

VILLAGE OF TRUMANSBURG

Trumansburg, New York

FINANCIAL REPORT

For the Year Ended
May 31, 2020



VILLAGE OF TRUMANSBURG

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INDEPENDENT AUDITORS' REPORT

Mayor and Village Trustees
Village of Trumansburg
Trumansburg, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Trumansburg (the Village) as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Trumansburg, as of May 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, Budgetary Comparison Schedules, and the Schedules of Village Contributions and Village’s Proportionate Share of Net Pension Liability, and related notes to required supplementary information on pages 3-3i, and 35-41 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2021, 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.

Respectfully submitted,



Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 6, 2021

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

The following is a discussion and analysis of the Village of Trumansburg's (the Village) financial performance for the fiscal year ended May 31, 2020. The Management's Discussion and Analysis (MD&A) is only an introduction and should be read in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Village ended the year with a total net position of \$10,257,698, a decrease of \$589,726 from the prior year net position of \$10,847,424. Year-end net position was composed of \$1,982,772 in restricted net position, \$8,634,784 in net investment in capital assets, and \$359,858 in unrestricted net deficit. Unrestricted net position decreased \$521,039 compared to the prior year, while net investment in capital assets decreased \$268,337 compared to the prior year. Changes from the prior year were primarily attributable to capital grants for NYS EFC projects being applicable in the prior year, along with an overall increase in expenses.
- Expenses exceeded revenues by \$589,726 in 2020 compared to revenues exceeding expenses by \$2,308,746 in 2019.
- The Village records its proportionate share of the net pension liability along with deferred inflows and outflows of resources related to pensions in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 68. "Accounting and Financial Reporting for Pensions." Current year recognition resulted in an increase of Government-wide expenses of \$232,043, compared to an increase of \$28,727 in 2019.
- The General Fund recorded an increase in fund balance of \$202,662 in 2020 and had a fund balance at the end of the year of \$886,080, compared to \$683,418 in 2019.
- The Village has contractual arrangements with the Town of Ulysses for the provision of fire and EMS services. These contracts are executed based on a calendar year. This causes the Village to report a significant balance in unearned revenues and decreases the Village General Fund fund balance. The balance in unearned revenues represents the portion of these contracts that have not been earned.
- Resources available for appropriation in the General Fund, including interfund transfers in and debt proceeds, were \$303,035 less than budgeted. Actual expenditures and interfund transfer expenditures, including encumbrances, were \$2,036 more than budgeted, resulting in an unfavorable budget variance of \$305,071.
- The Village's total indebtedness decreased from \$8,523,685 to \$8,117,944. Serial bond obligations and installment purchase debt decreased \$187,741 due to debt payments, partly offset by the conversion of bond anticipation notes (BANs) to long-term financing during the year. The Village's short-term debt decreased by \$218,000, as all short-term BANs were redeemed from appropriations or converted to long-term debt in the current year.

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

- Capital additions during 2020 amounted to \$89,203 for the purchase of various equipment, vehicles, infrastructure improvements, and construction in progress expenditures. Depreciation expense was \$761,723 for the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

Using This Annual Report

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 4 and 5) provide information about the Village as a whole and present a longer-term view of the Village's finances. Governmental Fund financial statements start on page 6. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the Village's operations in greater detail than the Government-wide financial statements by providing information about the Village's most significant funds. The remaining statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

Reporting the Village as a Whole

Our analysis of the Village as a whole begins on page 4, with the Governmental-wide statements. The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer the question of whether the Village, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Village's net position and its changes in net position. One can think of the Village's net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other nonfinancial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads, to assess the overall health of the Village.

In the Statement of Net Position and the Statement of Activities, the Village reports:

- **Governmental Activities:** The Village's services are reported in this category, including public safety, public health, transportation, economic assistance and opportunity, culture and recreation, home and community services, and general administration. Property and sales taxes, charges for services, and state and federal grants finance most of these activities.

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Governmental Fund Financial Statements

Analysis of the Village's Major Funds begins on page 6. The Governmental Fund financial statements provide detailed information about the most significant funds, not about the Village as a whole. Some funds are required to be established by New York State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The Village's two kinds of funds, Governmental and Fiduciary, use different accounting approaches.

- **Governmental Funds:** All of the Village's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the Village's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide financial statements) and Governmental *Funds* is explained in a reconciliation following the Governmental Fund financial statements.
- **The Village as Trustee:** The Village is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the Village's Fiduciary Activities are reported in a separate Statement of Fiduciary Net Position on page 10. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in this fund are used for their intended purposes.

THE VILLAGE AS A WHOLE

The Village's *combined* net position for fiscal year ended May 31, 2020 decreased by 5%. The Village's investment in its capital assets (such as land, buildings, machinery and equipment, and infrastructure), less any related outstanding debt, has a balance of \$8,634,784 at May 31, 2020. The Village has elected not to retroactively capitalize infrastructure assets, in accordance with GASB Statement No. 34. However, the debt associated with these assets is recorded. 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 by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

Our analysis focuses on the net position (*Figure 1*), and changes in net position (*Figure 2*), of the Village's Governmental Activities.

