILITIES	90,826,899	43,749,437	134,576,336
DEFERRED INFLOWS OF RESOURCES			
Pensions	7,687,775	1,616,137	9,303,912
NET POSITION			
Net investment in capital assets	43,590,259	45,463,039	89,053,298
Restricted for:			
Capital projects	942,682		942,682
Employee benefit accrued liability	1,124,830		1,124,830
Debt service	363,874		363,874
Section 8 Housing	44,504		44,504
Special purpose	142,853		142,853
Unrestricted (deficit)	(47,791,022)	3,702,526	(44,088,496)
TOTAL NET POSITION (DEFICIT)	\$ (1,582,020)	\$ 49,165,565	\$ 47,583,545

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

	Program Revenues				Net (Expense) Revenue and Change in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS / PROGRAMS							
Governmental Activities							
General government and administration	\$ 8,919,948	\$ 4,414,267	\$ 269,043	\$ -	\$ (4,236,638)	\$ -	\$ (4,236,638)
Public safety	22,910,156	3,793,368			(19,116,788)		(19,116,788)
Health	82,370	68,265			(14,105)		(14,105)
Transportation	5,144,436			609,276	(4,535,160)		(4,535,160)
Economic opportunity and development	2,932,681	43,350	2,785,118		(104,213)		(104,213)
Culture and recreation	5,194,348	1,984,385	32,736	724,000	(2,453,227)		(2,453,227)
Home and community services	5,121,615	1,412,414	97,560		(3,611,641)		(3,611,641)
Interest	745,267				(745,267)		(745,267)
Total Governmental Activities	51,050,821	11,716,049	3,184,457	1,333,276	(34,817,039)	-	(34,817,039)
Business-Type Activities							
Water fund	4,945,390	6,871,383				1,925,993	1,925,993
Electric fund	25,883,683	25,723,743				(159,940)	(159,940)
Total Business-Type Activities	30,829,073	32,595,126	-	-	-	1,766,053	1,766,053
Total Primary Government	\$ 81,879,894	\$ 44,311,175	\$ 3,184,457	\$ 1,333,276	(34,817,039)	1,766,053	(33,050,986)
GENERAL REVENUES							
Real property taxes, levied for general purpose					29,121,923		29,121,923
Other payments in lieu of taxes					706,726		706,726
Interest and penalties on taxes					113,259		113,259
Utilities					162,028		162,028
Use of money and property					515,063	205,704	720,767
State aid (unrestricted)					941,398		941,398
Miscellaneous					1,569,029		1,569,029
TOTAL GENERAL REVENUES					33,129,426	205,704	33,335,130
CHANGE IN NET POSITION							
					(1,687,613)	1,971,757	284,144
TOTAL NET POSITION - BEGINNING OF YEAR							
					105,593	47,193,808	47,299,401
TOTAL NET POSITION - END OF YEAR							
	\$				(1,582,020)	\$ 49,165,565	\$ 47,583,545

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
BALANCE SHEET - GOVERNMENTAL FUNDS
MAY 31, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 11,281,575	\$ -	\$ 28,385	\$ 11,309,960
Cash and cash equivalents - restricted	1,124,830	546,925	1,580,421	3,252,176
Taxes receivable, net of allowance for uncollectible amounts	294			294
Other receivables:				
Accounts, net	189,656		22,026	211,682
State and federal aid	118,522	58,481		177,003
Due from other governments	157,749	-	51,404	209,153
Due from other funds	209,832	705,000	376	915,208
TOTAL ASSETS	<u>\$ 13,082,458</u>	<u>\$ 1,310,406</u>	<u>\$ 1,682,612</u>	<u>\$ 16,075,476</u>
LIABILITIES AND FUND BALANCES				
Payables				
Accounts payable	\$ 643,052	\$ 381,283	\$ 4,130	\$ 1,028,465
Accrued liabilities	1,512,849		345,542	1,858,391
Due to other governments	2,216			2,216
Due to retirement systems	558,733			558,733
Due to other funds	84,367	5,201	779,635	869,203
Unearned revenues				
Collections in advance	507			507
TOTAL LIABILITIES	<u>2,801,724</u>	<u>386,484</u>	<u>1,129,307</u>	<u>4,317,515</u>
FUND BALANCES				
Restricted	1,124,830	942,682	551,231	2,618,743
Restricted (unspent proceeds)		1,514,555		1,514,555
Assigned (community development)			2,074	2,074
Assigned (tax certiorari)	2,024,956			2,024,956
Assigned (unappropriated)	284,691			284,691
Unassigned	6,846,257	(1,533,315)		5,312,942
TOTAL FUND BALANCES	<u>10,280,734</u>	<u>923,922</u>	<u>553,305</u>	<u>11,757,961</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 13,082,458</u>	<u>\$ 1,310,406</u>	<u>\$ 1,682,612</u>	<u>\$ 16,075,476</u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
MAY 31, 2018**

Total Governmental Fund Balances \$ 11,757,961

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenditures under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows of resources related to pensions will be recorded on the Statement of Net Position and amortized as a reduction of pension expense in future years. (7,687,775)

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows are related to pensions that will be recognized as expenditures in future periods amounted to: 8,198,439

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

Original cost of capital assets	\$ 107,796,898	
Accumulated depreciation	<u>(37,758,471)</u>	70,038,427

The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. This is the total assets of the internal service fund less current liabilities, excluding current portion of claims payable, reported on the Statement of Net Position. 3,102,844

Governmental funds report the effect of a deferred charge on defeasance when debt is first issued as an expenditure, whereas these amounts are deferred and amortized in the Statement of Activities. 145,824

Interest payable applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the funds. However, these liabilities are included in the Statement of Net Position. (206,083)

Premium on bond refunding and serial bonds. The Statement of Activities will amortize the premium on bond refunding and serial bonds over the life of the bonds. Governmental funds recorded the premiums as a revenue in the year of issue. (698,547)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences	\$ (12,042,148)	
Claims payable	(3,102,844)	
Bonds payable	(27,455,000)	
Net pension liability - proportionate share	(3,303,338)	
Net other post-employment benefits obligation	<u>(40,329,780)</u>	<u>(86,233,110)</u>

Total Net Position \$ (1,582,020)

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes	\$ 29,121,923	\$ -	\$ -	\$ 29,121,923
Other tax items	982,014			982,014
Departmental income	4,810,702		43,350	4,854,052
Use of money & property	558,297		24,710	583,007
Licenses & permits	1,277,984			1,277,984
Fines & forfeitures	1,223,027			1,223,027
Sale of property & compensation for loss	187,183			187,183
Intergovernmental charges	4,223,834			4,223,834
State and county aid	974,133	609,276		1,583,409
Federal aid	81,860		2,882,678	2,964,538
Miscellaneous	1,526,628	724,000	110,667	2,361,295
TOTAL REVENUES	<u>44,967,585</u>	<u>1,333,276</u>	<u>3,061,405</u>	<u>49,362,266</u>
EXPENDITURES				
Current:				
General government support	6,240,668			6,240,668
Public safety	12,432,082			12,432,082
Health	62,093			62,093
Transportation	2,556,981			2,556,981
Economic opportunity and development	86,649		2,849,852	2,936,501
Culture and recreation	3,046,120		148,076	3,194,196
Home and community services	3,309,654		97,560	3,407,214
Employee benefits	11,313,091			11,313,091
Debt service:				
Principal			3,280,000	3,280,000
Interest			819,619	819,619
Capital outlay		5,061,802		5,061,802
TOTAL EXPENDITURES	<u>39,047,338</u>	<u>5,061,802</u>	<u>7,195,107</u>	<u>51,304,247</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,920,247</u>	<u>(3,728,526)</u>	<u>(4,133,702)</u>	<u>(1,941,981)</u>
OTHER FINANCING SOURCES AND (USES)				
Refund of bond escrow payment			942	942
Interfund revenues				
Transfers in			3,972,052	3,972,052
Transfers (out)	(3,964,619)	(7,433)		(3,972,052)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(3,964,619)</u>	<u>(7,433)</u>	<u>3,972,994</u>	<u>942</u>
NET CHANGE IN FUND BALANCES	1,955,628	(3,735,959)	(160,708)	(1,941,039)
FUND BALANCES - BEGINNING OF YEAR	8,325,106	4,659,881	714,013	13,699,000
FUND BALANCES - END OF YEAR	<u>\$ 10,280,734</u>	<u>\$ 923,922</u>	<u>\$ 553,305</u>	<u>\$ 11,757,961</u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MAY 31, 2018

Net Change in Fund Balances \$ (1,941,039)

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, compensated absences (vacation, sick, and terminal leave) are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences from May 31, 2017 to May 31, 2018 changed by: (392,225)

Net other post-employment benefits obligation in the Statement of Activities is measured by the amounts earned or incurred during the year. In the governmental funds expenditures for these items are measured by the amount of financial resources used. Net other post-employment benefits payable from May 31, 2017 to May 31, 2018 changed by: (5,287,738)

Changes in the proportionate share of net pension liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Employees' retirement system	\$ 24,603	
Police and Firemen's retirement system	<u>(298,646)</u>	(274,043)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$ 5,042,802	
Capital asset additions	1,223,896	
Depreciation expense	<u>(3,413,618)</u>	2,853,080

Long-Term Debt Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 3,280,000

Governmental funds report the premiums, discounts and similar items on the refunded debt when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended May 31, 2018 was: 113,993

Deferred charges are amortized in the Statement of Net Position over the life of the bond. Governmental funds recorded the charges as expenditures in the year received. Amortization for the fiscal year ended was: (72,911)

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statements of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from May 31, 2017 to May 31, 2018 changed by: 33,270

Change in Net Position of Governmental Activities \$ (1,687,613)

