Village of Dobbs Ferry, New York

Financial Report

May 31, 2017

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Independent Auditor's Report

Mayor and Board of Trustees
Village of Dobbs Ferry, New York
Dobbs Ferry, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village of Dobbs Ferry, New York (Village) as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Dobbs Ferry Local Development Corporation discretely presented component unit fund. The financial statements of this entity were audited by another auditor whose report had been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit fund of the basic financial statements, is based solely on the report of the other auditor. 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, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Village as of May 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 1.q. which discloses the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* Paragraph 115. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining statements of non-major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements of non-major governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of non-major governmental funds, are 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 October 5, 2017, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.

BST & Co. CPAs, LLP

Albany, New York
October 5, 2017

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Village of Dobbs Ferry, New York

Management's Discussion and Analysis
May 31, 2017

The Village of Dobbs Ferry, New York (Village) presents this Management's Discussion and Analysis (MD&A) as an overview of the Village's financial activities for the fiscal year ended May 31, 2017, as required by the Government Accounting Standards Board (GASB). This MD&A focuses on current year activities, resulting changes to net position, and currently known facts. This narrative overview and analysis of the financial activities of the Village should be read in conjunction with the basic financial statements and accompanying notes to those statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

Financial Highlights

- On the government-wide statement of net position, the liabilities and deferred inflows of resources exceeded the assets and deferred outflows of resources of the Village at the close of the most recent fiscal year by $2.0 million. Of this amount, $6.9 million represents the Village's net investment in capital assets (net capital assets, less long-term liabilities used to acquire capital assets), and $4.7 million was restricted for future capital improvements, length of service award programs, debt service or other purposes. The remaining amount, which represents an unrestricted deficit, was $13.6 million. This deficit resulted primarily from the accrual of certain operating liabilities pursuant to Government Accounting Standards Board (GASB) Statement No. 34, which will be satisfied in future years, including compensated absences, the accrual of the Village's annual other postemployment benefit (OPEB) cost in accordance with the provisions of GASB Statement No. 45 (for additional information on OPEB, see Note 10 in the notes to financial statements), and net pension liability cost in accordance with the provisions of GASB Statement No. 68 (see below).

- The Village's total net position increased by $140 thousand in 2017, from ($2.1) million as of May 31, 2016. The total increase in net position resulted primarily from a General Fund surplus, state aid and the sale of property, offset by the accrual of long-term liabilities for other postemployment benefits, and pension related obligations.

- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of $8.4 million. Of this amount, $6.8 million of the fund balance was classified as non-spendable, restricted, or assigned for specific purposes. The remaining amount, $1.6 million, was unassigned and available for spending at the Village's discretion. The combined ending fund balances of $8.4 million at May 31, 2017, were $564 thousand less than the amount reported in the prior year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund, $2.7 million, was 16.44% of total General Fund expenditures and other financing uses of $16.4 million.

- During the current fiscal year, the Village issued new bond anticipation notes (BANs) of $495,000 to finance Police and Department of Public Works vehicles. In 2017, the Village retired $10,000 of BANs and $1,960,000 of general obligation debt from budgetary appropriations.

- As of May 31, 2017, the Village had an outstanding BAN liability of $1,585,000, and general obligation bonds of $12,725,000.

Financial Highlights - Continued

- The Village implemented Paragraph 115 of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68* (GASB 73). The requirements of this statement address accounting and reporting for employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 that are effective for financial statements for fiscal year beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. In anticipation of adopting the full provisions of GASB 73, the Village has reported its obligations for its length of service award programs in the government-wide financial statements.

- In addition to the impact of the Village's OPEB obligations, the government-wide financial statements for the year ended May 31, 2017, were also significantly impacted by the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). This pronouncement establishes accounting and financial reporting requirements associated with the Village's participation in the cost-sharing multiple employer pension plans administered by the New York State and Local Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS). Under the new standards, cost-sharing employers are required to report in their government-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts in the plan. At May 31, 2017, the Village reported in its statement of net position a liability of $3.0 million for its proportionate share of the ERS and PFRS net pension liability, down from $4.7 million at May 31, 2016. More detailed information about the Village's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented Note 8 to financial statements.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, depreciation expense, and earned but unused vacation leave and other post-employment benefit obligations (OPEB)).

Government-Wide Financial Statements - Continued

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Village include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services, and interest.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and means by which spending activities are controlled. The Village, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Village maintains six individual governmental funds: the General Fund, Debt Service Fund, Capital Projects Fund, Special Purpose Fund, Library Fund and Special Grant Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Capital Projects and Special Purpose Funds. These funds are considered to be major funds. The Library and Special Grant Funds are not considered major funds and are combined into a single aggregate presentation.

The Village adopts annual budgets for the General Fund and Library Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the respective budgets. In the Capital Projects Fund, budgets are established on an individual project basis.

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

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. As such, the notes are an integral part of the basic financial statements and should be read in conjunction with the financial statements. The notes to the financial statements are located following the basic financial statements section of this report.

Other Information

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information (RSI) concerning the Village's progress in funding its obligation to provide other postemployment benefits (OPEB) to its employees and its proportionate share of the net pension liability for its participation in the New York State and Local Retirement System (NYSLRS). RSI immediately follows the notes to the financial statements.

This report also includes supplementary information which gives the reader further detail on the information presented in the basic financial statements. Included supplementary information are the combining non-major governmental funds.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $2.0 million at the close of the 2017 fiscal year, an increase of $140 thousand from the prior fiscal year.

Table 1 - Net Position as of May 31, 2017 and 2016

	Governmental Activities			
	2017	2016 (Restated)	$ Change	% Change
ASSETS				
Current assets	$ 11,602,919	$ 11,230,524	$ 372,395	3.32%
Capital assets, net	17,447,269	16,488,734	958,535	5.81%
Total assets	29,050,188	27,719,258	1,330,930	4.80%
DEFERRED OUTFLOWS OF RESOURCES	3,059,400	5,400,145	(2,340,745)	-43.35%
LIABILITIES				
Current liabilities	4,650,308	2,241,450	2,408,858	107.47%
Long-term liabilities	28,874,420	32,338,410	(3,463,990)	-10.71%
Total liabilities	33,524,728	34,579,860	(1,055,132)	-3.05%
DEFERRED INFLOWS OF RESOURCES	562,703	657,146	(94,443)	-14.37%
NET POSITION				
Net investment in capital assets	6,863,129	5,251,291	1,611,838	30.69%
Restricted	4,737,018	4,113,937	623,081	15.15%
Unrestricted	(13,577,990)	(11,482,831)	(2,095,159)	18.25%
Total net position	**$ (1,977,843)**	**$ (2,117,603)**	**$ 139,760**	**-6.60%**

The largest portion of the Village's net position was its investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, and construction-in-progress), less any related debt outstanding that was used to acquire those assets, $6.86 million. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

Government-Wide Financial Analysis - Continued

A portion of the Village's net position at May 31, 2017, $4.7 million, represented resources that were subject to external restrictions on how they may be used, and are restricted for various purposes such as capital improvements, debt service, length of service award programs, law enforcement and other purposes.

The remaining balance of unrestricted net position, which was a deficit of $13.6 million, must be financed from future operations. This deficit is not representative of the Village's ability to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including compensated absences ($940 thousand), net pension liability ($2.99 million), and other postemployment benefit obligations ($11.09 million), that are greater than currently available resources. Payments for these liabilities will be budgeted in the years that actual payments will be made.

Table 2 - Changes in Net Position for the Fiscal Years Ended May 31, 2017 and 2016

	Governmental Activities			
	2017	**2016**	**$ Change**	**% Change**
REVENUES				
Program revenues				
Charges for services	$ 2,322,369	$ 2,791,953	$ (469,584)	-16.82%
Operating grants and contributions	656,348	1,251,634	(595,286)	-47.56%
Capital grants and contributions	312,021	459,079	(147,058)	-32.03%
General revenues				
Real property tax and related tax items	12,402,312	12,330,767	71,545	0.58%
Other tax Items	54,921	117,750	(62,829)	-53.36%
Non-property taxes	2,053,089	1,986,636	66,453	3.35%
Unrestricted use of money and property	199,526	2,608	196,918	7550.54%
Sale of property and compensation for loss	275,789	82,787	193,002	233.13%
Unrestricted state aid	251,260	432,883	(181,623)	-41.96%
Miscellaneous	19,586	172,698	(153,112)	-88.66%
Total revenues	18,547,221	19,628,795	(1,081,574)	-5.51%
EXPENSES				
General government support	3,010,546	3,135,985	(125,439)	-4.00%
Public safety	8,112,979	7,842,850	270,129	3.44%
Health	92,376	38,985	53,391	136.95%
Transportation	1,731,098	1,827,239	(96,141)	-5.26%
Economic opportunity and development	11,672	19,866	(8,194)	-41.25%
Culture and recreation	3,195,001	3,037,817	157,184	5.17%
Home and community service	1,900,685	1,999,568	(98,883)	-4.95%
Interest	353,104	388,304	(35,200)	-9.07%
Total expenses	18,407,461	18,290,614	116,847	0.64%
CHANGES IN NET POSITION	**139,760**	**1,338,181**	**(1,198,421)**	**-89.56%**
NET POSITION, *beginning of year*	(2,117,603)	(2,803,835)	686,232	-24.47%
Effects of adoption of GASB 68 & 71	-	(395,407)	395,407	-100.00%
Effects of adoption of GASB 73	-	(256,542)	256,542	-100.00%
NET POSITION, *beginning of year*	(2,117,603)	(3,455,784)	1,338,181	-38.72%
NET POSITION, *end of year*	**$ (1,977,843)**	**$ (2,117,603)**	**$ 139,760**	**-6.60%**

Governmental Activities

During 2017, governmental activities increased the Village's net position by $140 thousand.