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

*Figure 1
Net Position*

<i>Net Position</i>	<i>Governmental Activities</i>		<i>Dollar Variance</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Current Assets</i>	\$ 1,295,643	\$ 999,124	\$ (296,519)
<i>Noncurrent Assets</i>	1,783,122	1,982,772	199,650
<i>Capital Assets</i>	17,426,806	16,752,728	(674,078)
<i>Total Assets</i>	20,505,571	19,734,624	(770,947)
<i>Pensions</i>	162,695	744,481	581,786
<i>Total Deferred Outflows of Resources</i>	162,695	744,481	581,786
<i>Current Liabilities</i>	1,448,423	1,244,642	(203,781)
<i>Noncurrent Liabilities</i>	8,206,299	8,865,964	659,665
<i>Total Liabilities</i>	9,654,722	10,110,606	455,884
<i>Pensions</i>	166,120	110,801	(55,319)
<i>Total Deferred Inflows of Resources</i>	166,120	110,801	(55,319)
<i>Net Investment in Capital Assets</i>	8,903,121	8,634,784	(268,337)
<i>Restricted</i>	1,783,122	1,982,772	199,650
<i>Unrestricted</i>	161,181	(359,858)	(521,039)
<i>Total Net Position</i>	\$ 10,847,424	\$ 10,257,698	\$ (589,726)

Current assets decreased by 22.89% primarily due to decreases in cash, accounts receivable, and amounts due from state and federal sources. Noncurrent assets increased by 11.20% due to increases in restricted cash in all funds. Depreciation expense for the year exceeded asset additions the Village purchased, causing the decrease in capital assets.

Current liabilities decreased primarily due to a decrease in accounts payable in the General Fund and a short-term BAN being redeemed from appropriations. Noncurrent liabilities increased due to an increase in the Village's proportionate share of the net pension liability. The decreases in deferred inflows of resources and the increases in deferred outflows of resources are related to changes in the actuarially determined proportionate share of the pension system's Plan's net pension liability and related deferred outflows and inflows of resources.

Net investment in capital assets decreased due to depreciation expense and debt issuances exceeding capital outlay and debt principal payments. The increase in restricted net position is primarily due to reserve activity.

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

*Figure 2
Changes in Net Position*

<i>Changes in Net Position</i>	<i>Governmental Activities</i>		<i>Percent Variance</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 2,474,107	\$ 2,253,609	(8.91)%
<i>Operating Grants and Contributions</i>	113,401	53,637	(52.70)%
<i>Capital Grants and Contributions</i>	2,271,436		(100.00)%
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	938,372	975,285	3.93%
<i>Nonproperty Tax Items</i>	418,459	414,079	(1.05)%
<i>State Sources</i>	26,099	33,207	27.23%
<i>Other</i>	197,373	216,284	9.58%
<i>Total Revenues</i>	\$ 6,439,247	\$ 3,946,101	(38.72)%
<i>PROGRAM EXPENSES</i>			
<i>General Governmental Support</i>	\$ 371,581	\$ 492,615	32.57%
<i>Public Safety</i>	943,378	1,034,618	9.67%
<i>Public Health</i>	1,195,432	1,197,290	0.16%
<i>Transportation</i>	321,927	354,581	10.14%
<i>Culture and Recreation</i>	189,837	213,750	12.60%
<i>Home and Community Services</i>	1,033,660	1,177,064	13.87%
<i>Interest on Long-Term Debt</i>	74,686	65,909	(11.75)%
<i>Total Expenses</i>	\$ 4,130,501	\$ 4,535,827	9.81%
<i>INCREASE IN NET POSITION</i>	\$ 2,308,746	\$ (589,726)	(125.54)%

Charges for services decreased primarily due to fewer billable charges related to ambulance charges, metered water sales and culture and recreation income. Operating grants and contributions decreased based on the Village Board's decision to no longer operate the Summer Recreation Program. Capital grants and contributions decreased as the NYSEFC grant was only applicable in the prior year. Property tax and tax items increased based on increases in the annual tax levy. Nonproperty tax decreased due to a decrease in the receipts tax billed on utility usage. Other revenues increased as a result of gains on the sale of equipment and from an increase in one-time payments received in the current year.

General government support expenses increased due to higher payroll expenses in the sewer and water funds and the purchases of services from contractors for capital projects. Public safety expenses increased based on a higher depreciation expense for capital assets in the current year, along with the purchase of more non-capitalizable police equipment.

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

Transportation and culture and recreation expenses increased as a result of depreciation expense. Home and community services expenses increased primarily due to allocation of depreciation expense, along with additional contractual expenditures. Interest expense decreased based on amortization schedules and interest rates on debt issuances.