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
MAY 31, 2018

	Business-Type Activities- Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Electric	Totals	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 2,493,250	\$ 7,688,103	\$ 10,181,353	\$ 3,100,983
Receivables				
Accounts, net	3,185,778	3,425,441	6,611,219	
Due from other funds	3,437	16,424	19,861	
Prepaid expenses				261,348
Inventories	219,933	2,620,396	2,840,329	
Total Current Assets	<u>5,902,398</u>	<u>13,750,364</u>	<u>19,652,762</u>	<u>3,362,331</u>
Non-Current Assets				
Land	327,271	48,614	375,885	
Construction-in-progress	6,722,871	3,110,876	9,833,747	
Buildings and equipment	41,799,021	66,463,139	108,262,160	
	48,849,163	69,622,629	118,471,792	
Less - Accumulated depreciation	(11,246,386)	(33,986,358)	(45,232,744)	
Total Non-Current Assets	<u>37,602,777</u>	<u>35,636,271</u>	<u>73,239,048</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	221,263	1,294,088	1,515,351	
Deferred charge on refunding	34,657	136,547	171,204	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>255,920</u>	<u>1,430,635</u>	<u>1,686,555</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>43,761,095</u>	<u>50,817,270</u>	<u>94,578,365</u>	<u>3,362,331</u>
LIABILITIES				
Payables				
Accounts payable	1,173,824	3,312,819	4,486,643	240,847
Accrued liabilities	43,217	235,249	278,466	
Accrued interest	134,075	96,060	230,135	
Due to other funds	21,794	25,432	47,226	18,640
Customer deposits	31,642	1,471,226	1,502,868	
Due to retirement system	18,349	99,475	117,824	
Bonds payable, inclusive of premiums	1,807,992	934,589	2,742,581	
Claims payable				1,318,344
Compensated absences	9,700	52,891	62,591	
Unearned revenue				
Collections in advance	63,718		63,718	
Total Current Liabilities	<u>3,304,311</u>	<u>6,227,741</u>	<u>9,532,052</u>	<u>1,577,831</u>
Non-Current Liabilities				
Bonds payable, inclusive of premiums	16,834,931	8,369,701	25,204,632	
Claims payable				1,784,500
Compensated absences	378,304	2,062,764	2,441,068	
Net pension liability - proportionate share	73,443	432,383	505,826	
Net other post-employment benefits obligations	933,039	5,180,046	6,113,085	
Total Non-Current Liabilities	<u>18,219,717</u>	<u>16,044,894</u>	<u>34,264,611</u>	<u>1,784,500</u>
TOTAL LIABILITIES	<u>21,524,028</u>	<u>22,272,635</u>	<u>43,796,663</u>	<u>3,362,331</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	234,654	1,381,483	1,616,137	
NET POSITION				
Net investment in capital assets	18,994,511	26,468,528	45,463,039	
Unrestricted	3,007,902	694,624	3,702,526	
TOTAL NET POSITION	<u>\$ 22,002,413</u>	<u>\$ 27,163,152</u>	<u>\$ 49,165,565</u>	<u>\$ -</u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Electric	Totals	
OPERATING REVENUES				
Charges for services				
Metered sales	\$ 5,430,927	\$ 25,376,857	\$ 30,807,784	\$ -
Penalty income	150,905		150,905	
Risk management				1,888,354
Miscellaneous	901,476	346,886	1,248,362	
Total operating revenues	<u>6,483,308</u>	<u>25,723,743</u>	<u>32,207,051</u>	<u>1,888,354</u>
OPERATING EXPENSES				
Purchased power	143,907	11,657,876	11,801,783	
Depreciation	839,632	1,443,818	2,283,450	
Maintenance	447,319	48,053	495,372	
Interfund charges	579,782	2,976,992	3,556,774	
Production		2,469,775	2,469,775	
Transmission and distribution	757,461	1,288,987	2,046,448	
Street lighting		254,490	254,490	
General and administrative	1,068,955	1,652,734	2,721,689	605,143
Employee benefits	549,003	3,568,728	4,117,731	953,177
Insurance	75,000	258,334	333,334	209,047
Customer deposit interest		1,251	1,251	
Judgments and claims				146,000
Total operating expenses	<u>4,461,059</u>	<u>25,621,038</u>	<u>30,082,097</u>	<u>1,913,367</u>
Operating income (loss)	<u>2,022,249</u>	<u>102,705</u>	<u>2,124,954</u>	<u>(25,013)</u>
NON-OPERATING REVENUES (EXPENSES)				
Rental income	388,075		388,075	
Interest income	100,181	105,523	205,704	25,013
Interest expense	(484,331)	(262,645)	(746,976)	
Total non-operating revenues (expenses)	<u>3,925</u>	<u>(157,122)</u>	<u>(153,197)</u>	<u>25,013</u>
CHANGE IN NET POSITION	<u>2,026,174</u>	<u>(54,417)</u>	<u>1,971,757</u>	<u>-</u>
TOTAL NET POSITION - BEGINNING OF YEAR	<u>19,976,239</u>	<u>27,217,569</u>	<u>47,193,808</u>	<u>-</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 22,002,413</u>	<u>\$ 27,163,152</u>	<u>\$ 49,165,565</u>	<u>\$ -</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Electric	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Revenue collected:				
Cash received from charges for services	\$ 5,745,064	\$ 25,764,945	\$ 31,510,009	\$ 1,888,354
Cash received from insurance recoveries				133,185
Internal activity-payments to other funds for expense reimbursements	4,303	59,478	63,781	
Payments for expenses:				
Cash payments to other suppliers of goods or services	(2,301,011)	(17,646,790)	(19,947,803)	
Cash payments to insurance carriers and claimants				(1,307,985)
Cash payments to employees for services and related expenses	(993,920)	(4,891,878)	(5,885,798)	(953,177)
Cash payments to customers on deposit - interest		(1,251)	(1,251)	
Internal activity-payments to other funds for expense reimbursements	(1,087)	(1,473)	(2,560)	(39,785)
Net Cash Provided by (Used in) Operating Activities	2,453,349	3,283,031	5,736,380	(279,408)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(3,955,444)	(3,014,918)	(6,970,362)	
Proceeds from capital debt	42,993	39,589	82,582	
Principal paid on capital debt	(1,597,993)	(1,289,589)	(2,887,582)	
Interest paid on capital debt	(523,710)	(298,685)	(822,395)	
Net Cash Used in Capital and Related Financing Activities	(6,034,154)	(4,563,603)	(10,597,757)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and rental income	488,256	105,523	593,779	25,013
Net Cash Provided by Investing Activities	488,256	105,523	593,779	25,013
Net Decrease in Cash and Cash Equivalents	(3,092,549)	(1,175,049)	(4,267,598)	(254,395)
Cash and Cash Equivalents at Beginning of Year	5,585,799	8,863,152	14,448,951	3,355,378
Cash and Cash Equivalents at End of Year	\$ 2,493,250	\$ 7,688,103	\$ 10,181,353	\$ 3,100,983
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 2,022,249	\$ 102,705	\$ 2,124,954	\$ (25,013)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	839,632	1,443,818	2,283,450	
Decrease (increase) in:				
Accounts receivable	(750,405)	(26,431)	(776,836)	133,185
Due from other funds	4,303	59,478	63,781	
Prepaid expenses				(13,754)
Inventory	16,562	21,368	37,930	
Increase (decrease) in:				
Accounts payable	125,857	697,237	823,094	(47,132)
Accrued liabilities	6,745	(18,840)	(12,095)	
Due to other funds	(1,087)	(1,473)	(2,560)	(39,785)
Claims payable				(286,909)
Customer deposits	300	67,633	67,933	
Collections in advance	11,861		11,861	
Due to employees' retirement system	(562)	(5,307)	(5,869)	
Compensated absences	48,522	254,733	303,255	
Pension amounts	(9,363)	65,829	56,466	
Net other post-employment benefits obligations	138,735	622,281	761,016	
Net Cash Provided by (Used in) Operating Activities	\$ 2,453,349	\$ 3,283,031	\$ 5,736,380	\$ (279,408)

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
MAY 31, 2018**

	<u>Agency Fund</u>	<u>Pension Trust Fund</u>
ASSETS		
Cash	\$ 491,737	\$ -
Investments-mutual funds, at fair value		4,494,216
Accounts receivable	8,278	
TOTAL ASSETS	<u>\$ 500,015</u>	<u>\$ 4,494,216</u>
LIABILITIES		
Accounts payable	\$ 14,490	\$ -
Deposits	317,979	
Other liabilities	167,546	
TOTAL LIABILITIES	<u>\$ 500,015</u>	<u>\$ -</u>
NET POSITION		
Net position restricted for pensions		<u>\$ 4,494,216</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

	Pension Trust Fund
ADDITIONS	
Interest and net change in fair value of investments	\$ 420,643
TOTAL ADDITIONS	<u>420,643</u>
DEDUCTIONS	
Pension benefits	86,356
TOTAL DEDUCTIONS	<u>86,356</u>
CHANGE IN NET POSITION	334,287
NET POSITION - BEGINNING OF YEAR	<u>4,159,929</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,494,216</u></u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) General statement:

The Village of Rockville Centre (the “Village”) was incorporated pursuant to an act of the New York State Legislature in July 1893. The Village operates under a Board of Trustees form of government in accordance with New York State 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 operation. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general administrative support.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the Village are described below:

B) Financial reporting entity:

The financial reporting entity is based on criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity* and as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity; Omnibus- An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of: (a) the primary government, which is the Incorporated Village of Rockville Centre, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Village is based on several criteria, including legal standing, fiscal dependency and financial accountability.

Based on the application criteria, the following is a summary of an entity that is accounted for as a blended component unit in the Village’s basic financial statements. The Village of Rockville Centre Community Development Agency (the “Agency”) is a separate public benefit corporation created by state legislation to promote the safety, health and welfare of the Village’s inhabitants and to promote the sound growth and development of the Village. The Agency’s management is designated by the Village Board and is substantively the same as the Village Board. The Village Board is financially accountable for the Agency. The Village acts as a pass-through entity for funding received from the Federal U.S. Department of Housing and Urban Development (HUD) through contracts with the County of Nassau (the “County”). Due to the nature and significance of the relationship between the Village and Agency, exclusion of this component unit would cause the financial statements to be misleading. Based on the application of these criteria, there are no other entities which would be included in the Village’s reporting entity.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

C) Basis of presentation:

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

i) Government-Wide Financial Statements:

The Government-Wide Financial Statements (The Statement of Net Position and the Statement of Activities) present information on all of the non-fiduciary activities of the primary government. The effect of interfund activity, within the governmental activities column, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financial accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital 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.

ii) Fund Financial Statements:

Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements. The Village has presented all major funds that met those qualifications.

The Village reports the following major governmental funds.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Governmental Funds:

General Fund – General fund is the main operating fund of the Village. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

Capital Projects Fund – Capital projects fund is used to account for funds received and expended for the construction, renovation, expansion and major improvement of various Village facilities, thoroughfares, arterial streets and drainage improvements, improvements and construction of parks and recreational facilities and acquisition of land and other large nonrecurring projects.

The Village also reports the following non-major governmental funds.

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

Community Development Fund –This blended component unit is used to account for projects financed primarily by entitlements from the U.S. Department of Housing and Urban Development.

Section 8 Housing Fund –This fund is used to account for resources received from the U.S. Department of Housing and Urban Development for housing assistance payment purposes. The fiscal year-end of the Section 8 Housing Fund is June 30, 2018.

Special Purpose Fund –This fund is used to account for various cultural and recreation activities. Financing is provided by fees.

Debt Service Fund – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

iii) Proprietary Funds:

Proprietary Fund Financial Statements include a Statement of Fund Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows.

The Village reports the following proprietary funds.

Enterprise Fund – Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The operations of the electric utility and water utility funds are recorded as enterprise funds.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Internal Service Fund – Internal service funds of the Village (which provide services primarily to other funds of the Village) are presented, in summary form, as part of the Proprietary Fund Financial Statements. Since the principal users of the internal services are the Village's governmental activities, financial activities of the internal service funds are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (general government, public safety, education, public works, health and human services, and culture and recreation) in the Statement of Activities. The Village has established its risk management activities for general liability, workers' compensation and unemployment benefits in an internal service fund.

iv) Fiduciary Funds:

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary funds are used to account for assets held by the Village in a trustee or custodial capacity. These activities are not included in the Government-Wide Financial Statement, because their resources do not belong to the Village, and are not available to be used. The Village has represented the following fiduciary funds:

Agency Fund – This fund is strictly custodial in nature and does not involve the measurement of results of operations. Assets are held by the Village as an agent for payroll liabilities, bid deposits, and tickets related to the justice court.

Pension Trust Fund – This fund is used to account for investments for the Fire Service Length of Service Award Program (Defined contribution pension plan) and is strictly custodial in nature and does not involve the measurement of results of operations.

D) Measurement focus and basis of accounting:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement made, regardless of the measurement focus applied. The Section 8 Housing Fund is recorded on the accrual basis of accounting.

The Government-Wide Financial Statements, Fiduciary Fund Financial Statements and Proprietary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. Under the accrual basis revenues are recognized when earned, including unbilled services which are accrued.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

The Fund Financial Statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting (with the exception of the Section 8 Housing Fund). Under the modified accrual method of accounting revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for recognition of all other governmental fund revenues (with the exception of the Section 8 Housing Fund).

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and intergovernmental revenues. Fines collected and held by the state at year-end on behalf of the government are also recognized as revenues. All other governmental fund revenues are recognized when received. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, net of pension liability, and net other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds and the internal service fund are charges to customers for services. Operating expenses for the enterprise funds and the internal service fund include the costs of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses. Private sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The Village has elected to not follow subsequent private sector guidance.

E) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Village's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

F) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including potential contingent liabilities, useful lives of capital assets, net pension liabilities, and other post-employment benefits.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

G) Cash and cash equivalents:

For purposes of the Statement of Cash Flows, the Village considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Statement of Cash Flows is presented using the direct method. Certain cash balances are restricted by various legal and contractual obligations such as legal reserves, grants and debt agreements.

H) Taxes receivable:

Real property tax rates are set by the Board prior to May 1st, signed by the Mayor no later than May 31st and become an enforceable lien on real property as of June 1st. Property taxes are due in two installments during June and December without penalty.

I) 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/expenses are incurred. Allowances are reported when accounts are deemed to be uncollectible.

J) Prepaid expenses/expenditures:

Prepaid expenses/expenditures consist of insurance costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods.

K) Inventory:

The inventories reflected in the Proprietary Funds are stated at cost. Purchases of inventoriable items at other locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

L) Interfund transactions:

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Refer to Note 15 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

M) Capital assets:

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements and in the Fund Financial Statements for the proprietary funds. All capital assets are valued at historical cost or estimated historical cost if the actual historical cost is not available. Donated capital assets, donated works of art and similar items, as well as capital assets received in a concession arrangement are reported at acquisition value rather than fair value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant or equipment.

Assets capitalized, not including infrastructure assets, have an original cost of \$5,000 or more and over one year of useful life. Infrastructure assets capitalized have an original cost of \$5,000 or more. In the case of the initial capitalization of general infrastructure assets (i.e. those reported by governmental activities), the Village chose to include all such items regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e. estimating the current replace cost of the infrastructure to be capitalized and used an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year).