For the fiscal year ended May 31, 2017, revenues from governmental activities totaled $18.55 million, a decrease of $1.08 million, or -5.51%, over prior year revenues of $19.63 million. Tax revenues of $14.51 million, comprised of real property taxes, other tax items, and non-property taxes, represented the largest revenue source, at 78.23%. Tax revenues in the prior year totaled $14.44 million and represented 73.5% of total 2016 revenues.

Charges for services revenues in 2017, the second largest revenue source, totaled $2.32 million and represented 12.52% of total revenues. In 2016, this revenue source aggregated $2.79 million, which was 14.22% of total revenues.

Expenses incurred by governmental activities of the Village in 2017 totaled $18.41 million, an increase of about $117 thousand, .64% over prior year expenses of $18.29 million. The largest components of governmental activities' expenses were public safety (44.1%), culture and recreation (17.4%), and general government support (16.4%). This was similar to last year when the largest components of government activities' expenses were public safety (42.9%), culture and recreation (16.6%), and general government support (17.15%). The major changes in 2017 vs. 2016 were as follows:

Revenue

- Charges for services declined $470 thousand, or (16.8%) compared to the prior year. The primary driver for the decline was the sale of permits in the General Fund, which decreased $694 thousand. This decline was offset by modest increases in other licenses and permits, intergovernmental charges and departmental income.
- Operating grants and contributions declined $595 thousand, or (47.6%). The primarily driver for the decline was other gifts, grants and contributions in the Village's special purpose fund of approximately $1 million. This decrease was offset by gains in New York State related grants and Federal grants, and the investment income due to the reporting of investment assets restricted for length of service award program assets within the General Fund, compared to the Trust and Agency Fund in 2016.

Expenses

- In total, the Village's expenditures, prior to other financing uses, remained relatively consistent with the prior year. Total expenses increased $117 thousand, or .64%.
- While expenses remained consistent in total, certain funds experienced fluctuations on a year-over-year basis due to normal governmental operations, including the timing of judgment and claims, allocation of employee benefits and other expenses, and the repairs and maintenance type projects.
- In addition, the Village paid down $1.96 million in general obligations bonds, which resulted in a reduction of interest expense of $35 thousand.

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 combined ending fund balances of $8.36 million, a net decrease of $564 thousand from the prior year amount of $8.92 million.

Governmental Funds - Continued

The non-spendable fund balance component was $36 thousand at May 31, 2017 ($82 thousand in 2016), consisting of amounts representing prepaid expenditures. The restricted fund balance component of $4,737,018 at May 31, 2017 ($4,736,796 in 2016) indicates that it is not available for new spending because it has been restricted for capital projects, length of service award programs, debt service, and other purposes. The assigned fund balance component of $1,986,087 at the end of 2017 ($1,856,366 in 2016) consists of amounts set aside for purchases on order ($232,587), and subsequent year expenditures ($1,753,500). The remainder of the fund balance at May 31, 2017, $1,599,808, constitutes unassigned fund balance, of which $2,704,049 is in the General Fund and a deficit of $1,104,241 is in the Capital Projects Fund. The deficit in the Capital Projects Fund is directly attributed to outstanding BANs of $1,585,000, which are recorded as a liability. These amounts will be liquidated in future reporting periods, either through General Fund appropriations of through the issuance of long-term financing, such as general obligation bonds.

General Fund - The General Fund is the primary operating fund of the Village, and the majority of the Village's programs and activities are supported by this fund.

At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,704,049, representing 45.4% of the total General Fund balance of $5,958,681. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures, and total fund balance to total expenditures. At the end of the current fiscal year, the General Fund showed a stable 16% unassigned fund balance to total expenditures and other financing uses of $16,445,824, up from 14.5% at the end of 2016, while total fund balance of $5,958,681 represented 42.3% of that same amount (up from 26.6% for 2016).

When the fiscal 2017 General Fund budget was adopted, it included the use of $1,150,000 accumulated surplus fund balance to reduce property taxes to be levied. During the year, the budget was amended, including accumulated and unreserved fund balance of $94,918 for various expenditures, to a revised anticipated use of fund balance aggregating $1,244,918 for the year. For the 2017 year, actual results of operations resulted in an increase to fund balance of $326,856 which was favorable by $1,571,774 from the decrease anticipated in the modified budget.

Actual revenues and other financing sources of $16,772,680 were $656,596 more than the final budget. All of the Village's revenues exceeded their budgeted amounts, excluding real property taxes which fell $83,253 below budget.

Actual expenditures and other financing uses of $16,445,824 were $915,178 less than the final budget. Significant positive expenditure variances were for public safety ($288,306), general government support ($226,284), and employee benefits ($123,002).

Debt Service Fund - The Debt Service Fund ended its fiscal year with a fund balance of $787,510, an increase of $12,959 from the prior year, due primarily to interest earned on cash deposits. Of the total fund balance at year-end, $300,000 was appropriated in the 2018 budget, while $487,510 remains restricted for debt service.

Special Purpose Fund - The fund balance of the Special Purpose Fund decreased by $101,572 during the year, and totaled $1,477,068 as of May 31, 2017, due primarily to $244,000 authorized by the Village Board to be spent on culture and recreation related activities, including park equipment.

Capital Projects Fund - The Capital Projects Fund ended its 2017 fiscal year with a deficit fund balance of ($175,328), from a prior year fund balance of $626,670. Revenues and other financing sources totaled $815,500 for 2017, and expenditures totaled $1,627,498. The Capital Project Fund's deficit will be eliminated in future reporting periods either through General Fund appropriations, or long-term financing sources to replace outstanding bond anticipation notes.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2017, net of $11,346,696 of accumulated depreciation, was $17,447,269. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery and equipment, and construction-in-progress.

Major capital asset activity during the current fiscal year included the acquisition of public safety vehicle and air pack equipment, road infrastructure, public works vehicles and building improvements, and waterfront/shoreline stabilization.

Table 3 - Capital Assets as of May 31, 2017 and 2016

	Governmental Activities	
	2017	**2016**
Land	$ 1,183,394	$ 1,183,394
Construction-in-progress	265,730	301,715
Building and Improvements	6,452,846	6,549,356
Machinery and equipment	7,324,548	7,006,272
Infrastructure	2,220,751	1,447,997
Total capital assets, net of accumulated depreciation	$ 17,447,269	$ 16,488,734

Summary information on the changes in capital assets during the year can be found in Note 3 to financial statements.

Long-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of $12,725,000. As required by New York State law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village.

During the year, the Village retired $1,960,000 of general obligation debt from budgetary appropriations.

Also during the current fiscal year, the Village issued short-term obligations (bond anticipation notes (BANs)) of $495,000 to finance vehicles for various departments. The Village retired $10,000 of short-term debt from budgetary appropriations during the year. Total BANs outstanding were $1,585,000 for the period ended May 31, 2017.

With the issuance of the serial bonds, Moody's Investors Service assigned an Aa2 rating on the bonds, and affirmed the Aa2 credit rating on all outstanding debt of the Village.

Due to the small size of the note borrowing, it was not cost-effective for the Village to seek a credit rating on the BAN.

Known as the "constitutional debt limit," and pursuant to New York State Local Finance Law, the Village must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. As of May 31, 2017, the Village had exhausted 33.15% of its constitutional debt limit, and had the authority to issue an additional $21,954,674 of general obligation long-term debt.

Additional information on the Village's long-term and short-term debt can be found in Notes 4 and 5 to the financial statements.

Next Year's Budgets and Rates

In the 2018 General Fund adopted budget, the Village assigned $1,319,700 of fund balance for spending in fiscal 2018, which includes $169,700 for open purchase orders. The real property tax rate for the 2018 Village General Fund is $6.95 per $1,000 of taxable assessed value, which is effectively the same rate as for 2017 ($7.82/$1,000 AV) after factoring in the change in assessments due to the 100% assessment revaluation in 2016. The real property tax levy increased by 1.95% from 2017 to 2018. Additionally, due to the 100% assessment revaluation, total full value taxable assessments also increased by 6.50% from 2017 to 2018. The 2018 adopted budget was within the property tax levy limitations. No local law was considered to authorize an override of the property tax levy limitations.