Figure 3
Revenue by Source
2020

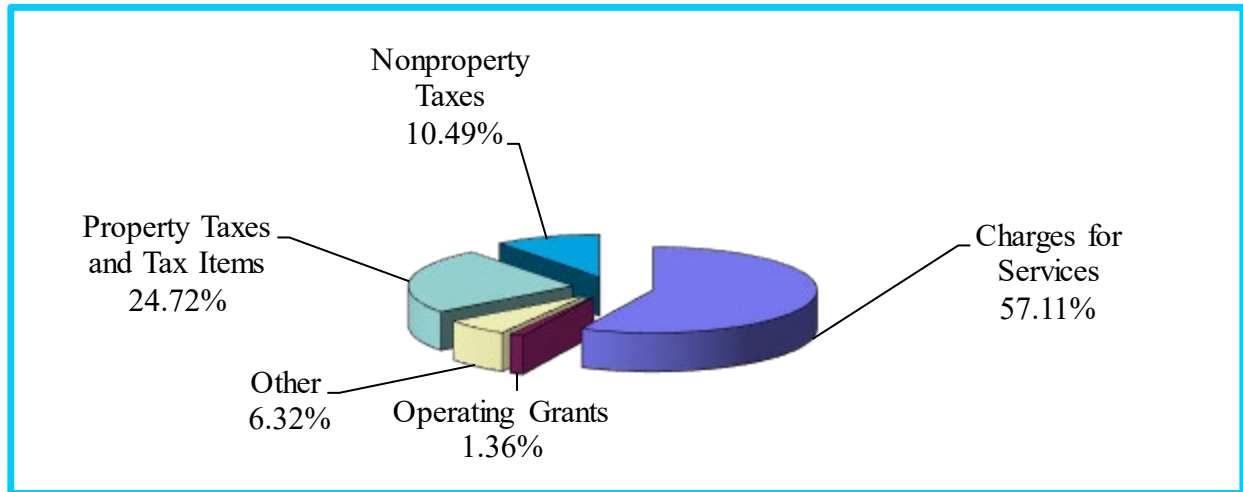
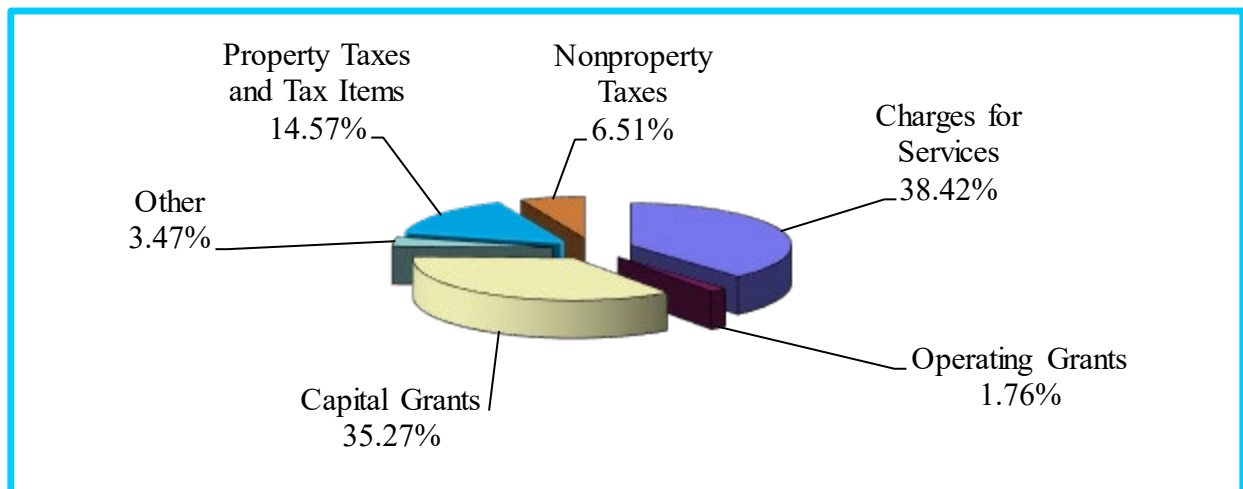