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and equipment	5-50 years
Infrastructure	20-50 years

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

N) Deferred outflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has two items that qualify for reporting in this category. The first is a deferred charge on refunding in the Government-Wide Financial Statements which represents the unamortized portion of the deferred charge on refunding. These costs are being amortized over the term of the respective bond issue. The second item is related to pensions reported in the Government-Wide Statement of Net Position. This represents the difference between expected and actual experience (ERS and PFRS), changes of assumptions (ERS and PFRS), the net difference between projected and actual earnings on pension plan investments (ERS and PFRS), the changes in proportion and differences between the Village's contributions and proportionate share of contributions (ERS and PFRS), and the Village's contributions subsequent to the measurement date (ERS and PFRS).

O) Deferred inflows of resources:

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one item that qualifies for reporting in this category. The item is related to pensions reported in the Government-Wide Statement of Net Position. This represents the effect of the net difference between expected and actual experience (ERS and PFRS), the net difference between projected and actual earnings on pension plan investments (ERS and PFRS), and the changes in proportion and differences between the Village's contributions and proportionate share of contributions (ERS and PFRS).

P) Collections in advance:

Collections in advance arise when the Village receives resources before it has legal claim to them. In the general fund, monies received in advance were primarily for service assistance payments for the next fiscal year. In the proprietary funds, monies are received before services are delivered. In subsequent periods, when the recognition criteria are met, or when the Village has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

Q) Vested employee benefits:

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation and terminal leave.

Sick leave eligibility and accumulation is specified in negotiated labor contracts. Upon retirement or death, police officers may contractually receive a payment for a portion of their unused accumulated sick leave.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

The Village employees are granted vacation in varying amounts, based primarily on length of service and contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the Government-Wide and the Proprietary Financial Statements. The compensated absences liability is calculated based on the pay rates as mandated in employee contracts in effect at year end.

R) Other benefits:

Village employees participate in the New York State Employees' Retirement System and the New York State and Local Police and Fire Retirement System. In addition to providing pension benefits, the Village provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Pursuant to contractual provisions Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure. In the Government-Wide and Business-Type Financial Statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

S) Short-term debt:

The Village may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue dated. The Village does not have any short-term debt at May 31, 2018.

T) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the Government-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, compensated absences, net pension liabilities, and net other post-employment benefits obligations that will be paid from governmental funds, are reported as a liability in the Funds Financial Statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due. Bonds payable are reported inclusive of applicable bond premiums. Bond issuance costs are recognized as an expenditure/outflow of resources when incurred.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

In the fund statements, only that portion of long-term obligations expected to be financed from expendable available financial resources is reported as a fund liability. 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 actual debt proceeds received, are reported as debt service expenditures.

On the Government-Wide Financial Statements, premiums related to the issuance of long-debt are amortized on a straight-line basis over the life of the issue and are presented as part of the general obligation bonds payable in the non-current liabilities.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

U) Equity classifications:

i) Government-Wide Financial Statements:

In the Government-Wide Financial Statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets including any deferred outflows or inflows of resources related to the outstanding debt, and excluding any unspent debt proceeds.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position (deficit) – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

ii) Fund Financial Statements:

In the Fund Financial Statements, there are three classifications of fund balance presented:

- (1) Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has classified the following as restricted:

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

<u>Restricted for:</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Capital projects	\$ -	\$ 942,682	\$ -	\$ 942,682
Unspent bond proceeds		1,514,555		1,514,555
Employee benefit accrued liability	1,124,830			1,124,830
Debt service			363,874	363,874
Section 8 housing			44,504	44,504
Special purpose-culture and recreation and public safety			142,853	142,853
Total	<u>\$ 1,124,830</u>	<u>\$ 2,457,237</u>	<u>\$ 551,231</u>	<u>\$ 4,133,298</u>

The restricted fund balance in the special purpose fund (special purpose) may only be used for recreational and police programs.

- (2) Assigned fund balance – As per the Village’s fund balance policy, this includes amounts that are constrained by the Village’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the Village management through Board policies. The purchasing agent, comptroller and the Board of Trustees have the responsibility to assign fund balance per their fund balance policy. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund. The Village has classified the following as assigned:

<u>Assigned for:</u>	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Tax certiorari	\$ 2,024,956	\$ -	\$ 2,024,956
General support	167,493		167,493
Public safety	70,191		70,191
Transportation	31,136		31,136
Culture & recreation	7,066		7,066
Community development	8,805	2,074	10,879
Total	<u>\$ 2,309,647</u>	<u>\$ 2,074</u>	<u>\$ 2,311,721</u>

Encumbrances

Encumbrances have been assigned based upon the Village’s intent to be used for a specific purpose such as general support, public safety, transportation, and culture and recreation. See Note 3 for further detail regarding accountability and Note 18 for further detail regarding significant encumbrances.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

The Village has adopted a fund balance policy which authorizes the Board or their designated official to assign amounts for a specific purpose. Additionally, the Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the purchasing agent who has the delegated authority to sign purchase orders.

- (3) Unassigned fund balance –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance. Unassigned fund balance includes \$6,845,257 in the general fund and a deficit of \$1,533,315 in the capital fund that represent projects that have been overspent or are waiting on funding.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves), 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 unrestricted fund balance. Expenditures incurred in unrestricted fund balances shall be applied first to the assigned fund balance to the extent there is an assignment and then to the unassigned balance.

V) New accounting standards:

The Village has adopted and implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB No. 68*; which became effective for financial statements beginning after June 15, 2016. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments. The Statement establishes requirements for defined contribution pension plans that do not fall within the scope of GASB No. 68, *Accounting and Reporting for Pensions*. The District has concluded that it's Length of Service Award Program (LOSAP), although technically not a pension falls within the scope of GASB No. 73.

W) Future changes in accounting standards:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending May 31, 2019. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal year ended May 31, 2020, which provides guidance for the reporting of certain legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended May 31, 2020. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended May 31, 2021. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

These are the statements that the Village feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The Village will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS:

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

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

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

B) Statement of revenues, expenditures and changes in fund balances vs. statement of activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital related differences:

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

iii) Long-term debt differences:

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

NOTE 3 – 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.

- i) On or before March 20th, the budget officer submits to the Village Clerk a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes the proposed expenditures and means of financing.
- ii) The Village Clerk then submits the tentative budget to the Village Board of Trustees, on or before March 31st.
- iii) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.
- iv) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- v) Formal budgetary integration is employed during the year as a management control device for the general and debt service funds.
- vi) Budgets for the general and debt service funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The capital projects fund is budgeted on a project basis. Annual budgets are not adopted for the Community Development, Section 8 Housing, Special Purpose or Proprietary funds.
- vii) The Village Board has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Trustees. Any modifications to appropriations resulting from increases in revenue estimates or supplemental appropriations also require a majority vote by the Board.

- viii) Appropriations in the general and debt service funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appropriated 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. Individual amendments for the current year were not material in relation to the original appropriations which were amended.

B) Property tax limitation:

The Village is authorized by the State Constitution to levy taxes the lower of 2% or the rate of inflation, of the five-year average full valuation of taxable real estate located within the Village and any amounts appropriated for debt service. In accordance with this definition, the maximum amount of the levy for 2017-2018 was \$81,951,091 which exceeded the actual levy by \$56,749,338.

C) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to assign applicable appropriations. Outstanding encumbrances as of year-end do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash

The Village's investment policies are governed by New York State statutes. In addition, the Village is required to have its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. While the Village does not have a specific policy for custodial credit risk, New York State statutes govern the Village's investment policies, as discussed previously in these Notes.

All of the Village's aggregate bank balances were covered by depository insurance or collateralized with securities held by pledging financial institutions in the Village's name at year end. None were exposed to custodial credit risk as described above at year end.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of May 31, 2018 includes \$3,252,176 in the governmental funds.

B) Investments

Investments in the Pension Trust Fund are stated at fair market value. These investments are not subject to risk categorization. See note 14 for additional information.

NOTE 5 – RECEIVABLES:

Receivable balances have been disaggregated by type and presented separately in the financial statements. Receivables with allowances for uncollectible accounts as of May 31, 2018 are presented below.

	<u>General Fund</u>		<u>Water Fund</u>	<u>Electric Fund</u>	<u>Section 8</u>
	<u>Taxes</u>	<u>Accounts</u>	<u>Accounts</u>	<u>Accounts</u>	<u>Accounts</u>
	<u>Receivable</u>	<u>Receivable</u>	<u>Receivable</u>	<u>Receivable</u>	<u>Receivable</u>
Gross receivables	\$ 22,300	\$ 332,180	\$ 3,188,302	\$ 3,785,437	\$ 29,368
Less: allowance for uncollectibles	<u>(22,006)</u>	<u>(142,524)</u>	<u>(2,524)</u>	<u>(359,996)</u>	<u>(7,342)</u>
Net receivables	<u>\$ 294</u>	<u>\$ 189,656</u>	<u>\$ 3,185,778</u>	<u>\$ 3,425,441</u>	<u>\$ 22,026</u>

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at May 31, 2018 consisted of the following:

General Fund	
Due from State & Federal aid	\$ 118,522
Capital Fund	
Due from State	<u>58,481</u>
Total - Governmental funds	<u>\$ 177,003</u>

Village management has deemed these amounts to be fully collectible.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at May 31, 2018 consisted of the following:

General Fund	
Due from Nassau County - mortgage tax	\$ 157,749
Community Development Fund	
Due from Nassau County	<u>51,404</u>
Total - Governmental funds	<u>\$ 209,153</u>

Village management has deemed these amounts to be fully collectible.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

NOTE 8 – CAPITAL ASSETS:

The breakdown by major asset groups at May 31, 2018 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Disposals</u>	Ending <u>Balance</u>
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 4,576,378	\$ -	\$ -	\$ -	\$ 4,576,378
Construction-in-progress	17,384,793	5,042,802	(857,771)		21,569,824
Total capital assets, not being depreciated	<u>21,961,171</u>	<u>5,042,802</u>	<u>(857,771)</u>	<u>\$ -</u>	<u>26,146,202</u>
Capital assets, being depreciated					
Building and equipment	37,309,888	286,253	857,771	(805,900)	37,648,012
Infrastructure	43,100,541	937,643		(35,500)	44,002,684
Total capital assets, being depreciated	<u>80,410,429</u>	<u>1,223,896</u>	<u>857,771</u>	<u>(841,400)</u>	<u>81,650,696</u>
Less accumulated depreciation for					
Buildings and equipment	14,172,817	1,343,527		(805,900)	14,710,444
Infrastructure	21,013,436	2,070,091		(35,500)	23,048,027
Total accumulated depreciation	<u>35,186,253</u>	<u>3,413,618</u>	<u>-</u>	<u>(841,400)</u>	<u>37,758,471</u>
Total capital assets being depreciated, net	<u>45,244,176</u>	<u>(2,189,722)</u>	<u>857,771</u>	<u>-</u>	<u>43,892,225</u>
Governmental activities capital assets, net	<u>\$67,185,347</u>	<u>\$ 2,853,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,038,427</u>
Business-Type Activities:					
Capital assets, not being depreciated					
Land	\$ 375,885	\$ -	\$ -	\$ -	\$ 375,885
Construction-in-progress	12,112,373	8,594,190	(9,239,671)	(1,633,145)	9,833,747
Total capital assets, not being depreciated	<u>12,488,258</u>	<u>8,594,190</u>	<u>(9,239,671)</u>	<u>(1,633,145)</u>	<u>10,209,632</u>
Capital assets, being depreciated					
Building and equipment	100,095,665	-	9,239,671	(1,073,176)	108,262,160
Total capital assets, being depreciated	<u>100,095,665</u>	<u>-</u>	<u>9,239,671</u>	<u>(1,073,176)</u>	<u>108,262,160</u>
Less accumulated depreciation for					
Buildings and equipment	44,031,787	2,283,450		(1,082,493)	45,232,744
Total accumulated depreciation	<u>44,031,787</u>	<u>2,283,450</u>	<u>-</u>	<u>(1,082,493)</u>	<u>45,232,744</u>
Total capital assets being depreciated, net	<u>56,063,878</u>	<u>(2,283,450)</u>	<u>9,239,671</u>	<u>9,317</u>	<u>63,029,416</u>
Business-type activities capital assets, net	<u>\$68,552,136</u>	<u>\$ 6,310,740</u>	<u>\$ -</u>	<u>\$ (1,623,828)</u>	<u>\$ 73,239,048</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Depreciation expense was charged to governmental functions as follows:

General support	\$ 195,253
Public safety	484,674
Transportation	2,224,615
Culture and recreation	370,951
Home and community services	138,125
Total	<u>\$ 3,413,618</u>

NOTE 9 – DEFERRED OUTFLOWS OF RESOURCES:

The deferred charge on refunding, as recorded in the Government-Wide Financial Statements as a deferred outflow of resources, as of May 31, 2018 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Loss on defeasance	<u>\$ 145,824</u>	<u>\$ 171,204</u>
Total deferred charge on refunding	<u>\$ 145,824</u>	<u>\$ 171,204</u>

The loss on defeasance pertaining to the 2012 refunding as recorded in the Government-Wide Financial Statements is being amortized using the straight-line method over 8 years, the time to maturity of the defeased bonds, at the time of refunding, as a component of interest expense.