Requests for Information

This financial report is designed to provide a general overview of the Village of Dobbs Ferry, New York's finances for all those who are interested. Questions and comments concerning any of the information provided in this report should be addressed to Jeff Chuhta, Village Treasurer, Village of Dobbs Ferry, 112 Main Street, Dobbs Ferry, New York 10522.

Village of Dobbs Ferry, New York

Statement of Net Position

	May 31, 2017	
	Primary Government	Component Unit
	Governmental Activities	Local Development Corporation - December 31, 2016
ASSETS		
Cash and cash equivalents	$ 8,546,553	$ 281,238
Investments, restricted	1,892,533	-
Receivables		
Accounts	179,512	5,000
Taxes, net	293,976	-
Other governments	271,392	-
State and Federal aid	357,520	-
Due from LDC	25,657	-
Prepaid expenses	35,776	-
Note receivable	-	46,813
Capital assets, net		
Non-depreciable	1,449,124	-
Depreciable	15,998,145	-
Total assets	29,050,188	333,051
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on bond refunding	250,816	-
Pension deferrals	2,808,584	-
Total deferred outflows of resources	3,059,400	-
Total assets and deferred outflows of resources	32,109,588	333,051
LIABILITIES		
Accounts payable and accrued expenses	968,048	7,896
Interest payable	103,409	-
Due to retirement system	240,685	-
Due to other governments	-	12,347
Unearned revenue	190,158	-
Bond anticipation notes	1,585,000	-
Long-term liabilities		
Due within one year	1,563,008	-
Due in more than one year		
Bonds payable	11,683,503	-
Compensated absences	846,060	-
Net pension liability	2,990,977	-
Length of service award programs	2,263,880	-
Other postemployment benefits	11,090,000	-
Total liabilities	33,524,728	20,243
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	562,703	-
Total liabilities and deferred inflows of resources	34,087,431	20,243
NET POSITION		
Net investment in capital assets	6,863,129	-
Restricted for		
Capital improvements	873,334	-
Length of service award programs	1,896,351	-
Debt service	487,510	-
Law enforcement	2,805	-
Special purposes	1,477,018	-
Unrestricted	(13,577,990)	312,808
Total net position	**$ (1,977,843)**	**$ 312,808**

See accompanying Notes to Financial Statements.

Village of Dobbs Ferry, New York

Statement of Activities

	Year Ended May 31, 2017					
		Program Revenue			Net (Expenses) Revenues and Changes in Net Position	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit Year Ended December 31, 2016
GOVERNMENTAL ACTIVITIES						
General government support	$ 3,010,546	$ 69,675	$ 1,271	$ 175,269	$ (2,764,331)	$ -
Public safety	8,112,979	548,333	237,933	-	(7,326,713)	-
Health	92,376	-	80,295	-	(12,081)	-
Transportation	1,731,098	684,753	-	136,752	(909,593)	-
Economic opportunity and development	11,672	-	-	-	(11,672)	-
Culture and recreation	3,195,001	319,358	336,849	-	(2,538,794)	-
Home and community services	1,900,685	700,250	-	-	(1,200,435)	-
Interest on long-term debt	353,104	-	-	-	(353,104)	-
Total governmental activities	$ 18,407,461	$ 2,322,369	$ 656,348	$ 312,021	(15,116,723)	-
Component Unit						
Local Development Corporation - December 31, 2016	**$ 20,244**	**$ 5,060**	**$ -**	**$ -**		(15,184)
	General revenues					
	Real property taxes				12,402,312	-
	Real property tax items				54,921	-
	Sales and use taxes				2,053,089	-
	Use of money and property				199,526	2,123
	Sale of property and compensation for loss				275,789	-
	Miscellaneous local sources				19,586	-
	Unrestricted State aid				251,260	-
	Total general revenues				15,256,483	2,123
	CHANGE IN NET POSITION				**139,760**	**(13,061)**
	NET POSITION, *beginning of year , as restated*				(2,117,603)	325,869

See accompanying Notes to Financial Statements.

Village of Dobbs Ferry, New York

Balance Sheet - Governmental Funds

	May 31, 2017						
	Major Funds						
	General	Debt Service	Capital Projects	Special Purpose	Other Governmental	Eliminations	Total
ASSETS							
Cash and cash equivalents	$ 4,133,051	$ 787,510	$ 1,718,455	$ 1,510,211	$ 397,326	$ -	$ 8,546,553
Investments, restricted	1,892,533	-	-	-	-	-	1,892,533
Receivables							
Accounts	178,728	-	-	-	784	-	179,512
Taxes, net	293,976	-	-	-	-	-	293,976
Other governments	271,392	-	-	-	-	-	271,392
State and Federal aid	72,487	-	264,874	-	20,159	-	357,520
Due from other funds	103,250	-	-	-	-	(103,250)	-
Due from LDC	25,657	-	-	-	-	-	25,657
Prepaid expenditures	35,776	-	-	-	-	-	35,776
	$ 7,006,850	**$ 787,510**	**$ 1,983,329**	**$ 1,510,211**	**$ 418,269**	**$ (103,250)**	**$ 11,602,919**
LIABILITIES							
Accounts payable	$ 262,611	$ -	$ 567,857	$ 21,794	$ 16,902	$ -	$ 869,164
Accrued expenses	94,376	-	-	-	4,508	-	98,884
Due to other funds	-	-	5,800	11,399	86,051	(103,250)	-
Due to retirement system	240,685	-	-	-	-	-	240,685
Unearned revenue	190,158	-	-	-	-	-	190,158
Bond anticipation notes	-	-	1,585,000	-	-	-	1,585,000
	787,830	-	2,158,657	33,193	107,461	(103,250)	2,983,891
DEFERRED INFLOWS OF RESOURCES	260,339	-	-	-	-	-	260,339
FUND BALANCES							
Nonspendable	35,776	-	-	-	-	-	35,776
Restricted	1,899,156	487,510	873,334	1,477,018	-	-	4,737,018
Assigned	1,319,700	300,000	55,579	-	310,808	-	1,986,087
Unassigned	2,704,049	-	(1,104,241)	-	-	-	1,599,808
Total fund balances	5,958,681	787,510	(175,328)	1,477,018	310,808	-	8,358,689
	$ 7,006,850	**$ 787,510**	**$ 1,983,329**	**$ 1,510,211**	**$ 418,269**	**$ (103,250)**	**$ 11,602,919**

See accompanying Notes to Financial Statements.

Village of Dobbs Ferry, New York

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

		May 31, 2017
Total fund balances in the fund financial statements for the governmental funds	$	8,358,689
This amount differs from the amount of net position shown in the statement of net position due to the following:		
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.		17,447,269
Deferred outflows and inflows for pensions are included in the government-wide statements and are added.		
Deferred outflows - deferred amounts on refunding bonds		250,816
Deferred outflows - pension deferrals		2,808,584
Deferred inflows - pension deferrals		(562,703)
Real property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		260,339
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:		
Bonds payable		(12,725,000)
Unamortized bond premiums		(427,504)
Other postemployment benefits		(11,090,000)
Net pension liability		(2,990,977)
Length of service award programs obligations		(2,263,880)
Compensated absences		(940,067)
Accrued interest		(103,409)
Total net position	**$**	**(1,977,843)**

See accompanying Notes to Financial Statements.

Village of Dobbs Ferry, New York

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended May 31, 2017						
	Major Funds						
	General	Debt Service	Capital Projects	Special Purpose	Other Governmental	Eliminations	Total
REVENUES							
Real property taxes	$ 11,684,935	$ -	$ -	$ -	$ 633,849	$ -	$ 12,318,784
Real property tax items	54,921	-	-	-	-	-	54,921
Non-property taxes	2,053,089	-	-	-	-	-	2,053,089
Departmental revenues	1,091,482	-	-	116,900	9,887	-	1,218,269
Intergovernmental charges	220,028	-		-	-	-	220,028
Use of money and property	239,220	12,959	-	3,051	1,801	-	257,031
Licenses and permits	677,875	-	-	-	-	-	677,875
Fines and forfeitures	298,472	-	-	-	-	-	298,472
Sale of property and compensation for loss	25,789	-	250,000	-	-	-	275,789
Miscellaneous local sources	83,460	-	235,738	21,427	-	-	340,625
State aid	343,409	-	329,762	750	3,220	-	677,141
Federal aid	-	-	-	-	80,295	-	80,295
Total revenues	16,772,680	12,959	815,500	142,128	729,052	-	18,472,319
EXPENDITURES							
General government support	2,244,030	-	-	-	-	-	2,244,030
Public safety	4,469,859	-	-	-	-	-	4,469,859
Health	12,081	-	-	-	80,295	-	92,376
Transportation	980,879	-	-	-	-	-	980,879
Economic opportunity and development	11,672	-	-	-	-	-	11,672
Culture and recreation	1,095,195	-	-	243,700	548,460	-	1,887,355
Home and community services	1,165,705	-	-	-	-	-	1,165,705
Employee benefits	4,087,063	-	-	-	100,363	-	4,187,426
Capital outlays	-	-	1,627,498	-	-	-	1,627,498
Debt service							
Principal	10,000	1,960,000	-	-	-	-	1,970,000
Interest	7,552	401,788	-	-	-	-	409,340
Total expenditures	14,084,036	2,361,788	1,627,498	243,700	729,118	-	19,046,140
Excess (deficiency) of revenues over expenditures	**2,688,644**	**(2,348,829)**	**(811,998)**	**(101,572)**	**(66)**	**-**	**(573,821)**
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	2,361,788	-	-	-	(2,361,788)	-
Operating transfers out	(2,361,788)	-	-	-	-	2,361,788	-
Bonds redeemed from appropriations	-	-	10,000	-	-	-	10,000
	(2,361,788)	2,361,788	10,000	-	-	-	10,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	**326,856**	**12,959**	**(801,998)**	**(101,572)**	**(66)**	**-**	**(563,821)**
FUND BALANCES, ***beginning of year, as restated***	5,631,825	774,551	626,670	1,578,590	310,874	-	8,922,510
FUND BALANCES, ***end of year***	**$ 5,958,681**	**$ 787,510**	**$ (175,328)**	**$ 1,477,018**	**$ 310,808**	**$ -**	**$ 8,358,689**

See accompanying Notes to Financial Statements.