Figure 4
Revenue by Source
2019



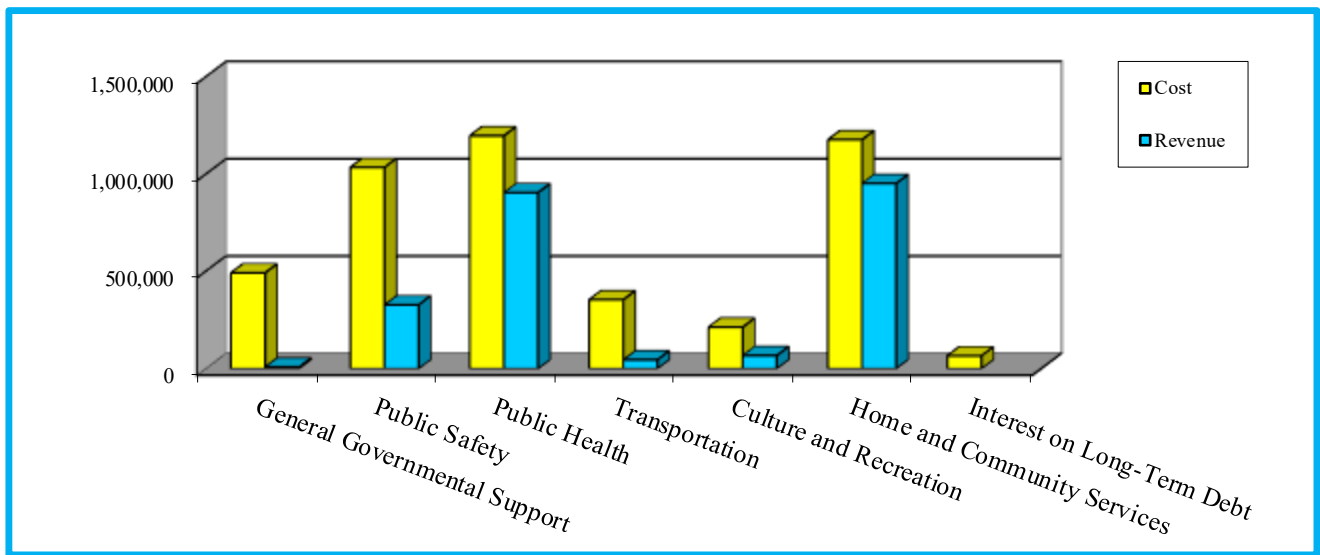
VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

The cost of all Governmental Activities this year was \$4,535,827. However, as shown in the Statement of Activities, some of the cost was paid by those who directly benefited from the programs, or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the Village's governmental program revenues, including fees for services and grants were \$2,307,246. The Village also recorded \$1,638,855 in taxes and other revenues, such as interest and general entitlements.

The total cost less revenues generated by activities, or the net cost, for each of the Village's largest programs is presented below. The net cost shows the financial burden that was placed on the Village's taxpayers by each of these functions. Note that capital grants recorded in the culture and recreation and home and community services functions do not offset operating costs, but support capital construction. There are no expenses reported as a result of the construction.

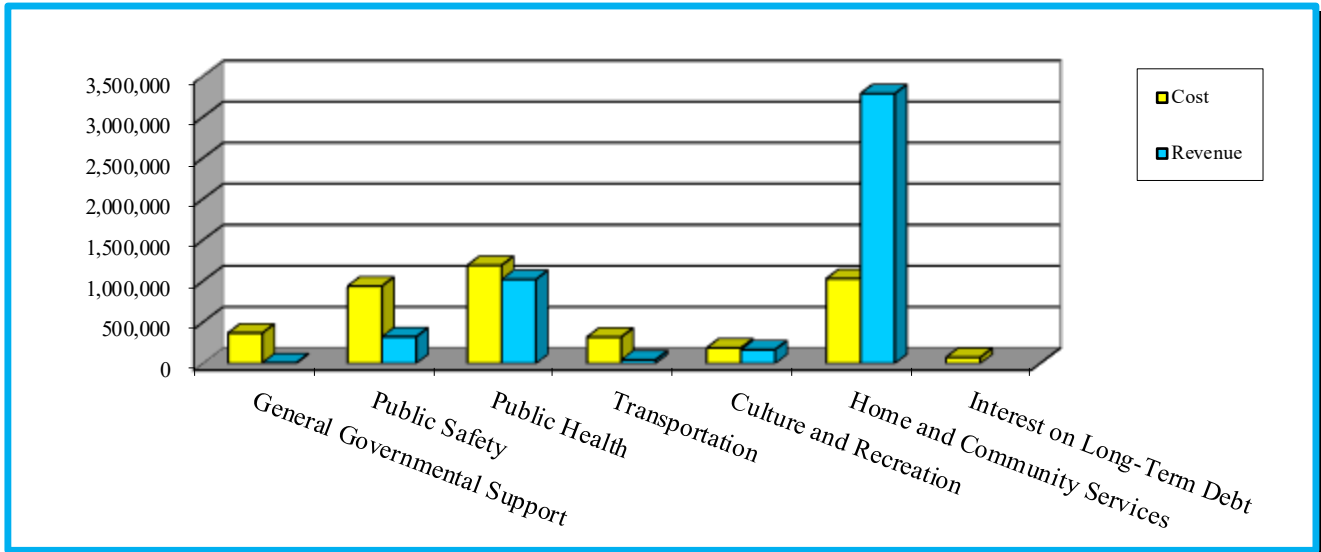
Figure 5
Net Program Cost Governmental Activities
2020



VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

Figure 6
Net Program Cost Governmental Activities
2019



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a combined fund balance of \$2,164,842, an increase of \$125,901 from last year (see *Figure 7*), primarily attributable to the fund balance increase of \$202,662 in the General Fund, which was partially offset by decreases in other funds. The Ambulance Fund ended the year with a deficit due to transfers to the General Fund and contractual expenditures.