NOTE 10 - SHORT-TERM DEBT:

The Village did not issue or retire any short-term debt during the year.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

NOTE 11 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Reclassified/ Redeemed	Ending Balance	Due Within One Year
Primary Government					
Governmental activities:					
General obligation debt:					
Bonds payable	\$ 30,735,000	\$ -	\$ 3,280,000	\$ 27,455,000	\$ 3,460,000
Premiums	812,540		113,993	698,547	113,993
Total bonds payable	31,547,540	-	3,393,993	28,153,547	3,573,993
Other liabilities:					
Claims payable	3,389,753	812,268	1,099,177	3,102,844	1,318,344
Compensated absences	11,649,923	1,794,674	1,402,449	12,042,148	1,515,187
Net pension liability- proportionate share	8,049,908		4,746,570	3,303,338	
Net other post-employment benefits obligations	35,282,212	7,446,273	2,120,228	40,608,257	
Total other liabilities	58,371,796	9,240,947	8,269,247	55,953,743	1,515,187
Total Governmental activities	89,919,336	9,240,947	11,663,240	84,107,290	5,089,180
Business-Type Activities					
General obligation debt:					
Bonds payable	29,995,000		2,805,000	27,190,000	2,660,000
Premiums	839,795		82,582	757,213	82,581
Total bonds payable	30,834,795	-	2,887,582	27,947,213	2,742,581
Other liabilities:					
Compensated absences	2,200,404	415,993	112,738	2,503,659	62,591
Net pension liability- proportionate share	1,390,988		885,162	505,826	
Net other post-employment benefit obligations	5,352,069	1,100,939	339,923	6,113,085	
Total other liabilities	8,943,461	1,516,932	1,337,823	9,122,570	62,591
Total Business-Type activities	39,778,256	1,516,932	4,225,405	37,069,783	2,805,172
Total Primary Government	\$ 129,697,592	\$ 10,757,879	\$ 15,888,645	\$ 121,177,073	\$ 7,894,352

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

Governmental fund liabilities for bonds are liquidated by the debt service fund, which is funded primarily by the general fund. The general fund has typically been used to liquidate long-term liabilities for the governmental activities for claims, compensated absences, net pension liability and net other post-employment benefit obligations. The water and electric funds are typically used to liquidate long-term liabilities for business-type activities for bonds payable, compensated absences, and net other post-employment benefit obligations based upon their respective obligations.

General Obligation Bonds

General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the Village. General obligation bonds require the Village to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The Village is in compliance with this requirement.

Arbitrage provisions of the Internal Revenue Tax Act of 1986 require the Village to rebate excess arbitrage earnings from bond proceeds to the federal government. There were no excess arbitrage earnings for the year ended May 31, 2018.

Existing serial and statutory bond obligations at May 31, 2018 were comprised of the following for governmental activities, exclusive of premiums:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Outstanding at Year End
Public Improvements	2008	\$ 825,000	October 2023	4.25-4.50%	\$ 270,000
Public Improvements	2009	4,295,000	December 2024	2.00-3.75%	1,560,000
Public Improvements	2010	3,715,000	February 2026	2.00-3.875%	1,675,000
Refunding Bonds	2012	650,000	June 2019	2.00-3.00%	180,000
Refunding Bonds	2012	495,000	June 2018	2.00-3.00%	95,000
Refunding Bonds	2012	885,000	June 2019	2.00-3.00%	280,000
Refunding Bonds	2012	855,000	June 2020	2.00-3.00%	420,000
Refunding Bonds	2012	1,205,000	June 2021	2.00-3.00%	800,000
Refunding Bonds	2012	1,780,000	June 2022	2.00-4.00%	1,480,000
Public Improvements	2012	2,480,000	August 2027	1.50-3.00%	1,495,000
Serial Bond Retirement					
System Contribution	2013	220,000	October 2018	3.00%	45,000
Public Improvements	2013	7,715,000	October 2028	2.00-3.00%	5,555,000
Public Improvements	2015	8,760,000	February 2030	2.00-3.00%	6,780,000
Public Improvements	2016	2,810,000	February 2031	2.00-3.00%	2,320,000
Public Improvements	2017	4,500,000	June 2032	3.00%	4,500,000
		<u>\$ 41,190,000</u>			<u>\$ 27,455,000</u>

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

Existing serial and statutory bond obligations at May 31, 2018 were comprised of the following for business-type activities, exclusive of premiums:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Outstanding at Year End
Water Fund					
General Improvements	1993	\$ 2,700,000	September 2018	4.85-5.00%	\$ 100,000
General Improvements	2008	2,000,000	October 2023	4.25-4.50%	780,000
General Improvements	2009	1,200,000	December 2024	2.00-3.75%	560,000
General Improvements	2011	2,000,000	February 2026	2.00-3.875%	1,125,000
General Improvements	2012	4,500,000	August 2027	1.50-3.00%	3,005,000
Refunding Bonds	2012	1,370,000	June 2021	2.00-4.00%	765,000
General Improvements	2013	400,000	October 2028	2.00-3.00%	320,000
Public Improvements	2015	2,700,000	February 2030	2.00-3.00%	2,160,000
Public Improvements	2016	6,600,000	February 2031	2.00-3.00%	5,755,000
Public Improvements	2017	3,700,000	June 2032	3.00%	3,700,000
Electric Fund					
General Improvements	2009	1,000,000	December 2024	2.00-3.75%	480,000
General Improvements	2011	1,400,000	February 2026	2.00-3.875%	800,000
General Improvements	2012	1,250,000	August 2027	1.50-3.00%	850,000
Refunding Bonds	2012	3,505,000	June 2027	2.00-4.00%	2,540,000
Public Improvements	2015	3,000,000	February 2030	2.00-3.00%	2,400,000
Public Improvements	2016	750,000	February 2031	2.00-3.00%	650,000
Public Improvements	2017	1,200,000	June 2032	3.00%	1,200,000
		<u>\$ 39,275,000</u>			<u>\$ 27,190,000</u>

The premiums on the 2017, 2016, and 2015 bonds of \$442,257, \$105,371, and \$149,994, respectively, are being amortized using the straight-line method over 15 years, the time to maturity for each of the bonds.

The premium on bond refunding pertaining to the 2012 refunding and the 2012 serial bond, as recorded in the Government-Wide Financial Statements, are being amortized using the straight-line method over 11 years and 15 years, respectively, the time to maturity of the 2012 refunded bond and the 2012 serial bond.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ending May 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,460,000	\$ 729,813	2,660,000	741,008	6,120,000	1,470,821
2020	3,275,000	635,213	2,600,000	669,008	5,875,000	1,304,221
2021	2,850,000	548,138	2,640,000	595,908	5,490,000	1,144,046
2022	2,565,000	472,001	2,595,000	523,220	5,160,000	995,221
2023	2,375,000	405,075	2,470,000	453,183	4,845,000	858,258
2024-2028	9,385,000	1,215,277	10,330,000	1,318,446	19,715,000	2,533,723
2029-2032	3,545,000	195,975	3,895,000	244,850	7,440,000	440,825
	<u>\$27,455,000</u>	<u>\$ 4,201,492</u>	<u>\$27,190,000</u>	<u>\$ 4,545,623</u>	<u>\$54,645,000</u>	<u>\$ 8,747,115</u>

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

	Governmental Activities	Business-Type Activities	Primary Government
Interest paid	\$ 819,619	\$ 822,395	\$ 1,642,014
Less interest accrued in the prior year	(239,353)	(259,808)	(499,161)
Plus interest accrued in the current year	206,083	230,135	436,218
Plus amortization of deferred charge	72,911	36,836	109,747
Less amortization of premiums	(113,993)	(82,582)	(196,575)
Total expense	<u>\$ 745,267</u>	<u>\$ 746,976</u>	<u>\$ 1,492,243</u>

NOTE 12- PENSION PLANS:

A) Plan description and benefits provided:

Employees' Retirement System and Police and Fire 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 (the 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 (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B) Funding policies:

The System is noncontributory, except as follows:

- a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

The Comptroller certifies the rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village is required to contribute at an actuarially determined rate. The Village contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>
2018	\$ 1,941,494	\$ 2,034,338
2017	\$ 2,010,172	\$ 2,104,640
2016	\$ 2,172,165	\$ 1,694,871

The PFRS contribution was charged to the general fund.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

The current ERS contribution was charged as follows:

Fund	Amount
General	\$ 1,275,347
Water	97,040
Electric	569,107
	\$ 1,941,494

As detailed above, the general fund, water fund, and electric fund have typically been used to liquidate the net pension obligation.

C) Pension assets, liabilities, pension expense, and deferred outflows and inflows of resources related to pensions:

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

	<u>ERS</u>	<u>PFRS</u>	<u>Community Development ERS</u>
Measurement date	March 31, 2018	March 31, 2018	March 31, 2018
Net pension liability	\$ (1,477,728)	\$ (2,321,046)	\$ (10,390)
Village's portion of the Plan's total net pension liability	0.0457863%	0.2296344%	0.0003219%
Change in proportion since prior measurement date	(0.0009573)%	(0.0129486%)	0.0000999%

For the year ended May 31, 2018, the Village recognized pension expense of \$1,971,890 for ERS and \$2,332,985 for PFRS. At May 31, 2018 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>PFRS</u>	<u>ERS</u>	<u>PFRS</u>
Differences between expected and actual experience	\$ 530,764	\$ 955,319	\$ 438,603	\$ 616,755
Changes of assumptions	986,746	1,758,613		
Net difference between projected and actual earnings on pension plan investments	2,161,374	1,878,615	4,266,336	3,783,428
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	451,007	314,795	51,069	147,721
Village's contributions subsequent to the measurement date	<u>332,992</u>	<u>343,565</u>		
	<u>\$ 4,462,883</u>	<u>\$ 5,250,907</u>	<u>\$ 4,756,008</u>	<u>\$ 4,547,904</u>

The Village allocated pension liability, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions and the contributions between Governmental and Business-type activities based on reported salaries for each activity.

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

	<u>ERS</u>	<u>PFRS</u>
Plan Year ended:		
2019	\$ 491,391	\$ 591,048
2020	362,574	537,994
2021	(1,002,162)	(498,996)
2022	(477,920)	(354,406)
2023		83,798
	<u>\$ (626,117)</u>	<u>\$ 359,438</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Actuarial Assumptions

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

Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
Interest rate	7.00%
Salary scale	3.8% for ERS 4.5% for PFRS
Cost of living adjustments	1.3% annually
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.50%

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

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

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

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Valuation date	April 1, 2017	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.50%
Real Estate	10%	5.55%
Absolute return strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bond and mortgages	17%	1.31%
Cash	1%	(0.25%)
Inflation-indexed bonds	4%	1.25%
	<u>100%</u>	

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

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

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

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
<u>ERS</u>			
Village's proportionate share of the net pension asset/(liability)	<u>\$ (11,180,888)</u>	<u>\$ (1,477,728)</u>	<u>\$ 6,730,758</u>
<u>Community Development ERS</u>			
Village's proportionate share of the net pension asset/(liability)	<u>\$ (78,617)</u>	<u>\$ (10,390)</u>	<u>\$ 47,326</u>
<u>PFRS</u>			
Village's proportionate share of the net pension asset/(liability)	<u>\$ (11,369,111)</u>	<u>\$ (2,321,046)</u>	<u>\$ 5,268,158</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>PFRS</u>
Valuation date	April 1, 2017	April 1, 2017
Employers' total pension liability	\$ (183,400,590)	\$ (32,914,423)
Plan fiduciary net position	<u>180,173,145</u>	<u>31,903,666</u>
Employers' net pension liability	<u>\$ (3,227,445)</u>	<u>\$ (1,010,757)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	98.24%	96.93%

Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of May 31, 2018 represent the projected employer contribution for the period of April 1, 2018 through May 31, 2018 based on paid wages multiplied by the employer's contribution rate, by tier. Accrued ERS and PFRS retirement contributions as of May 31, 2018 amounted to \$332,992 and \$343,565, respectively.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

NOTE 13 – OTHER RETIREMENT PLAN:

Deferred Compensation Plan:

The Village has established a deferred compensation plan in accordance with Internal Revenue Code § 457 for all employees. The Village makes no contributions to the Plan. The amount deferred by eligible employees for the year ended May 31, 2018 totaled \$1,144,327.