Village of Dobbs Ferry, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

		Year Ended May 31, 2017
Net change in fund balances shown for total governmental funds		$ (563,821)
This amount differs from the change in net position shown in the statement of activities because of the following:		
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
Capital expenditures	1,835,861	
Loss on disposal of capital assets	(26,393)	
Depreciation expense	(850,933)	958,535
Real property taxes that do not provide current financial resources are reported as revenues in the statement of activities, but not in the fund financial statements.		83,528
Bond principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net position as a reduction of the related liabilities, and not shown as expenses in the statement of activities. Additionally, governmental funds report the effects of premiums, discounts, and similar items when debt is first issued, whereas these items are deferred and amortized in the statement of activities. This is the payment amount for the current year.		
Principal paid on bonds		1,960,000
Amortization of loss on refunding bonds and issuance premium		40,772
Net pension liability and related deferred outflows and inflows of pension resources is not reported in the governmental funds. This liability and the corresponding deferred amounts are reported in the statement of net position as a noncurrent liability and deferred resources and as an expense in the statement of activities.		(521,688)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds; this is the amount by which the current period expenditures exceed the costs allocated over the applicable periods.		
Accrued interest	6,838	
Length of service award programs	(188,018)	
Other postemployment benefits	(1,640,000)	
Compensated absence	3,614	(1,817,566)
Change in net position of governmental activities shown in the statement of activities		**$ 139,760**

See accompanying Notes to Financial Statements.

Village of Dobbs Ferry, New York

Statement of Net Position - Fiduciary Fund

		May 31, 2017
		Trust and Agency
ASSETS		
Cash and cash equivalents	$	438,843
Accounts receivable		79,188
Total assets	**$**	**518,031**
LIABILITIES		
Agency liabilities	**$**	**518,031**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

The Village of Dobbs Ferry, New York (Village) was established in 1873 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body charged with governance of the Village. The Village Administrator serves as the chief executive officer and the Village Treasurer serves as the chief fiscal officer. The Village provides services to residents, including public safety, health, transportation, economic opportunity and development, culture and recreation, and home and community services.

The accompanying basic financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing government accounting and financial reporting principles in the United States of America.

The following is a summary of the Village's significant accounting policies:

a. Financial Reporting Entity

The reporting entity consists of: (a) the primary government, the Village, and (b) other organizational entities determined to be includable in the Village's financial reporting entity, based on the nature and significance of their relationship with the Village. The financial reporting entity is based on criteria set forth by GASB.

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, the following component unit is included in the Village's reporting entity because of its operational or financial relationship with the Village.

The Dobbs Ferry Local Development Corporation ("DFLDC") was incorporated in November 2010 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The mission of the DFLDC is to conduct activities that will relieve and reduce unemployment, promote and provide for additional maximum employment, improve and maintain job opportunities, lessen the burdens of government and act in the public interest. The sole member of the DFLDC is the Village acting by and through its Mayor, ex officio. The DFLDC is managed by a Board of Directors consisting of not less than three but not more than seven Directors that serve at the pleasure of the sole member. Therefore, the Village is considered able to impose its will on the DFLDC. The Village is not liable for the DFLDC's bonds or notes. Since the DFLDC does not provide services entirely or almost entirely to the Village, the financial statements of the DFLDC have been reflected as a discretely presented component unit.

Complete financial statements of the DFLDC can be obtained from its Administrative Office at the address indicated below.

Village of Dobbs Ferry Local Development Corporation
c/o Village of Dobbs Ferry 112
Main Street
Dobbs Ferry, New York 10522

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental activities has been eliminated from these statements.

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

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

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as is the fiduciary fund financial statement. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenue in the year in which they are earned. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety-day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next twelve months, with the exception of items covered by GASB Interpretation 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.* GASBI 6 requires that expenditures and liabilities, such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies are recognized as revenues when all requirements of the grant and/or subsidy have been satisfied.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

The Village reports the following major governmental funds:

General Fund - is the principal operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Debt Service Fund - is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

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

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

The Village reports the following non-major governmental funds:

Public Library Fund - The Public Library Fund is used to account for the activities of the Village's Public Library.

Grant Fund - The Grant Fund is used to record the financial activity of certain Federal grant programs.

The governmental fund financial statements include a reconciliation between the fund statements and the government-wide statements. Differences that make a reconciliation necessary include differing measurement focuses and bases of accounting between the statements. The statement of activities reflects the net costs of each major function of Village operations, which differs from the presentation of expenditures in the statement of revenues, expenditures, and changes in fund balances - governmental funds, which closely matches the Village's budgetary presentation.

Fiduciary Fund - The Village maintains an agency fund which is generally used to account for assets that the Village holds on behalf of others as their agent.

Component Unit - The component unit is accounted for on the flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. With this measurement focus, all assets and liabilities (whether current or non-current) associated with the operation of this fund are included on the balance sheet. Operating statements present increases (revenues) and decreases (expenses) in total net position. The DFLDC is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred.

d. Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and other financing sources (uses) during the reporting period. Actual results could differ from those estimates.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Budgets

Budgets are adopted on the modified accrual basis as required by the State of New York. Annual appropriated budgets are adopted for each governmental and proprietary fund.

The Village employs the following budgetary procedures:

i. On or before the first regular meeting of the Board of Trustees in April, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the means of financing.

ii. The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments at the second regular meeting in November.

iii. After the public hearing and on or before the first regular meeting in May, the Trustees meet to consider and adopt the budget, at which time they are required to file the document with the Village Clerk.

iv. Formal budgetary integration is employed during the year as a management control device for General, Library Special Grant, and Debt Service funds.

Budgets for General, Debt Service, Special Grant, and Library 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 by the Board of Trustees for the Special Purpose fund. The Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriates also require a majority vote by the Board.

Appropriations in the General, Debt Service, and Library 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.

f. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash and time deposits, which mature no more than three months after the date purchased.

The Village’s deposit and investment policies are governed by State statutes and various resolutions of the Board of Trustees. The Village has adopted its own written investment policy, which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions, and accordingly, the Village’s policy provides for no credit risk on investments.

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

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Cash, Cash Equivalents, and Investments - Continued

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2017.

Restricted Service Award Program Investments

Investments of the Fire Service Award Program are held by RBC Wealth Management in a granter/rabbi trust account in the Village's name. These assets are primarily invested in exchange traded funds, mutual funds, and cash deposits.

The Village's Ambulance Service Award Program assets are invested in an investment pool that is administered through the Office of the New York State Comptroller. The underlying investments of the investment pool include money market funds, corporate bonds, mutual funds and individual equity securities. The investment pool includes approximately thirty-five (35) participating plan sponsors, including the Village. Allocations of gains, losses and investment income are accounted for by the State Comptroller and the Village's actuarial service firm, Penflex. The investment pool does not have a credit quality rating and does not produce separate financial statements.

The Village's service award program investments are reported at fair value. None of the Village's investments are subject to concentration of credit risk.

g. Receivables

Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in June. The Village is responsible for the billing and collection of its own taxes.

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 amounts determined to be uncollectable are recorded when appropriate.

h. Due From/To Other Funds

During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Capital Assets

Governmental Funds

Capital assets in governmental activities consist of land, buildings and improvements, machinery and equipment, and infrastructure, and are used to carry out day-to-day government services. These assets are recorded at historical cost or estimated historical cost in instances where such records and information are not available. Major outlays for capital assets and improvements are capitalized as projects are constructed. Costs of routine maintenance and repairs that do not add to the value of an asset or extend an asset's useful life are expensed as incurred.

Depreciation of capital assets for governmental activities is computed using the straight-line method over useful lives ranging from five to forty years, but is not recorded as an expenditure in the related funds.