Figure 7
Major Governmental Funds
Fund Balance at Year Ended May 31,

Changes in Fund Balance	2019	2020	Dollar Change 2019 - 2020
<i>General Fund</i>	\$ 683,418	\$ 886,080	\$ 202,662
<i>Capital Projects Fund</i>	(122,139)	51,841	173,980
<i>Water Fund</i>	809,586	698,272	(111,314)
<i>Sewer Fund</i>	617,117	557,696	(59,421)
<i>Ambulance Fund</i>	50,959	(29,047)	(80,006)
Totals	\$ 2,038,941	\$ 2,164,842	\$ 125,901

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

General Fund Budgetary Highlights

Over the course of the year, the Village Board as well as the management of the Village revised the Village budget several times. These budget amendments fall into two categories: (1) amendments and supplemental appropriations approved shortly after the beginning of the year to reflect actual beginning account balances, and (2) increases in appropriations to prevent budget overruns.

Actual expenditures, including encumbrances and transfers to other funds, were \$2,036 more than final budget amounts. In addition, resources available for appropriation and transfers from other funds were \$303,035 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of May 31, 2020, the Village had invested \$16,752,728, net of accumulated depreciation, in a broad range of capital assets, including land and land improvements, buildings, machinery and equipment, roads, and water and sewer lines (see *Figure 8*). This amount represents a net decrease (including additions and deductions) of \$674,078 from last year, mainly due to depreciation expense exceeding additions purchased by the Village.

Figure 8

<i>Changes in Capital Assets</i>	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Land and Land Improvements</i>	\$ 118,255	\$ 106,890	\$ (11,365)
<i>Buildings</i>	166,874	156,283	(10,591)
<i>Machinery and Equipment</i>	1,814,646	1,574,810	(239,836)
<i>Infrastructure</i>	15,327,031	14,914,745	(412,286)
<i>Totals</i>	\$ 17,426,806	\$ 16,752,728	\$ (674,078)

Debt Administration

Total indebtedness of the Village decreased \$405,741 and brought total debt to \$8,117,944 as of May 31, 2020, as shown in *Figure 9*. Of this amount, \$373,666 is subject to the constitutional debt limit and represented 4.2% percent of the Village's statutory debt limit. Detailed information about the Village's indebtedness is presented in Notes 6 and 7 to the financial statements.

VILLAGE OF TRUMANSBURG

MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2020

*Figure 9
Indebtedness at Year Ended May 31,*

<i>Changes in Indebtedness</i>	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019 - 2020</i>
<i>Serial Bonds</i>	\$ 8,048,813	\$ 7,909,278	\$ (139,535)
<i>Installment Purchase Debt</i>	256,872	208,666	(48,206)
<i>BANs</i>	218,000	-	(218,000)
<i>Totals</i>	\$ 8,523,685	\$ 8,117,944	\$ (405,741)

FUTURE FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2020-2021 budget includes significant decreases in General Fund appropriations due to COVID-19.
- The Village Board decided to no longer administer the Summer Recreation Program.
- The Comprehensive Plan and Zoning Laws project is near completion and should be published in the Spring of 2021.
- The Village is working with MRB Group engineers on storm sewer issues.
- The Water and Well Capital Projects are complete.
- The Village Planning Board approved beginning the 46 South Street housing project; building permit applications are anticipated in the spring of 2021.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact the Village's main office at Village of Trumansburg, 56 E. Main Street, Trumansburg, New York 14886.

VILLAGE OF TRUMANSBURG

STATEMENT OF NET POSITION MAY 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	\$ 692,884
Cash and Cash Equivalents - Restricted	51,841
Due from Other Governments	55,201
Other Receivables, Net	195,846
Prepaid Expenses	3,352
Total Current Assets	999,124
Noncurrent Assets	
Restricted Cash and Cash Equivalents	1,982,772
Land and Other Non-Depreciable Capital Assets	15,974
Capital Assets, Net of Accumulated Depreciation	16,736,754
Total Noncurrent Assets	18,735,500
Total Assets	19,734,624
DEFERRED OUTFLOWS OF RESOURCES	
Pension	744,481
Total Deferred Outflows of Financial Resources	744,481
LIABILITIES	
Current Liabilities	
Accounts Payable	106,615
Accrued Liabilities	28,356
Due to Employees' Retirement System	24,027
Interest Payable	13,861
Unearned Revenues	658,056
Current Portion of Long-Term Liabilities:	
Installment Purchase Debt Payable	92,906
Bonds Payable	320,821
Total Current Liabilities	1,244,642
Long-Term Liabilities	
Installment Purchase Debt Payable	115,760
Bonds Payable	7,588,457
Compensated Absences	47,768
Net Pension Liability - Proportionate Share	1,113,979
Total Noncurrent Liabilities	8,865,964
Total Liabilities	10,110,606
DEFERRED INFLOWS OF RESOURCES	
Pension	110,801
Total Deferred Inflows of Resources	110,801
NET POSITION	
Net Investment in Capital Assets	8,634,784
Restricted	1,982,772
Unrestricted	(359,858)
Total Net Position	\$ 10,257,698