NOTE 14 – PENSION TRUST – FIRE SERVICE AWARDS PROGRAM:

The Village established a defined contribution length of service award program (the “LOSAP”) for the active volunteer firefighters of the Village of Rockville Centre Volunteer Fire Department. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program.

A) Program Description:

i) Participation, vesting and service credit

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service, and upon earning 50 or more points in a calendar year after 1993 are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service. 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 up to 5 years of credit for firefighting performed prior to 1994.

ii) Benefits

A participant’s benefit under the program is the amount resulting from the contributions made by the sponsor on behalf of the participant, plus interest and/or other earnings resulting from the investment of the contributions, less necessary administrative costs, forfeitures and losses resulting from the investment of contributions. Contributions in the amount of \$700 are made on behalf of each participant who is credited with a year of firefighting service. Except in the case of permanent total disability or death, benefits are payable when a participant reaches entitlement age. Participants remain eligible to accumulate points after entitlement age has been reached. The participants age 65 and over receive payment directly from the Village for their service.

B) Fiduciary Investment and Control:

Service credit is determined by the Board of Trustees of the sponsor, based on information certified to the Board of Trustees by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the Board of Trustees. The Board of Trustees of the sponsor performs the administration of the program. Disbursements for the payment of benefits or administrative expenses must be approved by the Board of Trustees.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program.

Authority to invest program assets is vested in Mutual of America. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule. Each program participant discusses future investments on their behalf with Mutual of America on an individual basis.

C) Contributions:

The total amount of contributions shall be made no later than the time prescribed by laws for the proper funding of the Plan.

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

D) Program Financial Condition:

i) Assets and Liabilities

Assets Available for Benefits

	<u>% of total</u>	
Mutual Funds	100.00%	\$ 4,494,216
Less: Liabilities		<u>-</u>
Total Net Assets Available for Benefits		<u>\$ 4,494,216</u>
Unfunded Liability for Prior Service		<u>\$ -</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

ii) Receipts and Disbursements

Plan net assets, beginning of year		\$ 4,159,929
Changes during the year:		
Additions		
Plan contributions		
Interest and net change in		
fair value of investments	334,287	334,287
Subtractions		
Plan benefit withdrawals		-
Plan net assets, end of year		<u>\$ 4,494,216</u>

NOTE 15 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS, PROPRIETARY FUND AND FIDUCIARY FUND:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 209,832	\$ 84,367	\$ -	\$ 3,964,619
Capital projects fund	705,000	5,201		7,433
Non-major governmental	376	779,635	3,972,052	
Total government activities	915,208	869,203	3,972,052	3,972,052
Water fund	3,437	21,794		
Electric fund	16,424	25,432		
Internal service fund		18,640		
Totals	<u>\$ 935,069</u>	<u>\$ 935,069</u>	<u>\$ 3,972,052</u>	<u>\$ 3,972,052</u>

The Village typically transfers monies from the general fund to the debt service fund, to finance principal and interest payments as they become due. The Village typically transfers monies from the general fund to the capital projects fund to finance capital projects. Unexpended funds from the capital projects fund are transferred to the debt service fund as bonded projects are completed.

The Village typically loans resources to the other funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) Plan Description:

The Village provides post-employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Village's contractual agreements. New York State Health Insurance Program Empire Plan, (the "Plan") is a single-employer defined benefit healthcare plan administered by New York State. The Plan provides medical insurance benefits to eligible retirees and their spouses. Article 37 of the Statutes of New York State assigns the authority to establish and amend benefit provisions to the Village. The Plan does not issue a stand-alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

B) Funding Policy:

The contribution requirements of Plan members and the Village are established and may be amended by the Village. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018, the Village contributed \$2,460,151 for current premiums and an additional \$0 to prefund benefits. Plan members contribute 0% to 65% as per respective collective bargaining agreements.

C) 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Village's net OPEB obligation to the Plan:

Annual required contribution	\$ 9,181,346
Interest on net OPEB obligation	1,625,372
Adjustment to annual required contribution	<u>(2,259,506)</u>
Annual OPEB cost (expense)	8,547,212
Contributions made	<u>(2,460,151)</u>
Increase in net OPEB obligation	6,087,061
Net OPEB obligation-beginning of year	<u>40,634,281</u>
Net OPEB obligation-end of year	<u><u>\$ 46,721,342</u></u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2018 and the two preceding years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Annual OPEB Cost</u>	<u>OPEB Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
May 31, 2016	\$ 7,310,769	\$ 6,841,132	\$ 2,106,459	31%	\$ 34,828,197
May 31, 2017	\$ 8,578,131	\$ 8,034,606	\$ 2,228,522	28%	\$ 40,634,281
May 31, 2018	\$ 9,181,346	\$ 8,547,212	\$ 2,460,151	29%	\$ 46,721,342

E) Funded Status and Funding Progress:

As of June 1, 2017, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$96,637,155 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$96,637,155. The covered payroll (annual payroll of active employees covered by the plan) was \$24,442,172, and the ratio of the UAAL to the covered payroll was 395%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared to 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 provides multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F) Actuarial Methods and Assumptions:

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

In the June 1, 2017 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0% discount rate and an annual healthcare cost trend rate of 9.5% initially, reduced by decrements to an ultimate rate of 5% after 12 years. This rate includes a 5% inflation assumption. The UAAL is being amortized using the level dollar amortization method on an open basis. The remaining amortization at May 31, 2018, was 30 years.

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

NOTE 17 – RISK MANAGEMENT:

A) General:

The Village is self-insured for general, auto and police professional liability. The Village has retained a \$300,000 liability per occurrence except for certain exceptions including auto which is retained at \$250,000 and in order to reduce its exposure to catastrophic losses on insured events, has purchased “stop loss” insurance. Certain governmental funds and the enterprise fund are charged a premium by the Internal Service Fund.

The Village is self-insured for workers’ compensation benefits. The workers’ compensation claims are covered up to statutory limits. There is a \$500,000 self-insured retention per claim and \$750,000 for police and fire. Insurance coverage has been secured for losses in excess of the retention. Certain governmental funds and the Enterprise Fund are charged premiums by the Internal Service Fund.

The Village is self-insured for claims arising from unemployment cases and liabilities are not material.

The Village is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks in excess of self-insured amounts. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage from the prior year. Settled claims from these risks have exceeded commercial insurance coverage in the past three years. During the current and prior year, the Village settled cases totaling approximately \$282,315 in 2018 and \$138,586 in 2017.

B) Claims:

The Internal Service Fund reflects workers’ compensation benefit liabilities, general liability claims and unemployment benefit liabilities which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. Liabilities do include an amount for claims which were incurred on or before year-end but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience. An analysis of the activity of unpaid claim liabilities is as follows:

	2018	2017
Unpaid claims at beginning of year	\$ 3,389,753	\$ 3,552,799
Incurred claims and claim adjustment expenses	812,268	1,208,073
Claims payments	(1,099,177)	(1,371,119)
Unpaid claims at year end	<u>\$ 3,102,844</u>	<u>\$ 3,389,753</u>

INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

NOTE 18 – COMMITMENTS AND CONTINGENCIES:

A) Grants:

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

B) Litigation:

The Village is involved in lawsuits arising from the normal conduct of its affairs, as well as a defendant in numerous pending tax certiorari cases. Some of these lawsuits seek damages which may be in excess of the Village's insurance coverage. To the extent the outcome of such litigation has been determined to result in probable loss to the Village such loss has been accrued in the accompanying financial statements in the amount of \$1,038,252. Any future refunds resulting from adverse settlements not accrued for will be funded in the year payments are made.

C) Encumbrances:

Significant encumbrances included in governmental fund balances have been classified as restricted or assigned fund balance and are as follows:

- i) **General Fund** - Total encumbrances of the general fund as of May 31, 2018 were \$284,691. Significant encumbrances of \$167,493 were assigned for general support and \$70,191 for public safety equipment.
- ii) **Capital Projects Fund** – Total encumbrances of the capital projects fund as of May 31, 2018 were \$2,667,026. Significant encumbrances of \$2,225,616 were restricted to building work; \$400,833 was assigned and/or restricted to roadwork.

D) Leases:

Operating Leases

The Village leases various equipment and vehicles under non-cancelable leases. Rental expense for the fiscal year was \$148,259. The minimum remaining lease payments are as follows:

Fiscal Year Ending May 31,	Amount
2019	\$ 104,957
2020	132,742
2021	124,404
2022	100,507
2023	43,003
2024-2025	74,030
	<u>\$ 579,643</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

NOTE 19 – TAX ABATEMENTS:

The Town of Hempstead Industrial Development Agency, established by Title 1 of Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 905, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The Village's property tax revenue was reduced by \$708,382 for these programs. The Village received Payments in Lieu of Tax (PILOT) payments totaling \$140,227.

The Nassau County Industrial Development Agency, established by Title 1 of Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 922, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the County. The Village's property tax revenue was reduced by \$429,256 for these programs. The Village received Payments in Lieu of Tax (PILOT) payments totaling \$124,124 for these programs during the fiscal year.

The Village, County of Nassau and Rockville Center Housing, pursuant to Article V of the Private Housing Finance Law of the State of New York, entered into property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Village. The Village's property tax revenue was reduced by \$288,433 for these programs. The Village received Payments in Lieu of Tax (PILOT) payments totaling \$62,416 for this program during the fiscal year.

The Village received PILOT payments from the County related to the Long Island Power Authority. These PILOT payments are not considered tax abatements as the purpose of this agreement was not to abate taxes.

NOTE 20 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through December 3, 2018, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Current Year</u>	<u>(Over) Under Final Budget</u>
REVENUES				
Real property taxes	\$ 29,166,372	\$ 29,166,372	\$ 29,121,923	\$ 44,449
Other tax items	924,341	924,341	982,014	(57,673)
Departmental income	4,895,600	4,895,600	4,810,702	84,898
Use of money & property	123,000	123,000	558,297	(435,297)
Licenses & permits	1,613,408	1,613,408	1,277,984	335,424
Fines & forfeitures	1,400,000	1,400,000	1,223,027	176,973
Sale of property & compensation for loss	105,000	105,000	187,183	(82,183)
Intergovernmental charges	4,045,676	4,045,676	4,223,834	(178,158)
State aid	931,671	931,671	974,133	(42,462)
Federal aid	100,000	100,000	81,860	18,140
Miscellaneous	1,426,043	1,426,043	1,526,628	(100,585)
TOTAL REVENUES	44,731,111	44,731,111	<u>\$ 44,967,585</u>	<u>\$ (236,474)</u>
Appropriated fund balance		<u>179,962</u>		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	<u>\$ 44,731,111</u>	<u>\$ 44,911,073</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

(Continued)