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified in 2017.

j. Unearned Revenues

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues of $143,401 for summer programs received in advance and $46,757 for an overpayment. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

k. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an outflow of expense/expenditure until then. A deferred inflow of resources represents an acquisition of resources that applies to a future period and will not be recognized as revenue until that time.

Pension related deferred outflows of resources and deferred inflows of resources are disclosed in Note 8.

The Village reported $250,816 in deferred outflows related to current resources used to refund long-term bonds. These amounts are amortized as a component of interest expense over the life of the refunded bonds at the government-wide level.

Additionally, the Village has reported $260,339 of deferred inflows of resources in the General Fund for property taxes received in advance of the June 1, 2017 levy.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

l. Long-Term Liabilities

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

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

m. Employee Benefits

Compensated Absences

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

Net Pension Liability

The net pension liability represents the Village's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts is presented in accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) *and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Postemployment Benefits

Other postemployment benefits are measured and disclosed using the alternative measurement method under the accrual basis of accounting in the government-wide statements (Note 10). The Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if Village employees are 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 respective fund when paid. Retiree health insurance contributions are allocated and paid based on each fund's payroll as a percentage of total payroll.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

m. Employee Benefits - Continued

Length of Service Award Program (LOSAP) Obligations

The Village sponsors a separate LOSAP plan for both volunteer firefighters and volunteer ambulance personnel. The plans are designed and administered in accordance with Article 11A of the General Municipal Law of the State of New York. In accordance with these provisions, the granter/rabbi trust accounts established to hold LOSAP assets are not legally protected from the Village's creditors. Accordingly, the Village's LOSAP plans are not within the scope of GASB 68. The Village's LOSAP pension obligations are actuarially determined using census data supplied by the Village and various assumptions in accordance with GASB Statement No. 27, *Accounting for Pensions for State and Local Employers.*

n. Net Position

The following terms are used in reporting net position:

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

Restricted consists of amounts that have restraints that are either:

a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or

b. Imposed by law through constitutional provisions or enabling legislation.

Unrestricted is the net amount of assets, liabilities, and deferred outflows and inflows of resources that is not included in the determination of net investment in capital assets or restricted components of net position described above.

o. Fund Balance

Fund balance for governmental funds is reported in the following classifications which describe the relative strength of the constraints that control how specific amounts in the funds can be spent:

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

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

o. Fund Balance - Continued

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Board has delegated the ability to assign fund balance to the Treasurer. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

Note 6 provides further details regarding the Village's fund balance classifications.

p. Property Taxes

Real property taxes attach as an enforceable lien on real property as of June 1st and are levied and payable in two installments due in June. The Village is responsible for the billing and collections of its taxes. The Village is also responsible for conducting in-rem foreclosure proceedings. The Village records an estimate for uncollectible taxes based upon collection rates from previous years.

q. New Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB No. 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB No. 72 are effective for fiscal years beginning after June 15, 2015.

The Village has adopted the provisions of GASB No. 72 and incorporated the fair value measurement disclosures in Note 12.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* (GASB 73). The requirements of this statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

q. *New Accounting Pronouncements* - Continued

The Village has adopted the requirements of GASB 73 that address financial reporting for assets accumulated for purposes of providing pension benefits to volunteer firefighters and ambulance personnel. In addition, the Village has recorded its LOSAP pension obligation in accordance with GASB 27, *Accounting for Pensions by State and Local Governmental Employers*. The Village has restated its May 31, 2016 financial statements as follows:

	Debit/(Credit) Balance		
	As Originally Stated	Adoption of GASB 73	As Restated
General Fund			
Investments, restricted	$ -	$ 1,746,867	$ 1,746,867
Accounts payable	(286,238)	72,453	(213,785)
Fund balance	(3,812,505)	(1,819,320)	(5,631,825)
Governmental Activities			
Investments, restricted	-	1,746,867	1,746,867
Accounts payable	(286,238)	72,453	(213,785)
Length of service award programs	-	(2,075,862)	(2,075,862)
Net position	1,861,061	256,542	2,117,603
Fiduciary Fund			
Cash and equivalents	754,138	(3,811)	750,327
Investments	1,743,056	(1,743,056)	-
Accounts receivable	208,561	(72,453)	136,108
Service award program - Fire	(1,420,143)	1,420,143	-
Service award program - Ambulance	(399,177)	399,177	-

Prior to the adoption of GASB 73, the Village reported assets accumulated for LOSAP benefit plans in the Trust and Agency Fund. In accordance with New York State General Municipal Law, Article 11-A, LOSAP assets are held in granter/rabbi trusts, which are not protected from the Village's creditors. GASB 73 requires assets held in such trust arrangements to be reported as assets of the sponsoring municipality.

GASB Statement No. 77, *Tax Abatement Disclosures.* GASB No. 77 requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients.
- The gross dollar amount of taxes abated during the period.
- Commitments made by government, other than to abate taxes, as part of a tax abatement agreement.

The Village does not have any tax abatement agreements.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

r. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through October 5, 2017, the date the financial statements were available to be issued.

Note 2 - Taxes Receivable

Taxes receivable at May 31, 2017, consist of the following:

Taxes, overdue	$ 318,350
Tax sale certificates	5,626
	323,976
Allowance for uncollectable taxes	(30,000)
	$ 293,976

Taxes receivable in the fund financial statements are partially offset by deferred inflows of resources related tax revenues of $260,339 which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year.

Note 3 - Capital Assets

The following is a summary of changes in the governmental activities' capital assets during the year:

	Balance at June 1, 2016	Additions	Disposals	Balance at May 31, 2017
Non-depreciable assets				
Land	$ 1,183,394	$ -	$ -	$ 1,183,394
Construction in progress	301,715	31,215	67,200	265,730
Total nondepreciable	1,485,109	31,215	67,200	1,449,124
Depreciable assets				
Buildings and improvements	11,642,849	222,047	27,070	11,837,826
Machinery and equipment	7,746,981	520,774	-	8,267,755
Infrastructure	6,110,235	1,129,025	-	7,239,260
Total depreciable assets	25,500,065	1,871,846	27,070	27,344,841
Less accumulated depreciation				
Buildings and Improvements	5,093,493	292,164	677	5,384,980
Machinery and equipment	4,662,238	356,271	-	5,018,509
Infrastructure	740,709	202,498	-	943,207
Total accumulated depreciation	10,496,440	850,933	677	11,346,696
Total capital asset depreciated, net of accumulated depreciation	15,003,625	1,020,913	26,393	15,998,145
Total capital assets	$ 16,488,734	$ 1,052,128	$ 93,593	$ 17,447,269

Note 3 - Capital Assets - Continued

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

Governmental activities		
General government support	$	13,189
Public safety		110,877
Transportation		336,289
Culture and recreation		324,205
Home and community services		66,373
Total depreciation expense	$	850,933

Note 4 - BANs Payable

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

Description	Issue Date	Maturity Date	Interest Rate	Balance June 1, 2016	New Issues	Principal Payments	Balance at May 31, 2017
Waterfront park fishing pier	10/27/2016	10/27/2017	2.00%	$ 250,000	$ -	$ (10,000)	$ 240,000
2011 LED street lighting equipment	10/27/2016	10/27/2017	2.00%	83,000	-	-	83,000
DPW foreman vehicle	10/27/2016	10/27/2017	2.00%	25,000	-	-	25,000
Police vehicle	10/27/2016	10/27/2017	2.00%	25,000	-	-	25,000
Building department vehicle	10/27/2016	10/27/2017	2.00%	25,000	-	-	25,000
Recreation department vehicle	10/27/2016	10/27/2017	2.00%	25,000	-	-	25,000
Fire chief vehicle	10/27/2016	10/27/2017	2.00%	50,000	-	-	50,000
Garbage truck packer body	10/27/2016	10/27/2017	2.00%	90,000	-	-	90,000
Garbage truck cab, chassis and packer body	10/27/2016	10/27/2017	2.00%	250,000	-	-	250,000
Cameras	10/27/2016	10/27/2017	2.00%	70,000	-	-	70,000
King street drainage	10/27/2016	10/27/2017	2.00%	132,000	-	-	132,000
Waterfront park LED light conversion	10/27/2016	10/27/2017	2.00%	75,000	-	-	75,000
Police vehicles	5/26/2017	10/27/2017	2.00%	-	180,000	-	180,000
DPW vehicles	5/26/2017	10/27/2017	2.00%	-	315,000	-	315,000
				$ 1,100,000	$ 495,000	$ (10,000)	$ 1,585,000

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expense of $7,552 was recorded in both the government-wide and fund financial statements.