See Notes to Financial Statements

VILLAGE OF TRUMANSBURG

BALANCE SHEET GOVERNMENTAL FUNDS MAY 31, 2020

	Major Funds		
	General Fund	Capital Projects Fund	Special Revenue Funds Water Fund
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 607,891	\$ 3,615	\$ 31,117
Cash and Cash Equivalents - Restricted	938,996	51,841	607,567
Due from Other Funds	52,373		
Due from Other Governments	20,159		20,879
Other Receivables, Net	7,268		117,827
Prepaid Expenses			2,831
Total Assets	\$ 1,626,687	\$ 55,456	\$ 780,221
LIABILITIES			
Accounts Payable	\$ 33,573	\$ 3,615	\$ 33,774
Accrued Liabilities	24,951		3,175
Due to Other Funds			45,000
Due to Employees' Retirement System	24,027		
Unearned Revenues	658,056		
Total Liabilities	740,607	3,615	81,949
FUND BALANCES			
Nonspendable			2,831
Restricted	938,996	51,841	607,567
Assigned			87,874
Unassigned (Deficit)	(52,916)		
Total Fund Balances (Deficit)	886,080	51,841	698,272
Total Liabilities and Fund Balances	\$ 1,626,687	\$ 55,456	\$ 780,221

See Notes to Financial Statements

Major Funds

Special Revenue Funds		Total
Sewer Fund	Ambulance Fund	Governmental Funds
\$ 33,770	\$ 16,491	\$ 692,884
436,209		2,034,613
162,000		214,373
14,163		55,201
47,507	23,244	195,846
521		3,352
\$ 694,170	\$ 39,735	\$ 3,196,269
\$ 19,244	\$ 16,409	\$ 106,615
230		28,356
117,000	52,373	214,373
		24,027
		658,056
136,474	68,782	1,031,427
521		3,352
436,209		2,034,613
120,966		208,840
	(29,047)	(81,963)
557,696	(29,047)	2,164,842
\$ 694,170	\$ 39,735	\$ 3,196,269

VILLAGE OF TRUMANSBURG

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION MAY 31, 2020

Total Governmental Fund Balances **\$ 2,164,842**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Historical Cost	\$22,291,328	
Accumulated Depreciation	<u>(5,538,600)</u>	16,752,728

Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Accrued Interest Payable		(13,861)
--------------------------	--	----------

The Village's proportionate share of the collective net pension liability is not reported in the funds.

ERS Net Pension Liability - Proportionate Share	\$ (801,023)	
PFRS Net Pension Liability - Proportionate Share	<u>(312,956)</u>	(1,113,979)

Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

ERS Deferred Outflows of Resources - Pension	\$ 518,185	
PFRS Deferred Outflows of Resources - Pension	226,296	
ERS Deferred Inflows of Resources - Pension	(41,519)	
PFRS Deferred Inflows of Resources - Pension	<u>(69,282)</u>	633,680

Long-term liabilities, including bonds payable, retainage payable, installment purchase debt payable, and the long-term portion of compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (7,909,278)	
Compensated Absences	(47,768)	
Installment Purchase Debt	<u>(208,666)</u>	<u>(8,165,712)</u>

Net Position of Governmental Activities **\$10,257,698**

See Notes to Financial Statements

VILLAGE OF TRUMANSBURG

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2020

	Major Funds					Total Governmental Funds
	General Fund	Capital Projects Fund	Special Revenue Funds			
			Water Fund	Sewer Fund	Ambulance Fund	
REVENUES						
Real Property Taxes	\$ 970,663	\$	\$	\$	\$	\$ 970,663
Real Property Tax Items	4,622					4,622
Nonproperty Tax Items	414,079					414,079
Departmental Income	79,109		585,856	364,778	158,302	1,188,045
Intergovernmental Charges	1,059,953					1,059,953
Use of Money and Property	35,731	65	3,979	2,560		42,335
Licenses and Permits	5,611					5,611
Sale of Property and Compensation for Loss	64,028					64,028
Miscellaneous Local Sources	69,591		35,858	6,030		111,479
State Sources	86,844					86,844
Total Revenues	2,790,231	65	625,693	373,368	158,302	3,947,659
EXPENDITURES						
Current						
General Governmental Support	237,990	40,490	79,753	34,830		393,063
Public Safety	639,193					639,193
Public Health	677,596				148,608	826,204
Transportation	233,380					233,380
Culture and Recreation	141,595					141,595
Home and Community Services	115,615	26,680	325,781	228,349		696,425
Employee Benefits	511,598		96,992	24,230		632,820
Debt Service						
Principal	140,446		180,500	145,380		466,326
Interest	17,356		53,981			71,337
Total Expenditures	2,714,769	67,170	737,007	432,789	148,608	4,100,343
Excess of Revenues (Expenditures)	75,462	(67,105)	(111,314)	(59,421)	9,694	(152,684)
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In	127,200					127,200
Interfund Transfers (Out)		(37,500)			(89,700)	(127,200)
BANs Redeemed from Appropriations		53,000				53,000
Proceeds of Obligations	-	225,585				225,585
Total Other Financing Sources (Uses)	127,200	241,085	-	-	(89,700)	278,585
Excess of Revenues (Expenditures) and Other Financial Sources (Uses)	202,662	173,980	(111,314)	(59,421)	(80,006)	125,901
Fund Balances (Deficit), Beginning	683,418	(122,139)	809,586	617,117	50,959	2,038,941
Fund Balances (Deficit), Ending	\$ 886,080	\$ 51,841	\$ 698,272	\$ 557,696	\$ (29,047)	\$ 2,164,842