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
<u>GENERAL GOVERNMENT SUPPORT</u>					
Board trustees	\$ 103,950	\$ 107,250	\$ 107,250	\$ -	\$ -
Village justice	252,744	252,744	201,195	1,395	50,154
Mayor	141,500	149,454	149,450		4
Comptroller	881,877	881,877	801,266		80,611
Clerk treasurer	1,027,188	990,016	849,218	2,591	138,207
Professional services	575,000	707,782	536,057	163,248	8,477
Purchasing	159,353	159,353	154,059		5,294
Personnel	436,635	426,635	410,551		16,084
Elections	9,000	9,000	7,364		1,636
Central garage	771,736	790,943	790,943		-
Data processing	428,915	491,052	441,789	259	49,004
Special items					
Municipal associations dues	9,561	10,972	10,972		-
Judgments and claims	1,409,300	1,409,300	1,212,413		196,887
Metropolitan commuter transportation mobility tax	69,400	69,400	68,141		1,259
Insurance contribution	500,000	500,000	500,000		-
<u>PUBLIC SAFETY</u>					
Police civilian	981,124	937,156	842,026		95,130
Police	9,999,408	10,053,178	10,000,228	51,153	1,797
Street parking	149,500	166,281	166,281		-
Fire department	842,300	892,211	734,604	19,011	138,596
Fire prevention	13,700	13,700	3,684		10,016
Safety inspection	677,434	676,950	674,577	27	2,346
Auxiliary police	20,500	20,508	10,682		9,826
<u>HEALTH</u>					
Registrar of Vital Statistics	61,239	62,093	62,093		-
<u>TRANSPORTATION</u>					
Street administration	765,623	773,242	727,315	2,200	43,727
Street maintenance	983,794	1,109,295	1,065,307	5,940	38,048
Snow removal	300,000	227,954	226,926		1,028
Street lighting	543,600	543,600	537,433		6,167
Sidewalks	31,000	31,000		22,996	8,004
<u>ECONOMIC OPPORTUNITY AND DEVELOPMENT</u>					
Publicity	92,000	92,000	86,649		5,351
<u>CULTURE and RECREATION</u>					
Parks	673,999	708,305	693,516		14,789
Play & Recreation	1,596,267	1,558,219	1,482,131	7,066	69,022
MLK Center	288,001	288,001	262,132		25,869
Senior Center	579,892	579,892	572,830		7,062
Celebrations	33,000	35,511	35,511		-
<u>HOME and COMMUNITY SERVICE</u>					
Zoning Board	38,300	40,200	27,367		12,833
Planning Board	31,876	32,276	14,273		18,003
Sanitary Sewers	395,310	373,310	333,506	1,415	38,389
Refuse Collection	2,849,772	2,756,380	2,726,465	7,390	22,525
Board of Arch Review	5,000	5,000	2,600		2,400
Storm Sewers	191,275	197,755	197,703		52
Emergency Tenant Protection	7,500	7,740	7,740		-
<u>EMPLOYEE BENEFITS</u>					
Employee benefits	11,838,919	11,808,919	11,313,091		495,828
TOTAL EXPENDITURES	40,766,492	40,946,454	39,047,338	284,691	1,614,425
<u>OTHER FINANCING USES</u>					
Other financing uses - transfers to other funds	3,964,619	3,964,619	3,964,619		-
TOTAL OTHER FINANCING USES	3,964,619	3,964,619	3,964,619	-	-
TOTAL EXPENDITURES AND OTHER USES	\$ 44,731,111	\$ 44,911,073	43,011,957	\$ 284,691	\$ 1,614,425
EXCESS OF REVENUES (EXPENDITURES)			1,955,628		
FUND BALANCES - BEGINNING OF YEAR			8,325,106		
FUND BALANCES - END OF YEAR			\$ 10,280,734		

Note to Required Supplementary Information

Budget Basis of accounting

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

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)
MAY 31, 2018

Valuation Date	Actuarial		Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2012	\$ -	\$ 75,601,277	\$ 75,601,277	0%	\$ 22,892,008	330%
June 1, 2014	\$ -	\$ 71,111,830	\$ 71,111,830	0%	\$ 24,185,039	294%
June 1, 2016	\$ -	\$ 88,996,043	\$ 88,996,043	0%	\$ 24,442,172	364%

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE LAST FOUR FISCAL YEARS ENDED MAY 31, *

<u>NYSERS Pension Plan</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability	0.0457863%	0.0467436%	0.0448793%	0.0455493%
Community Development's proportion of the net pension liability	0.0003219%	0.0002220%	0.0002536%	0.0003449%
Village's proportionate share of the net pension liability	\$ 1,477,728	\$ 4,392,132	\$ 7,203,254	\$ 1,538,768
Community Development's proportionate share of the net pension liability	\$ 10,390	\$ 20,862	\$ 40,702	\$ 11,651
Village's covered payroll	\$13,177,965	\$13,153,344	\$13,716,005	\$12,661,664
Village's proportionate share of the net pension liability as a percentage of its covered payroll	11.29%	33.39%	52.52%	12.15%
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.68%	97.95%

<u>NYSPPR Pension Plan</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Village's proportion of the net pension liability	0.2296344%	0.242583%	0.262200%	0.264672%
Village's proportionate share of the net pension liability	\$ 2,321,046	\$ 5,027,902	\$ 7,763,183	\$ 679,116
Village's covered payroll	\$ 8,408,694	\$ 8,275,129	\$ 8,712,398	\$ 8,746,302
Village's proportionate share of the net pension liability as a percentage of its covered payroll	27.60%	60.76%	89.11%	7.76%
Plan fiduciary net position as a percentage of the total pension liability	96.93%	93.46%	90.24%	99.00%

* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE'S CONTRIBUTIONS
FOR THE LAST FIVE FISCAL YEARS ENDED MAY 31,**

<u>NYSERS Pension Plan</u>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,941,494	\$ 2,010,172	\$ 2,172,165	\$ 2,489,116	\$ 2,795,580
Contributions in relation to the contractually required contribution	<u>1,941,494</u>	<u>2,010,172</u>	<u>2,172,165</u>	<u>2,489,116</u>	<u>2,795,580</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 13,147,634	\$ 13,595,933	\$ 13,310,785	\$ 13,262,296	\$ 12,828,119
Contributions as a percentage of covered payroll	14.77%	14.79%	16.32%	18.77%	21.79%

<u>NYSPFRS Pension Plan</u>					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,034,338	\$ 2,104,640	\$ 1,694,871	\$ 2,886,280	\$ 2,321,824
Contributions in relation to the contractually required contribution	<u>2,034,338</u>	<u>2,104,640</u>	<u>1,694,871</u>	<u>2,886,280</u>	<u>2,321,824</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 8,395,192	\$ 8,502,395	\$ 8,456,953	\$ 8,968,011	\$ 9,024,858
Contributions as a percentage of covered payroll	24.23%	24.75%	20.04%	32.18%	25.73%

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE BALANCE SHEET
GENERAL FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 11,281,575	\$ 8,643,066
Cash and cash equivalents - restricted	1,124,830	1,513,159
Taxes receivable, net of allowance for uncollectible amounts	294	294
Other receivables:		
Accounts, net	189,656	29,553
State and federal aid	118,522	251,630
Due from other governments	157,749	152,749
Due from other funds	<u>209,832</u>	<u>195,228</u>
TOTAL ASSETS	<u><u>\$ 13,082,458</u></u>	<u><u>\$ 10,785,679</u></u>
LIABILITIES AND FUND BALANCES		
Payables		
Accounts payable	\$ 643,052	\$ 357,099
Accrued liabilities	1,512,849	1,409,114
Due to other governments	2,216	738
Due to retirement system	558,733	622,258
Due to other funds	84,367	57,699
Unearned revenues		
Collections in advance	<u>507</u>	<u>13,665</u>
TOTAL LIABILITIES	<u>2,801,724</u>	<u>2,460,573</u>
FUND BALANCES		
Restricted (employee benefit accrued liability)	1,124,830	1,513,159
Assigned (tax certiorari)	2,024,956	2,024,956
Assigned (unappropriated)	284,691	567,995
Unassigned	<u>6,846,257</u>	<u>4,218,996</u>
TOTAL FUND BALANCES	<u>10,280,734</u>	<u>8,325,106</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 13,082,458</u></u>	<u><u>\$ 10,785,679</u></u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
GENERAL FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	2018					2017				
	Original Budget	Final Budget	Current Year	Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances	Original Budget	Final Budget	Current Year	Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
REVENUES										
Real property taxes	\$ 29,166,372	\$ 29,166,372	\$ 29,121,923	\$ -	\$ 44,449	\$ 28,688,848	\$ 28,688,848	\$ 28,589,814	\$ -	\$ 99,034
Other tax items	924,341	924,341	982,014		(57,673)	923,341	923,341	903,715		19,626
Departmental income	4,895,600	4,895,600	4,810,702		84,898	4,858,600	4,859,080	4,775,528		83,552
Use of money & property	123,000	123,000	558,297		(435,297)	108,000	108,000	132,140		(24,140)
Licenses & permits	1,613,408	1,613,408	1,277,984		335,424	1,480,000	1,480,000	1,506,398		(26,398)
Fines & forfeitures	1,400,000	1,400,000	1,223,027		176,973	1,400,000	1,400,000	1,251,297		148,703
Sale of property & compensation for loss	105,000	105,000	187,183		(82,183)	102,000	120,809	308,133		(187,324)
Intergovernmental charges	4,045,676	4,045,676	4,223,834		(178,158)	4,045,676	4,045,676	4,117,975		(72,299)
State and county aid	931,671	931,671	974,133		(42,462)	911,671	911,671	981,366		(69,695)
Federal aid	100,000	100,000	81,860		18,140	100,000	283,566	359,912		(76,346)
Miscellaneous	1,426,043	1,426,043	1,526,628		(100,585)	951,498	977,433	861,128		116,305
TOTAL REVENUES	44,731,111	44,731,111	44,967,585	-	(236,474)	43,569,634	43,798,424	43,787,406	-	11,018
EXPENDITURES										
General government support	6,776,159	6,955,778	6,240,668	167,493	547,617	6,524,240	6,479,717	6,042,318	214,495	222,904
Public safety	12,683,966	12,759,984	12,432,082	70,191	257,711	12,406,441	12,953,008	12,863,966	68,800	20,242
Health	61,239	62,093	62,093		-	68,489	67,882	67,336		546
Transportation	2,624,017	2,685,091	2,556,981	31,136	96,974	2,638,771	2,668,520	2,599,948	21,919	46,653
Economic opportunity and development	92,000	92,000	86,649		5,351	92,000	92,000	83,534		8,466
Culture and recreation	3,171,159	3,169,928	3,046,120	7,066	116,742	3,164,036	3,653,152	3,608,365	7,840	36,947
Home and community services	3,519,033	3,412,661	3,309,654	8,805	94,202	3,367,761	3,429,443	3,403,621	2,768	23,054
Employee benefits	11,838,919	11,808,919	11,313,091		495,828	11,296,800	11,144,396	10,943,806		200,590
TOTAL EXPENDITURES	40,766,492	40,946,454	39,047,338	284,691	1,614,425	39,558,538	40,488,118	39,612,894	315,822	559,402
OTHER FINANCING SOURCES (USES)										
Operating transfers in					-		10,500	10,500		
Operating transfers out	(3,964,619)	(3,964,619)	(3,964,619)		-	(4,011,096)	(4,011,096)	(4,011,096)		-
TOTAL OTHER FINANCING SOURCES (USES)	(3,964,619)	(3,964,619)	(3,964,619)	-	-	(4,011,096)	(4,000,596)	(4,000,596)	-	-
TOTAL EXPENDITURES AND OTHER SOURCES (USES)	\$ 44,731,111	\$ 44,911,073	43,011,957	\$ 284,691	\$ 1,614,425	\$ 43,569,634	\$ 44,488,714	43,613,490	\$ 315,822	\$ 559,402
NET CHANGE IN FUND BALANCES			1,955,628					173,916		
FUND BALANCES- BEGINNING OF YEAR			8,325,106					8,151,190		
FUND BALANCES- END OF YEAR			<u>\$ 10,280,734</u>					<u>\$ 8,325,106</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE BALANCE SHEET
CAPITAL PROJECTS FUND
MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ -	\$ 84,542
Cash and cash equivalents - restricted	546,925	5,086,245
Receivables:		
State and federal aid	58,481	240,718
Due from other governments		38,729
Due from other funds	<u>705,000</u>	<u>17</u>
TOTAL ASSETS	<u><u>\$ 1,310,406</u></u>	<u><u>\$ 5,450,251</u></u>
 LIABILITIES AND FUND BALANCES		
Payables		
Accounts payable	\$ 381,283	\$ 576,500
Due to other funds	<u>5,201</u>	<u>213,870</u>
TOTAL LIABILITIES	<u>386,484</u>	<u>790,370</u>
 FUND BALANCES		
Restricted	2,457,237	5,086,245
Unassigned	<u>(1,533,315)</u>	<u>(426,364)</u>
TOTAL FUND BALANCES	<u>923,922</u>	<u>4,659,881</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1,310,406</u></u>	<u><u>\$ 5,450,251</u></u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
State aid	\$ 609,276	\$ 406,896
Miscellaneous	724,000	
TOTAL REVENUES	<u>1,333,276</u>	<u>406,896</u>
EXPENDITURES		
Capital outlay	<u>5,061,802</u>	<u>5,787,169</u>
TOTAL EXPENDITURES	<u>5,061,802</u>	<u>5,787,169</u>
EXCESS (DEFICIENCY)		
OF REVENUES OVER EXPENDITURES	<u>(3,728,526)</u>	<u>(5,380,273)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of serial bonds		4,500,000
Operating transfers (out)	<u>(7,433)</u>	<u>(85,069)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,433)</u>	<u>4,414,931</u>
NET CHANGE IN FUND BALANCES	(3,735,959)	(965,342)
FUND BALANCES - BEGINNING OF YEAR	<u>4,659,881</u>	<u>5,625,223</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 923,922</u></u>	<u><u>\$ 4,659,881</u></u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMBINING BALANCE SHEET - NON MAJOR GOVERNMENTAL FUNDS
MAY 31, 2018