Note 5 - Bonds and Long-term Liabilities

A summary of changes in bonds payable and other long-term liabilities is as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds and related premiums					
Capital construction	$ 11,646,653	$ -	$ 1,606,016	$ 10,040,637	$ 1,040,042
Judgements and claims	3,038,347	-	353,984	2,684,363	359,958
	14,685,000	-	1,960,000	12,725,000	1,400,000
Add unamortized premium on bonds	496,505	-	69,001	427,504	69,001
	15,181,505	-	2,029,001	13,152,504	1,469,001
Other long-term liabilities					
Other postemployment benefits obligations	9,450,000	2,430,000	790,000	11,090,000	-
Net pension liability	4,687,362	1,854,777	3,551,162	2,990,977	-
Length of service award programs	2,075,862	288,024	100,006	2,263,880	-
Compensated absences	943,681	90,754	94,368	940,067	94,007
Total other long-term liabilities	17,156,905	4,663,555	4,535,536	17,284,924	94,007
Total long-term liabilities	$ 32,338,410	$ 4,663,555	$ 6,564,537	$ 30,437,428	$ 1,563,008

Each governmental fund's liability for other postemployment benefit obligations, net pension liability, length of service award programs, and compensated absences are liquidated by the respective fund. The Village's indebtedness for bonds is satisfied by the Debt Service Fund, which is funded by the General Fund.

Bonds Payable

A summary of the Village's bonds payable at May 31, 2017, is as follows:

Description	Year of Issue	Maturity Date	Interest Rate	Balance
Various Purpose - Serial Bonds	2011	September, 2024	3.00% to 4.00%	$ 5,045,000
Various Purpose - Serial Bonds	2012	March, 2026	2.00% to 2.75%	965,000
Various Purpose - Serial Bonds	2013	June, 2021	2.00% to 2.50%	1,560,000
Refunding Serial Bonds	2015	October, 2026	2.00% to 3.00%	5,155,000
Total bonds payable				$ 12,725,000

Interest paid of $401,788 was recorded in the fund financial statements in the Debt Service Fund. Interest expense of $353,104 was recorded in the government-wide financial statements.

The Village's debt limit is approximately $34.68 million, of which the Village has total outstanding debt obligations of approximately $12.73 million, leaving a net debt contracting margin of approximately $21.95 million.

Note 5 - Bonds and Long-term Liabilities - Continued

Payments to Maturity

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

	Principal	Interest	Total
For the year ending May 31,			
2018	$ 1,400,000	$ 355,938	$ 1,755,938
2019	1,440,000	313,987	1,753,987
2020	1,475,000	269,988	1,744,988
2021	1,520,000	226,262	1,746,262
2022	1,580,000	180,100	1,760,100
2023-2027	5,310,000	301,537	5,611,537
	$ 12,725,000	$ 1,647,812	$ 14,372,812

Note 6 - Fund Balances

Fund balances are as follows at May 31, 2017:

	General	Debt Service	Capital Projects	Special Purpose	Non-Major Governmental	Total
Nonspendable						
Prepaid expenses	$ 35,776	$ -	$ -	$ -	$ -	$ 35,776
Restricted						
Law enforcement	2,805	-	-	-	-	2,805
Length of Service Award Programs	1,896,351	-	-	-	-	1,896,351
Debt service	-	487,510	-	-	-	487,510
Capital projects	-	-	873,334	-	-	873,334
Parklands	-	-	-	1,061,889	-	1,061,889
Trusts	-	-	-	415,129	-	415,129
Total restricted	1,899,156	487,510	873,334	1,477,018	-	4,737,018
Assigned for						
Purchases on order						
General government support	4,970	-	17,834	-	-	22,804
Public safety	138,766	-	14,583	-	-	153,349
Health	361	-	-	-	-	361
Transportation	604	-	19,787	-	-	20,391
Culture and recreation	20,618	-	3,375	-	1,076	25,069
Home and community services	4,381	-		-		4,381
	169,700	-	55,579	-	1,076	226,355
For subsequent years expenditures						
General Fund	1,150,000	-	-	-	-	1,150,000
Debt Service Fund	-	300,000	-	-	-	300,000
Public Library Fund	-	-	-	-	309,732	309,732
	1,150,000	300,000	-	-	309,732	1,759,732
Total assigned	1,319,700	300,000	55,579	-	310,808	1,986,087
Unassigned	2,704,049	-	(1,104,241)	-	-	1,599,808
Total fund balance	$ 5,958,681	$ 787,510	$ (175,328)	$ 1,477,018	$ 310,808	$ 8,358,689

Note 7 - Interfund Transactions

Interfund balances are as follows at May 31, 2017:

Fund	Due From	Due To
General	$ 103,250	$ -
Special Purpose	-	11,399
Capital Projects	-	5,800
Non-Major Governmental	-	86,051
	$ 103,250	$ 103,250

The General Fund transferred $2,361,788 to the debt service fund to finance principal and interest payments on the Village's bonds payable. No other interfund transfers were made.

Note 8 - New York State Retirement System

a. Plan Description

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 New York State and Local Retirement System (the System). The System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System for the custody and control of its funds. The System issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

b. Plan Benefits

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the New York State Retirement and Social Security Law (RSSL) and are dependent upon the point in time at which the employees last joined the System. The RSSL has established distinct classes of membership. The System uses a tier concept within ERS and PFRS to distinguish these groups, as follows:

ERS

- Tier 1 - Those persons who last became members before July 1, 1973.

- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.

Note 8 - New York State Retirement System - Continued

b. Plan Benefits - Continued

ERS - Continued

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

PFRS

- Tier 1 - Those persons who last became members before July 31, 1973.
- Tier 2 - Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 - Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 - Not Applicable
- Tier 5 - Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Generally, members of ERS and PFRS may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need 10 years of service credit to be 100 percent vested.

Note 8 - New York State Retirement System - Continued

b. Plan Benefits - Continued

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or Tier 2 member retirees with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

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

c. Funding Policy

Employee contribution requirements depend upon the point in time at which an employee last joined the System. Most Tier 1 and Tier 2 members of ERS, and most members of PFRS are not required to make employee contributions. Employees in Tiers 3, 4, and 5 are required to contribute 3 percent of their salary, however, as a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within the System are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent depending on salary. Tiers 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2017 was approximately 18.2 percent of payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2017 was approximately 24.7 percent of payroll.

Note 8 - New York State Retirement System - Continued

c. *Funding Policy* - Continued

The required contributions for the current year and the two preceding years were:

	ERS	PFRS	Total
2017	$ 475,836	$ 857,251	$ 1,333,087
2016	675,988	1,062,943	1,738,931
2015	629,601	682,191	1,311,792

Contributions made to the System were equal to 100% of the contributions required for each year.

The current System contribution for the Village was charged to various departments and the following funds:

Fund	ERS	PFRS
General	$ 433,955	$ 857,251
Library	41,881	-
	$ 475,836	$ 857,251

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

At May 31, 2017, the Village reported a total liability of $2,990,977 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2017, and the total pension liability was determined by an actuarial valuation as of April 1, 2016. The Village's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At the March 31, 2017, measurement date, the Village's proportionate share in the ERS was 0.0095718% and the PFRS was 0.1009137%.

For the year ended May 31, 2017, the Village recognized pension expense of $1,854,777. At May 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources as follows:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 22,538	$ 136,577	$ 274,381	$ 361,380
Changes of assumptions	307,263	-	1,030,439	-
Net differences between projected and actual earnings on pension plan investments	179,644	-	312,376	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	232,078	58,681	209,180	6,065
Contributions subsequent to the measurement date	92,696	-	147,989	-
Total	$ 834,219	$ 195,258	$ 1,974,365	$ 367,445

Note 8 - New York State Retirement System - Continued

d. *Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* - Continued

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending March 31,	ERS	PFRS
2018	$ 230,611	$ 463,662
2019	230,611	463,662
2020	197,579	440,348
2021	(112,536)	34,547
2022	-	56,712
Total	$ 546,265	$ 1,458,931

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Inflation rate	2.50%	2.50%
Salary scale	3.80%	4.50%
Investment rate of return (net of investment expense, including inflation)	7.00%	7.00%
Cost of living adjustment	1.30%	1.30%

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

Actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

Note 8 - New York State Retirement System - Continued

d. *Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions* - Continued

Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.36%
Private equity	10.00%	7.75%
Real estate	10.00%	5.80%
Absolute return strategies	2.00%	4.00%
Opportunistic portfolio	3.00%	5.89%
Real assets	3.00%	5.54%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-Indexed bonds	4.00%	1.50%
	100.00%	

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

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

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

	ERS		
	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (asset)	$ 2,872,463	$ 899,387	$ (768,846)

Note 8 - New York State Retirement System - Continued

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

	PFRS		
	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (asset)	$ 5,929,537	$ 2,091,590	$ (1,127,508)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows (amounts in thousands):

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

Voluntary Defined Contribution Plan

The Village also offers a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earnings at the annual full-time salary rate of $75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Village will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Note 9 - Length of Service Award Programs

Fire Service Award Program

The Village, pursuant to Article 11-A of the General Municipal Law of the State of New York and legislative resolution, has established a Service Awards Program (Fire Program) for volunteer firefighters. This Fire Program is a single employer defined benefit plan established as a granter/rabbi trust and, as such, the assets are subject to the claims of the Village's general creditors.