See Notes to Financial Statements

VILLAGE OF TRUMANSBURG

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2020

Net Change in Fund Balances - Total Governmental Funds **\$ 125,901**

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

Governmental Funds report purchases of capital assets as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	\$ 89,203	
Book Value of Disposed Assets	(1,558)	
Depreciation	<u>(761,723)</u>	(674,078)

Long-term obligations are reported in the Statement of Net Position. Therefore, changes which result in an (increase) or decrease in these long-term obligations are not reflected in the Governmental Fund financial statements.

Installment Purchase Debt Issuances, Net of Payments	\$ 48,206	
Debt Issuances, Net of Payments	<u>139,535</u>	187,741

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.

Net Increase in Accrued Interest Payable	\$ 5,428	
Change in Compensated Absences	<u>(2,675)</u>	2,753

Changes in the Village's proportionate share of net pension liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the Village's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ (146,234)	
PFRS	<u>(85,809)</u>	<u>(232,043)</u>

Change in Net Position of Governmental Activities **\$ (589,726)**

See Notes to Financial Statements

VILLAGE OF TRUMANSBURG

STATEMENT OF NET POSITION FIDUCIARY FUND MAY 31, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents - Unrestricted	\$ 35,856
Total Assets	<u>\$ 35,856</u>
LIABILITIES	
Agency Liabilities	\$ 35,856
Total Liabilities	<u>\$ 35,856</u>

See Notes to Financial Statements

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

***Note 1* Summary of Significant Accounting Policies**

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

Financial Reporting Entity

The Village, which was established in 1872, is governed by Village law and other general laws of New York State and various local laws. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The following basic services are provided: public safety (police and fire), public health, transportation, culture and recreation, home and community services; water, sewer, EMS, and maintenance of highways and streets.

All Governmental Activities and functions performed for the Village are its direct responsibility. The basic financial statements include all funds of the primary government, which is the Village, as well as the component units and other organizational entities determined to be included in the Village's reporting entity in accordance with GASB Statement No. 14, "The Financial Reporting Entity," as amended.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, no other governmental organizations have been included or excluded from the reporting entity.

Basic Financial Statements

The Village's basic financial statements include both Government-wide (reporting the Village as a whole) and Governmental Fund financial statements (reporting the Village's Major Funds). Both the Government-wide and Governmental Fund financial statements categorize primary activities as either Governmental or Business-type. The Village's general governmental support, public safety, public health, transportation, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. The Village does not have any Business-type activities.

Government-Wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (Governmental). Government-wide financial statements do not include the activities reported in the Fiduciary Funds. The focus of the Government-wide financial statements addresses the sustainability of the Village as an entity and the change in the Village's net position resulting from the current year's activities.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Government-Wide Financial Statements - Continued

In the Government-wide Statement of Net Position, the Governmental Activities are presented on a consolidated basis, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Village's net position is reported in three parts - net investment in capital assets; restricted; and unrestricted. The Village first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both gross and net cost for each of the Village's functions or programs. Gross expenses are direct expenses, including depreciation, specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues (charges paid by recipients of goods or services offered by the programs, grants and contributions) that are restricted to meeting program or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. Net cost represents the extent to which each function or program is self-financing or draws from general revenues of the Village.

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

Governmental Fund Financial Statements

The financial transactions of the Village are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

The Village records its transactions in the funds described as follows:

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds.

The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting.

The following are the Village's Governmental Funds.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Major Funds

- General Fund - Principal operating fund which includes all operations not required to be recorded in other funds.
- Capital Projects Fund - Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of the Village's major capital facilities or equipment.
- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:
 - Water Fund - Accounts for revenues derived from charges for water consumption and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.
 - Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.
 - Ambulance Fund - Accounts for revenues from emergency management services, and expenses associated with billing these services. Transfers will be made from the Ambulance Fund to the General Fund to defray the cost of these services.

Fiduciary Funds

Accounts for assets held by the Village in a trustee or custodial capacity, and therefore are not available to support the Village's programs. The following is the Village's Fiduciary Fund:

- Agency Fund - Accounts for money received and held by the Village in the capacity of trustee, custodian, or agent. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Basis of Accounting/Measurement Focus

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

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Accrual Basis

The Government-wide financial statements and Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Village’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges.