	Special Revenue Funds				Debt Service	Total Non-Major Funds
	Community Development	Section 8 Housing	Special Purpose	Total		
ASSETS						
Cash and cash equivalents - unrestricted	\$ 28,385	\$ -	\$ -	\$ 28,385	\$ -	\$ 28,385
Cash and cash equivalents - restricted		369,070	847,853	1,216,923	363,498	1,580,421
Receivables:						
Accounts, net		22,026		22,026		22,026
Due from other governments	51,404			51,404		51,404
Due from other funds					376	376
TOTAL ASSETS	\$ 79,789	\$ 391,096	\$ 847,853	\$1,318,738	\$ 363,874	\$ 1,682,612
LIABILITIES AND FUND BALANCES						
Accounts payable	\$ 3,080	\$ 1,050	\$ -	\$ 4,130	\$ -	\$ 4,130
Accrued liabilities		345,542		345,542		345,542
Due to other funds	74,635		705,000	779,635		779,635
TOTAL LIABILITIES	77,715	346,592	705,000	1,129,307	-	1,129,307
FUND BALANCES						
Restricted		44,504	142,853	187,357	363,874	551,231
Assigned	2,074			2,074		2,074
TOTAL FUND BALANCES	2,074	44,504	142,853	189,431	363,874	553,305
TOTAL LIABILITIES AND FUND BALANCES	\$ 79,789	\$ 391,096	\$ 847,853	\$1,318,738	\$ 363,874	\$ 1,682,612

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2018

	Special Revenue Funds				Total Non Major Funds
	Community Development	Section 8 Housing	Special Purpose	Total	Debt Service
REVENUES					
Departmental income	\$ -	\$ 43,350	\$ -	\$ 43,350	\$ -
Use of money and property	237	1,107		1,344	23,366
Federal aid	97,560	2,785,118		2,882,678	
Miscellaneous		9	110,658	110,667	
TOTAL REVENUES	97,797	2,829,584	110,658	3,038,039	23,366
EXPENDITURES					
Economic opportunity and development		2,849,852		2,849,852	
Culture and recreation			148,076	148,076	
Home and community services	97,560			97,560	
Debt service					
Principal					3,280,000
Interest					819,619
TOTAL EXPENDITURES	97,560	2,849,852	148,076	3,095,488	4,099,619
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	237	(20,268)	(37,418)	(57,449)	(4,076,253)
OTHER FINANCING SOURCES					
Refund of bond escrow payment					942
Operating transfers in					3,972,052
TOTAL OTHER FINANCING SOURCES	-	-	-	-	3,972,994
NET CHANGE IN FUND BALANCES	237	(20,268)	(37,418)	(57,449)	(103,259)
FUND BALANCES - BEGINNING OF YEAR	1,837	64,772	180,271	246,880	467,133
FUND BALANCES - END OF YEAR	\$ 2,074	\$ 44,504	\$ 142,853	\$ 189,431	\$ 363,874

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE BALANCE SHEET
COMMUNITY DEVELOPMENT FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ 28,385	\$ 17,186
Receivables:		
Due from other governments	<u>51,404</u>	<u>186,533</u>
TOTAL ASSETS	<u><u>\$ 79,789</u></u>	<u><u>\$ 203,719</u></u>
 LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 3,080	\$ 90,600
Due to other funds	<u>74,635</u>	<u>111,282</u>
TOTAL LIABILITIES	<u>77,715</u>	<u>201,882</u>
 FUND BALANCES		
Assigned	<u>2,074</u>	<u>1,837</u>
TOTAL FUND BALANCES	<u>2,074</u>	<u>1,837</u>
 TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 79,789</u></u>	<u><u>\$ 203,719</u></u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
COMMUNITY DEVELOPMENT FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Use of money and property	\$ 237	\$ 71
Federal aid	<u>97,560</u>	<u>341,980</u>
TOTAL REVENUES	<u>97,797</u>	<u>342,051</u>
EXPENDITURES		
Home and community service	<u>97,560</u>	<u>341,980</u>
NET CHANGE IN FUND BALANCES	237	71
FUND BALANCES - BEGINNING OF YEAR	<u>1,837</u>	<u>1,766</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 2,074</u></u>	<u><u>\$ 1,837</u></u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE BALANCE SHEET
SECTION 8 HOUSING FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents - restricted	\$ 369,070	\$ 359,314
Receivables:		
Accounts, net	<u>22,026</u>	<u></u>
TOTAL ASSETS	<u><u>\$ 391,096</u></u>	<u><u>\$ 359,314</u></u>
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 1,050	\$ -
Accrued liabilities	345,542	292,847
Due to other funds	<u></u>	<u>1,695</u>
TOTAL LIABILITIES	<u>346,592</u>	<u>294,542</u>
FUND BALANCES		
Restricted	<u>44,504</u>	<u>64,772</u>
TOTAL FUND BALANCES	<u>44,504</u>	<u>64,772</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 391,096</u></u>	<u><u>\$ 359,314</u></u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SECTION 8 HOUSING FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Departmental income	\$ 43,350	\$ 29,018
Use of money and property	1,107	483
Federal aid	2,785,118	2,744,312
Miscellaneous	9	
TOTAL REVENUES	<u>2,829,584</u>	<u>2,773,813</u>
EXPENDITURES		
Economic opportunity and development	<u>2,849,852</u>	<u>2,793,147</u>
NET CHANGE IN FUND BALANCES	(20,268)	(19,334)
FUND BALANCES - BEGINNING OF YEAR	<u>64,772</u>	<u>84,106</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 44,504</u></u>	<u><u>\$ 64,772</u></u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE BALANCE SHEET
SPECIAL PURPOSE FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents - restricted	\$ 847,853	\$ 180,968
Due from other governments		<u>1,753</u>
TOTAL ASSETS	<u>\$ 847,853</u>	<u>\$ 182,721</u>
 LIABILITIES AND FUND BALANCE		
Accounts payable	\$ -	\$ 2,450
Due to other funds	<u>705,000</u>	
TOTAL LIABILITIES	<u>705,000</u>	<u>2,450</u>
 FUND BALANCES		
Restricted	<u>142,853</u>	<u>180,271</u>
TOTAL FUND BALANCES	<u>142,853</u>	<u>180,271</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 847,853</u>	<u>\$ 182,721</u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL PURPOSE FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
REVENUES		
Miscellaneous	<u>\$ 110,658</u>	<u>\$ 86,338</u>
EXPENDITURES		
Culture and recreation	<u>148,076</u>	<u>113,887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,418)	(27,549)
FUND BALANCES - BEGINNING OF YEAR	<u>180,271</u>	<u>207,820</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 142,853</u></u>	<u><u>\$ 180,271</u></u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE BALANCE SHEET
DEBT SERVICE FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents - restricted	\$ 363,498	\$ 253,263
Receivables:		
Due from other funds	<u>376</u>	<u>213,870</u>
TOTAL ASSETS	<u>\$ 363,874</u>	<u>\$ 467,133</u>
 FUND BALANCES		
Restricted	<u>\$ 363,874</u>	<u>\$ 467,133</u>
TOTAL FUND BALANCES	<u>\$ 363,874</u>	<u>\$ 467,133</u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	2018				2017			
	Original Budget	Final Budget	Current Year	Final Budget Variance with Budgetary Actual	Original Budget	Final Budget	Current Year	Final Budget Variance with Budgetary Actual
REVENUES								
Use of money & property	\$ -	\$ -	\$ 23,366	\$ (23,366)	\$ -	\$ -	\$ 13,885	\$ (13,885)
TOTAL REVENUES	-	-	23,366	(23,366)	-	-	13,885	(13,885)
EXPENDITURES								
Debt service								
Principal	3,280,000	3,280,000	3,280,000	-	3,240,000	3,240,000	3,340,000	(100,000)
Interest	684,619	684,619	819,619	(135,000)	771,096	771,096	771,096	-
TOTAL EXPENDITURES	3,964,619	3,964,619	4,099,619	(135,000)	4,011,096	4,011,096	4,111,096	(100,000)
OTHER FINANCING SOURCES (USES)								
Premium on obligations			-	-			211,489	(211,489)
Refund of bond escrow payment			942	(942)				
Operating transfers in	3,964,619	3,964,619	3,972,052	(7,433)	4,011,096	4,011,096	4,085,665	(74,569)
TOTAL OTHER FINANCING SOURCES (USES)	3,964,619	3,964,619	3,972,994	(8,375)	4,011,096	4,011,096	4,297,154	(286,058)
TOTAL EXPENDITURES AND OTHER SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>126,625</u>	<u>\$ (126,625)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(186,058)</u>	<u>\$ 186,058</u>
NET CHANGE IN FUND BALANCES			(103,259)				199,943	
FUND BALANCES- BEGINNING OF YEAR			<u>467,133</u>				<u>267,190</u>	
FUND BALANCES- END OF YEAR			<u>\$ 363,874</u>				<u>\$ 467,133</u>	