Note 9 - Length of Service Award Programs - Continued

Fire Service Award Program - Continued

Active volunteer firefighters, upon attainment of age 18, and upon earning 50 or more points in a calendar year after 1990 under the provisions of the Fire Program point system, are eligible to become participants in the Fire Program. Points are granted for the performance of certain activities in accordance with a system established by the Village on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the Fire Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 65 or the participant's age after earning 50 program points), shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are $20 for each year of service credit, up to a maximum of 40 years. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. The Program also provides disability and death benefits. The trustees of the Fire Program, which are the members of the Village's Board, are authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the Village from the General Fund. Separate financial statements are not issued by the Fire Program.

Current membership in the Fire Program is comprised of the following at May 31, 2017:

Group	Fire
Retirees and beneficiaries currently receiving benefits	20
Active, non-vested	37
Terminated members entitled to but not yet receiving benefits	12

Fire Program assets are required to be held in trust (granter/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, 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 Fire Program. Authority to invest the Program's assets is vested in the Village. Fire Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Village.

The Village is required to transfer to the granter/rabbi trust amounts necessary to finance the Fire Program as actuarially determined using the attained age normal frozen initial liability cost method. The pension obligation is not amortized on a separate basis. The assumed investment rate of return is 5.5%, and there are no cost of living adjustments. In addition, projected salary increases are not applicable since members are volunteers and there are no assumptions regarding post-retirement benefit increases since postretirement aged members are not projected to earn service credits.

The Village accounts for Fire Program assets as restricted investments in the General Fund. Benefit payments are recognized as an expenditure within the general fund at the time they are due and payable. LOSAP contributions represent the reclassification of unrestricted General Fund assets to the rabbi/granter trust (restricted investments). See Note 12 for fair value measurement disclosures on the Fire Program's assets.

Note 9 - Length of Service Award Programs - Continued

Fire Service Award Program - Continued

Significant actuarial assumptions used to estimate the Fire Program's actuarial accrued liability are as follows:

Assumed Investment Rate of Return	5.50%
Pre-Entitlement Age Mortality Table	RP-2014 Mortality Table without projection for calculation of Pre-EA self-insured death benefit only.
Post-Entitlement Age Mortality Table	RP-2014 Male Mortality Table without projection
Valuation Age	Exact age on the valuation date, with annuity values linearly interpolated between whole ages.
Contribution Timing Adjustment	Contributions are assumed to be made 21 months after the valuation date.
Entitlement	100% of Entitlement Age (EA).
Realization Rate for Active Participants	100% of Entitlement Agent for those who have earned at least one year of service credit in the prior three years, 0% otherwise.
Withdrawal Rates	None
Administrative Cost	Fees paid from the Trust Fund are reimbursed back to the Fund as part of the minimum required contribution.
Death Benefit	The minimum $10,000 Pre-EA active member death benefit is funded by the program.

Benefit and administrative expenditures incurred under the Fire Program were $92,303 for the period ended May 31, 2017. The Actuarial Accrued Liability for the Fire Program was $1,976,057 for the period ended May 31, 2017 and is reported in the government-wide statement of net position.

Ambulance Service Award

The Village, pursuant to Article 11-A of the General Municipal Law of the State of New York and legislative resolution, has established a Service Awards Program (Ambulance Program) for volunteer members of the Dobbs Ferry Volunteer Ambulance Corps. This program is a single employer defined benefit plan established as a granter/rabbi trust and, as such, the assets are subject to the claims of the Village's general creditors.

Note 9 - Length of Service Award Programs - Continued

Ambulance Service Award - Continued

A participant, upon attainment of age 18, and upon earning 50 or more points in a calendar year after 2001 under the provisions of the program point system, are eligible to become participants in the Ambulance Program. Points are granted for the performance of certain activities in accordance with a system established by the Village on the basis of a statutory list of activities and point values. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant upon attainment of entitlement age (the later of age 65 or the participant's age after earning five years of service credit) shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are $20 for each year of service credit, up to a maximum of 40 years. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. The Ambulance Program also provides disability and death benefits. The trustee of the Ambulance Program, which has been designated by the State Comptroller, is authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the Village from the General Fund. Separate financial statements are not issued by the Program.

Current membership in the Ambulance Program is comprised of the following at May 31, 2017:

Group	Ambulance
Retirees and beneficiaries currently receiving benefits	5
Active, non-vested	14
Terminated members entitled to but not yet receiving benefits	12

Ambulance Program assets are required to be held in trust (granter/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, 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 Fire Program. Authority to invest the program's assets is vested in the Village. Fire Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Village.

The Village is required to transfer to the granter/rabbi trust amounts necessary to finance the Ambulance Program as actuarially determined using the attained age normal frozen initial liability cost method. The pension obligation is not amortized on a separate basis. The assumed investment rate of return is 6.0% and there are no cost of living adjustments. In addition, projected salary increases are not applicable since members are volunteers and there are no assumptions regarding postretirement benefit increases since postretirement aged members are not projected to earn service credits.

The Village accounts for Ambulance Program assets as restricted investments in the General Fund. Benefit payments are recognized as an expenditure within general fund at the time they are due and payable. LOSAP contributions represent the transfer of unrestricted general fund assets to the rabbi/granter trust (restricted investments). See Note 12 for fair value measurement disclosures on the Ambulance Program's assets.

Note 9 - Length of Service Award Programs - Continued

Ambulance Service Award - Continued

Significant actuarial assumptions used to estimate the Ambulance Program's actuarial accrued liability are as follows:

Assumed Investment Rate of Return	6.00%
Pre-Entitlement Age Mortality Table	None
Post-Entitlement Age Mortality Table	RP-2014 Mortality Table projected with Scale MP-2016 to 2020, blended 60% male / 40% female.
Entitlement	100% of Entitlement Age (EA).
Realization Rae for Active Participants	100% of Entitlement Agent for those who have earned at least one year of service credit in the prior three years, 0% otherwise.
Withdrawal Rates	None
Valuation Age	Exact age on the valuation date, with annuity values linearly interpolated between whole ages.
Contribution Timing Adjustment	Contributions are assumed to be made 21 months after the valuation date.
Administrative Cost	Fees paid from the Trust Fund are reimbursed back to the Fund as part of the minimum required contribution.

Program benefits and administrative expenditures incurred under the Ambulance Program were $12,992 for the period ended May 31, 2017. The actuarial accrued liability for the program was $287,823 for the period ended May 31, 2017, and is reported in the government-wide statement of net position.

Note 10 - Other Postemployment Benefits (OPEB)

Plan Overview

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

Note 10 - Other Postemployment Benefits (OPEB) - Continued

Plan Overview - Continued

The Village's annual other postemployment benefit obligations (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

Contributions

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

Funding Policy

The contribution requirements of plan members and the Village are established and may be amended by the Village Board. The Village is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended May 31, 2017, the Village paid approximately $1,947,146 on behalf of the plan members.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) represents a level of funding, that if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. Amounts "required" but not actually set aside to pay for these benefits are accumulated with interest as part of the net OPEB obligation, after adjusting for amounts previously "required." The Village's actual OPEB cost for the year, the amount actually paid on behalf of the plan, and changes in the Village's OPEB obligation to the plan for the year ended May 31, 2017, are as follows:

Note 10 - Other Postemployment Benefits (OPEB) - Continued

Annual OPEB Cost and Net OPEB Obligation - Continued

Annual required contribution (ARC)	$ 2,560,000
Interest on net OPEB obligation (NOO)	420,000
Adjustment to ARC	(550,000)
Annual OPEB cost	2,430,000
Contributions made	(790,000)
Increase	1,640,000
NOO at beginning of year	9,450,000
NOO at end of year	$ 11,090,000
Actuarial accrued liability	$ 29,560,000
Funded OPEB plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 29,560,000
Funded ratio	0%
Covered payroll	$ 7,430,000
UAAL as a percentage of covered payroll	397.85%

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

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	$ 2,220,000	27.03%	$ 7,740,000
2016	2,360,000	27.54%	9,450,000
2017	2,430,000	32.51%	11,090,000

Actuarial Methods and Assumptions

The Village is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the OPEB plan has been established on a pay-as-you-go basis. The assumed increase in postretirement benefits is 8.0% for the first year, decreases per year by .5% through years 7, and then to 5% thereafter. The amortization basis is the level percentage of payroll method with an open amortization approach with 22 years remaining in the amortization period. The actuarial assumptions included a 4.5% investment rate of return and a 3% inflation rate. The Village currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the projected unit credit method.

Note 11 - Contingencies, Risks, and Uncertainties

a. Litigation

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

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

b. Risk Management

The Village and other villages, counties, towns, cities and district corporations within the State have formed a reciprocal insurance company to be owned by these municipalities. This reciprocal operates under an agreement effective September 1, 1993. The purpose of this reciprocal is to provide local governments with the opportunity to gain control over their insurance programs and bring stability to their insurance costs. The reciprocal provides general liability, automobile, property, umbrella and police and public official liability coverage. The reciprocal retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-Fact. The Board of Governors is comprised of employees of the subscribers. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Attorney-in-Fact derives all of its authority from the Board of Governors and New York Insurance Laws and is the entity which enters into contracts on behalf of the reciprocal. The reciprocal is an “assessable” insurance company, in that, the subscribers are severally liable for any financial shortfall of the reciprocal and can be assessed their proportionate share by the State Insurance Department if the funds of the reciprocal are less than what is required to satisfy its liabilities. The subscribers are required to pay premiums as well as a minimal capital contribution.