Note to Required Supplementary Information

Budget Basis of Accounting

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

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF FUND NET POSITION
ENTERPRISE FUND - WATER FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,493,250	\$ 5,585,799
Receivables		
Accounts, net	3,185,778	2,435,373
Due from other funds	3,437	7,740
Inventories	219,933	236,495
Total Current Assets	<u>5,902,398</u>	<u>8,265,407</u>
Non-Current Assets		
Land	327,271	327,271
Construction-in-progress	6,722,871	7,956,842
Buildings and equipment	41,799,021	36,766,670
	<u>48,849,163</u>	<u>45,050,783</u>
Less - Accumulated depreciation	(11,246,386)	(10,563,818)
Total Non-Current Assets	<u>37,602,777</u>	<u>34,486,965</u>
TOTAL ASSETS	<u>43,505,175</u>	<u>42,752,372</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	221,263	178,084
Deferred charge on refunding	34,657	51,986
TOTAL DEFERRED OUTFLOWS	<u>255,920</u>	<u>230,070</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>43,761,095</u>	<u>42,982,442</u>
LIABILITIES		
Current Liabilities		
Accounts payable	1,173,824	1,047,967
Accrued liabilities	43,217	36,472
Accrued interest	134,075	147,790
Due to other funds	21,794	22,881
Customer deposits	31,642	31,342
Collections in advance	63,718	51,857
Due to employees' retirement system	18,349	18,911
Bonds payable, inclusive of premiums	1,807,992	1,597,992
Compensated absences	9,700	8,487
Total Current Liabilities	<u>3,304,311</u>	<u>2,963,699</u>
Non-Current Liabilities		
Bonds payable, inclusive of premiums	16,834,931	18,642,924
Compensated absences	378,304	330,995
Net pension liability - proportionate share	73,443	237,614
Net other post-employment benefit obligations	933,039	794,304
Total Non-Current Liabilities	<u>18,219,717</u>	<u>20,005,837</u>
TOTAL LIABILITIES	<u>21,524,028</u>	<u>22,969,536</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	234,654	36,667
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>21,758,682</u>	<u>23,006,203</u>
NET POSITION		
Net investment in capital assets	18,994,511	14,298,035
Unrestricted	3,007,902	5,678,204
TOTAL NET POSITION	<u>\$ 22,002,413</u>	<u>\$ 19,976,239</u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND - WATER FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for services		
Metered sales	\$ 5,430,927	\$ 5,613,203
Penalty income	150,905	134,656
Miscellaneous	901,476	44,969
Total operating revenues	<u>6,483,308</u>	<u>5,792,828</u>
OPERATING EXPENSES		
Purchased power	143,907	160,425
Depreciation	839,632	819,594
Maintenance	447,319	417,533
Interfund charges	579,782	581,159
Transmission and distribution	757,461	782,607
General and administrative	1,068,955	1,148,507
Employee benefits	549,003	536,108
Insurance	75,000	75,000
Total operating expenses	<u>4,461,059</u>	<u>4,520,933</u>
Operating income	<u>2,022,249</u>	<u>1,271,895</u>
NON-OPERATING REVENUES (EXPENSES)		
Rental income	388,075	400,610
Interest income	100,181	103,959
Interest expense	(484,331)	(433,847)
Total non-operating revenues (expenses)	<u>3,925</u>	<u>70,722</u>
CHANGE IN NET POSITION	2,026,174	1,342,617
TOTAL NET POSITION - BEGINNING OF YEAR	<u>19,976,239</u>	<u>18,633,622</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 22,002,413</u>	<u>\$ 19,976,239</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF CASH FLOWS
ENTERPRISE FUND - WATER FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue collected:		
Cash received from charges for services	\$ 5,745,064	\$ 5,466,839
Internal activity-payments from other funds for expense reimbursements	4,303	2,533
Payments for expenses:		
Cash payments to other suppliers of goods or services	(2,301,011)	(2,878,982)
Cash payments to employees for services and related expenses	(993,920)	(981,069)
Internal activity-payments to other funds for expense reimbursements	(1,087)	181
Net Cash Provided by Operating Activities	<u>2,453,349</u>	<u>1,609,502</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(3,955,444)	(4,899,303)
Proceeds from capital debt	42,993	3,732,364
Principal paid on capital debt	(1,597,993)	(1,398,451)
Interest paid on capital debt	(523,710)	(451,414)
Net Cash Used in Capital and Related Financing Activities	<u>(6,034,154)</u>	<u>(3,016,804)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and rental income	488,256	504,569
Net Cash Provided by Investing Activities	<u>488,256</u>	<u>504,569</u>
Net Decrease in Cash and Cash Equivalents	(3,092,549)	(902,733)
Cash and Cash Equivalents at Beginning of Year	<u>5,585,799</u>	<u>6,488,532</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,493,250</u></u>	<u><u>\$ 5,585,799</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 2,022,249	\$ 1,271,895
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	839,632	819,594
Decrease (increase) in:		
Accounts receivable	(750,405)	(328,609)
Due from other funds	4,303	2,533
Inventory	16,562	41,546
Increase (decrease) in:		
Accounts payable	125,857	(415,488)
Accrued liabilities	6,745	16,801
Due to other funds	(1,087)	181
Customer deposits	300	(4,570)
Collections in advance	11,861	7,190
Due to employees' retirement system	(562)	121
Compensated absences	48,522	33,297
Pension amounts	(9,363)	32,988
Other post-employment benefit obligations payable	138,735	132,023
Net Cash Provided by Operating Activities	<u><u>\$ 2,453,349</u></u>	<u><u>\$ 1,609,502</u></u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF FUND NET POSITION
ENTERPRISE FUND - ELECTRIC FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,688,103	\$ 8,863,152
Receivables		
Accounts, net	3,425,441	3,399,010
Due from other funds	16,424	75,902
Inventories	2,620,396	2,641,764
Total Current Assets	<u>13,750,364</u>	<u>14,979,828</u>
Non-Current Assets		
Land	48,614	48,614
Construction-in-progress	3,110,876	4,155,531
Buildings and equipment	66,463,139	63,328,996
	<u>69,622,629</u>	<u>67,533,141</u>
Less - Accumulated depreciation	(33,986,358)	(33,467,970)
Total Non-Current Assets	<u>35,636,271</u>	<u>34,065,171</u>
TOTAL ASSETS	<u>49,386,635</u>	<u>49,044,999</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	1,294,088	877,404
Deferred charge on refunding	136,547	156,054
TOTAL DEFERRED OUTFLOWS	<u>1,430,635</u>	<u>1,033,458</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>50,817,270</u>	<u>50,078,457</u>
LIABILITIES		
Current Liabilities		
Accounts payable	3,312,819	2,615,582
Accrued liabilities	235,249	254,089
Accrued interest	96,060	112,018
Due to other funds	25,432	26,905
Customer deposits	1,471,226	1,403,593
Due to employees' retirement system	99,475	104,782
Bonds payable, inclusive of premiums	934,589	1,289,589
Compensated absences	52,891	46,523
Total Current Liabilities	<u>6,227,741</u>	<u>5,853,081</u>
Non-Current Liabilities		
Bonds payable, inclusive of premiums	8,369,701	9,304,290
Compensated absences	2,062,764	1,814,399
Net pension liability - proportionate share	432,383	1,153,374
Other post-employment benefit obligations payable	5,180,046	4,557,765
Total Non-Current Liabilities	<u>16,044,894</u>	<u>16,829,828</u>
TOTAL LIABILITIES	<u>22,272,635</u>	<u>22,682,909</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	1,381,483	177,979
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>23,654,118</u>	<u>22,860,888</u>
NET POSITION		
Net investment in capital assets	26,468,528	23,627,346
Unrestricted	694,624	3,590,223
TOTAL NET POSITION	<u>\$ 27,163,152</u>	<u>\$ 27,217,569</u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUND - ELECTRIC FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for services		
Metered sales	\$ 25,376,857	\$ 26,422,956
Miscellaneous	346,886	436,584
Total operating revenues	<u>25,723,743</u>	<u>26,859,540</u>
OPERATING EXPENSES		
Purchased power	11,657,876	11,371,782
Depreciation	1,443,818	1,541,299
Maintenance	48,053	68,735
Interfund charges	2,976,992	2,911,594
Production	2,469,775	1,922,845
Transmission and distribution	1,288,987	1,826,788
Street lighting	254,490	353,539
General and administrative	1,652,734	1,428,047
Employee benefits	3,568,728	2,943,532
Insurance	258,334	258,333
Customer deposit interest	1,251	1,459
Total operating expenses	<u>25,621,038</u>	<u>24,627,953</u>
Operating income	<u>102,705</u>	<u>2,231,587</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest income	105,523	38,658
Interest expense	(262,645)	(283,319)
Total non-operating revenues (expenses)	<u>(157,122)</u>	<u>(244,661)</u>
CHANGE IN NET POSITION	(54,417)	1,986,926
TOTAL NET POSITION - BEGINNING OF YEAR	<u>27,217,569</u>	<u>25,230,643</u>
TOTAL NET POSITION - END OF YEAR	<u><u>\$ 27,163,152</u></u>	<u><u>\$ 27,217,569</u></u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF CASH FLOWS
ENTERPRISE FUND - ELECTRIC FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue collected:		
Cash received from charges for services	\$ 25,764,945	\$ 26,094,674
Internal activity-payments from other funds for expense reimbursements	59,478	(49,960)
Payments for expenses:		
Cash payments to other suppliers of goods or services	(17,646,790)	(16,877,230)
Cash payments to employees for services and related expenses	(4,891,878)	(5,436,161)
Cash payments to customers on deposit interest	(1,251)	(1,459)
Internal activity-payments to other funds for expense reimbursements	(1,473)	(7,153)
Net Cash Provided by Operating Activities	<u>3,283,031</u>	<u>3,722,711</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(3,014,918)	(2,232,199)
Proceeds from capital debt	39,589	1,236,114
Principal paid on capital debt	(1,289,589)	(1,224,258)
Interest paid on capital debt	(298,685)	(311,690)
Net Cash Used in Capital and Related Financing Activities	<u>(4,563,603)</u>	<u>(2,532,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and rental income	105,523	38,658
Net Cash Provided by Investing Activities	<u>105,523</u>	<u>38,658</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(1,175,049)	1,229,336
Cash and Cash Equivalents at Beginning of Year	8,863,152	7,633,816
Cash and Cash Equivalents at End of Year	<u>\$ 7,688,103</u>	<u>\$ 8,863,152</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 102,705	\$ 2,231,587
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,443,818	1,541,299
Decrease (Increase) in:		
Accounts receivable	(26,431)	(709,241)
Due from other funds	59,478	(49,960)
Inventory	21,368	350,627
Increase (Decrease) in:		
Accounts payable	697,237	(56,301)
Accrued liabilities	(18,840)	132,956
Due to other funds	(1,473)	(7,153)
Customer deposits	67,633	(55,625)
Due to employees' retirement system	(5,307)	(666)
Compensated absences	254,733	(407,535)
Pension amounts	65,829	161,372
Other post-employment benefit obligations payable	622,281	591,351
Net Cash Provided by Operating Activities	<u>\$ 3,283,031</u>	<u>\$ 3,722,711</u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUND - RISK RETENTION FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents - unrestricted	\$ 3,100,983	\$ 3,355,378
Accounts receivable, net		133,185
Prepaid expenses	261,348	247,594
TOTAL ASSETS	<u>3,362,331</u>	<u>3,736,157</u>
LIABILITIES		
Current Liabilities		
Accounts payable	240,847	287,979
Due to other funds	18,640	58,425
Claims payable	1,318,344	1,462,716
Total Current Liabilities	<u>1,577,831</u>	<u>1,809,120</u>
Non-Current Liabilities		
Claims payable	1,784,500	1,927,037
Total Non-Current Liabilities	<u>1,784,500</u>	<u>1,927,037</u>
TOTAL LIABILITIES	<u>3,362,331</u>	<u>3,736,157</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ -</u>

THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUND - RISK RETENTION FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Charges for services		
Risk management	\$ 1,888,354	\$ 2,075,882
Total operating revenues	<u>1,888,354</u>	<u>2,075,882</u>
OPERATING EXPENSES		
General and administrative	605,143	510,737
Employee benefits	953,177	977,372
Insurance	209,047	206,868
Judgments and claims	146,000	393,747
Total operating expenses	<u>1,913,367</u>	<u>2,088,724</u>
Operating loss	<u>(25,013)</u>	<u>(12,842)</u>
NON-OPERATING INCOME		
Interest income	25,013	12,842
Total non-operating income	<u>25,013</u>	<u>12,842</u>
CHANGE IN NET POSITION	-	-
TOTAL NET POSITION - BEGINNING OF YEAR	<u>-</u>	<u>-</u>
TOTAL NET POSITION- END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

**INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND - RISK RETENTION FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Revenue collected:		
Cash received from charges for services	\$ 1,888,354	\$ 2,075,883
Cash received from insurance recoveries	133,185	(21,866)
Payments for expenses:		
Cash payments to insurance carriers and claimants	(1,307,985)	(1,145,700)
Cash payments to employees for services and related expenses	(953,177)	(977,372)
Internal activity-payments (to) from other funds for expense reimbursements	(39,785)	58,425
Net Cash Used in Operating Activities	<u>(279,408)</u>	<u>(10,630)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and rental income	25,013	12,841
Net Cash Provided by Investing Activities	<u>25,013</u>	<u>12,841</u>
 Net (Decrease) Increase in Cash and Cash Equivalents	 (254,395)	 2,211
 Cash and Cash Equivalents at Beginning of Year	 <u>3,355,378</u>	 <u>3,353,167</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 3,100,983</u>	 <u>\$ 3,355,378</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (25,013)	\$ (12,842)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Decrease (Increase) in:		
Accounts receivable	133,185	(21,866)
Prepaid expenses	(13,754)	3,982
Increase (Decrease) in:		
Accounts payable	(47,132)	124,716
Due to other funds	(39,785)	58,425
Claims payable	(286,909)	(163,045)
Net Cash Used in Operating Activities	<u>\$ (279,408)</u>	<u>\$ (10,630)</u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 491,737	\$ 821,596
Accounts receivable	8,278	5,278
TOTAL ASSETS	<u>\$ 500,015</u>	<u>\$ 826,874</u>
LIABILITIES		
Accounts payable	\$ 14,490	\$ 30,223
Deposits	317,979	598,628
Other liabilities	167,546	198,023
TOTAL LIABILITIES	<u>\$ 500,015</u>	<u>\$ 826,874</u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2018**

	<u>Balance June 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance May 31, 2018</u>
ASSETS				
Cash	\$ 821,596	\$ 17,660	\$ 347,519	\$ 491,737
Accounts receivable	5,278	3,000		8,278
TOTAL ASSETS	<u>\$ 826,874</u>	<u>\$ 20,660</u>	<u>\$ 347,519</u>	<u>\$ 500,015</u>
LIABILITIES				
Accounts payable and due to governmental funds	\$ 30,223	\$ -	\$ 15,733	\$ 14,490
Deposits and liabilities	796,651	17,660	328,786	485,525
TOTAL LIABILITIES	<u>\$ 826,874</u>	<u>\$ 17,660</u>	<u>\$ 344,519</u>	<u>\$ 500,015</u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Investments, mutual funds, at fair value	\$ 4,494,216	\$ 4,159,929
TOTAL ASSETS	<u>\$ 4,494,216</u>	<u>\$ 4,159,929</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
NET POSITION		
Net position restricted for pensions	<u>\$ 4,494,216</u>	<u>\$ 4,159,929</u>

**THE INCORPORATED VILLAGE OF ROCKVILLE CENTRE
COMPARATIVE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEARS ENDED MAY 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ADDITIONS		
Pension contributions	\$ -	\$ 148,400
Interest and net change in fair value of investments	420,643	444,324
TOTAL ADDITIONS	<u>420,643</u>	<u>592,724</u>
DEDUCTIONS		
Net reduction in fair value of investments		
Pension benefits	86,356	130,827
TOTAL DEDUCTIONS	<u>86,356</u>	<u>130,827</u>
CHANGE IN NET POSITION	334,287	461,897
NET POSITION - BEGINNING OF YEAR	<u>4,159,929</u>	<u>3,698,032</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,494,216</u></u>	<u><u>\$ 4,159,929</u></u>