The Village purchases various insurance coverages from the reciprocal to reduce its exposure to loss. The Village maintains a general liability policy with coverage up to $1 million per occurrence and up to $3 million in the aggregate. The Village maintains public officials and law enforcement liability policies with coverage up to $1 million per occurrence and up to $2 million in the aggregate. The Village also maintains an umbrella policy with coverage up to $10 million per occurrence and up to $10 million in the aggregate. Workers’ compensation insurance is secured with coverage at statutory levels. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

c. Grant Programs

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 past audits, the Village believes disallowances, if any, will be immaterial.

Note 12 - Fair Value Measurements

The Village categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value:

Cash and money market, held for investment: The carrying amount approximates fair value because of the short maturity of the instruments.

Exchange Traded Funds and Mutual Funds: Reported at current quoted fair values.

Federal Agency Securities: Fixed income securities held by the Village, including bonds, are generally priced using pricing matrix models and quoted prices for identical or similar securities.

Pooled Investment Securities: The Village is a participant in a pooled investment account whose underlying securities are generally composed of corporate bonds, mutual funds and individual equity securities that trade on public markets. The pooled investment account overall value is calculated using quoted market prices for the underlying investments. The pool administrator allocates investment income, and accounts for contributions and withdrawals of each individual participant. The Village is provided a summary account statement on a quarterly basis.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

Note 12 - Fair Value Measurements - Continued

The following table summarizes as of May 31, 2017, the Village's Fire Program investments, and categorization with the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 30,390	$ -	$ -	$ 30,390
Exchange Traded Funds				
U.S. Broad Market	297,534	-	-	297,534
International Equity	184,748	-	-	184,748
Mutual Funds				
Emerging Markets	75,171	-	-	75,171
PIMCO - Fixed Income	146,092	-	-	146,092
Macro Opportunities - Fixed Income	289,724	-	-	289,724
Worldwide - Fixed Income	146,577	-	-	146,577
Equity/Fixed Income Blend	293,528	-	-	293,528
Federal Agency Securities	-	230	-	230
	$ 1,463,764	$ 230	$ -	$ 1,463,994

The following table summarizes as of May 31, 2017, the Village's Ambulance Program investments, and categorization with the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Pooled Investment Fund	$ -	$ 428,539	$ -	$ 428,539

Note 13 - Accounting Pronouncements Issued But Not Yet Implemented

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68.* This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. See Note 1.q. regarding adoption of the portion of this standard that was effective for fiscal years beginning after June 15, 2015. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016.

Note 13 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.* GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for reporting periods beginning after June 15, 2016.

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 84, *Fiduciary Activities.* This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases.* This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Management has not estimated the extent of potential impact of these statements on the Village's financial statements.

Village of Dobbs Ferry, New York

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

	Year Ended May 31, 2017			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property taxes	$ 11,768,188	$ 11,768,188	$ 11,684,935	$ (83,253)
Real property tax items	50,000	50,000	54,921	4,921
Non-property taxes	1,895,000	1,895,000	2,053,089	158,089
Departmental revenues	1,017,696	1,017,696	1,091,482	73,786
Intergovernmental charges	46,000	46,000	220,028	174,028
Use of money and property	47,500	47,500	239,220	191,720
Licenses and permits	495,700	495,700	677,875	182,175
Fines and forfeitures	250,000	250,000	298,472	48,472
Sale of property and compensation for loss	2,000	2,000	25,789	23,789
Miscellaneous local sources	5,000	5,000	83,460	78,460
State aid	239,000	239,000	343,409	104,409
Total revenues	15,816,084	15,816,084	16,772,680	956,596
EXPENDITURES				
General government support	2,762,246	2,470,314	2,244,030	226,284
Public safety	4,483,770	4,758,165	4,469,859	288,306
Health	11,250	12,544	12,081	473
Transportation	911,853	998,221	980,879	17,342
Economic opportunity and development	14,400	14,400	11,672	2,728
Culture and recreation	1,280,264	1,221,897	1,095,195	126,702
Home and community services	1,194,576	1,222,917	1,165,705	57,212
Employee benefits	4,294,497	4,280,065	4,087,063	193,002
Debt service				
Principal	-	10,000	10,000	-
Interest	11,440	11,440	7,552	3,888
Total expenditures	14,964,296	14,999,963	14,084,036	915,937
Excess of revenues over expenditures	**851,788**	**816,121**	**2,688,644**	**1,872,533**
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	-	(300,000)
Transfers out	(2,361,788)	(2,361,788)	(2,361,788)	-
Total other financing sources (uses)	(2,061,788)	(2,061,788)	(2,361,788)	(300,000)
Net change in fund balance/(appropriated)	**(1,210,000)**	**(1,245,667)**	**326,856**	**$ 1,572,533**
FUND BALANCE, *beginning of year, as restated*	5,631,825	5,631,825	5,631,825	
FUND BALANCE, *end of year*	**$ 4,421,825**	**$ 4,386,158**	**$ 5,958,681**	

See Independent Auditor's Report.

Village of Dobbs Ferry, New York

Required Supplementary Information
Schedule of Funding Progress - Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Simplified Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
6/1/2014	$ -	$ 26,650,000	$ 26,650,000	0.00%	$ 7,010,000	380.17%
6/1/2015	-	28,560,000	28,560,000	0.00%	7,170,000	398.33%
6/1/2016	-	29,560,000	29,560,000	0.00%	7,430,000	397.85%

See Independent Auditor's Report.

Village of Dobbs Ferry, New York

Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability - ERS and PFRS

ERS

	May 31, 2017	May 31, 2016
Village's proportion of the net pension liability	0.0095718%	0.0113742%
Village's proportionate share of the net pension liability	$ 899,387	$ 1,825,589
Village's covered-employee payroll	3,082,335	3,127,105
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	29.18%	58.38%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%

PFRS

	May 31, 2017	May 31, 2016
Village's proportion of the net pension liability	0.1009137%	0.0966558%
Village's proportionate share of the net pension liability	$ 2,091,590	$ 2,861,773
Village's covered-employee payroll	3,800,421	3,695,330
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.04%	77.44%
Plan fiduciary net position as a percentage of the total pension liability	93.46%	90.20%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

Village of Dobbs Ferry, New York

Required Supplementary Information
Schedule of Pension Contributions - ERS and PFRS

ERS

	May 31, 2017	May 31, 2016
Contractually required contribution	$ 475,836	$ 659,011
Contributions in relation to the contractually required contribution	(475,836)	(659,011)
Contribution deficiency (excess)	-	-
Village's covered-employee payroll	3,082,335	3,127,105
Contributions as a percentage of covered-employee payroll	15.44%	21.07%

PFRS

	May 31, 2017	May 31, 2016
Contractually required contribution	$ 857,251	$ 925,722
Contributions in relation to the contractually required contribution	(857,251)	(925,722)
Contribution deficiency (excess)	-	-
Village's covered-employee payroll	3,800,421	3,695,330
Contributions as a percentage of covered-employee payroll	22.56%	25.05%

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

Village of Dobbs Ferry, New York

Supplementary Information
Combining Balance Sheet - Non-Major Governmental Funds

	May 31, 2017		
	Library	Special Grant	Total Other Governmental
ASSETS			
Cash and cash equivalents	$ 397,326	$ -	$ 397,326
Receivables			
Accounts	784	-	784
State and Federal aid	-	20,159	20,159
	$ 398,110	**$ 20,159**	**$ 418,269**
LIABILITIES			
Accounts payable	$ 10,466	6,436	$ 16,902
Accrued expenses	4,508	-	4,508
Due to other funds	72,328	13,723	86,051
	87,302	20,159	107,461
FUND BALANCES			
Assigned	310,808	-	310,808
	$ 398,110	**$ 20,159**	**$ 418,269**

See Independent Auditor's Report.

Village of Dobbs Ferry, New York

Supplementary Information
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Non-Major Governmental Funds

	Year Ended May 31, 2017		
	Library	Special Grant	Total
REVENUES			
Real property taxes	$ 633,849	$ -	$ 633,849
Departmental revenues	9,887	-	9,887
Use of money and property	1,801	-	1,801
State aid	3,220	-	3,220
Federal aid	-	80,295	80,295
Total revenues	648,757	80,295	729,052
EXPENDITURES			
Health	-	80,295	80,295
Culture and recreation	548,460	-	548,460
Employee benefits	100,363	-	100,363
Total expenditures	648,823	80,295	729,118
Deficiency of revenues over expenditures	**(66)**	**-**	**(66)**
FUND BALANCES, ***beginning of year***	310,874	-	310,874
FUND BALANCES, ***end of year***	**$ 310,808**	**$ -**	**$ 310,808**

See Independent Auditor's Report.