The Village considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when the asset is received. Exceptions to this general rule are 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vest or accumulate, are charged as an expenditure when paid.

Property Taxes

Real property taxes are levied annually by the Village no later than May 31 and become a lien on June 1. Taxes are collected during the period June 1 to November 1.

Uncollected real property taxes are subsequently enforced by the County of Tompkins, in which the Village is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the Village no later than the forthcoming April 1.

Property tax revenues are recognized as revenues in the year they are levied and collected. Property taxes not collected within 60 days subsequent to fiscal year end are reported as deferred inflows of resources.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Sales Tax

The Village receives from Tompkins County monthly remittances of sales tax. Sales tax revenue totaled \$384,606 for the year ended May 31, 2020.

Intergovernmental Charges

The Village maintains annual shared service agreements with the Town of Ulysses, the Town of Hector, Town of Mecklenburg, and the Town of Covert (the Towns) to provide fire protection and ambulance services to the Towns. The Village recognized \$1,059,953 in intergovernmental charges during the year ended May 31, 2020.

State and Federal Sources

- Aid and Incentives for Municipalities (AIM) Program - The AIM program provides direct, unrestricted aid to cities, towns, and villages throughout the state. For the year ended May 31, 2020, the Village received AIM funding of \$10,321.
- Mortgage Tax - New York State imposes a tax on the privilege of recording a mortgage on real property located within the state. For the year ended May 31, 2020, remittances from New York State to the Village totaled \$22,886.
- State and Federal Grants - The Village receives grants from state and federal sources and recognizes receivables and revenue when the applicable eligibility requirements including time requirements are met. State and federal grants are normally issued on the reimbursement basis for which the Village has to first incur allowable costs under the applicable program to be reimbursed by the state. Grant monies received in advance of meeting the eligibility requirements are recorded as unearned revenue by the Village until such eligibility requirements are met. For the year ended May 31, 2020, the Village received state and federal grant funding of \$53,637.

Cash and Cash Equivalents

For financial statement purposes, the Village considers all highly liquid investments with original maturities of three months or less as cash equivalents.

Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from other governments represent amounts owed to the Village including periodic sales tax collections, re-levied water and sewer rents, and fees for contractual services. Other receivables represent amounts owed to the Village, which include water rents, sewer rents, and billing receivable for emergency medical services. A provision has been made for uncollectible billing receivable for emergency medical service, as these amounts are not fully collectible.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 1 **Summary of Significant Accounting Policies - Continued**

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets.

Equipment purchased or acquired with an original cost of at least \$500 and having a useful life of greater than one year is capitalized. In accordance with the transition provisions of GASB Statement No. 34, infrastructure assets were not retroactively reported. The estimated useful lives for governmental capital assets are as follows:

Buildings	40 Years
Machinery and Equipment	5-20 Years
Infrastructure	15-60 Years

No interest on construction in progress has been capitalized.

Unearned Revenues

The Village reports unearned revenues on its Statement of Net Position and its Balance Sheet - Governmental Funds. Unearned revenues arise when resources are received by the Village before it has legal claim to them, as when fire protection funds are received prior to the time period to which these funds apply. In subsequent periods, when the Village has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded. The Village's unearned revenues at May 31, 2020 consisted of \$658,056 received from neighboring municipalities to which the Village provides ambulance and fire protection services. These funds will be recognized during the remainder of calendar year 2020, and the Village is expected to have similar arrangements in place for 2021.

Vacation, Sick Leave, and Compensatory Absences

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for only accumulated vacation at various rates subject to certain maximum limitations.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Village reports deferred outflows of resources related to pensions in the Statement of Net Position. The types of deferred outflows of resources related to pensions are described in Note 9.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 1 **Summary of Significant Accounting Policies - Continued**

Deferred Outflows and Inflows of Resources - Continued

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Village reports deferred inflows of resources related to pensions which are further described in Note 9.

Equity Classifications - Government-Wide Financial Statements

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

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements

The Village follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 reflects spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Village's legally adopted reserves are reported here.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Village has not adopted any resolutions to commit fund balance. Currently, fund balance is assigned by the Village Treasurer for encumbrances and designations and the Village Board of Trustees, by resolution, approves fund balance appropriations for next year's budget. The Village has not formally adopted a policy defining the order in which to apply expenditures against fund balances. However, the Village applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance, in that order.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. All interfund activities between governmental activities are eliminated on the Statement of Net Position and the Statement of Activities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

***Note 1* Summary of Significant Accounting Policies - Continued**

Future Changes in Accounting Standards

- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending May 31, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, "Leases," effective for the year ending May 31, 2022.
- GASB has issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period," effective for the year ending May 31, 2022.
- GASB has issued Statement No. 90, "Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61," effective for the year ending May 31, 2021.
- GASB has issued Statement No. 91, "Conduit Debt Obligations," effective for the year ending May 31, 2023.
- GASB has issued Statement No. 92, "Omnibus 2020," effective for the year ending May 31, 2022.

Village management will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

***Note 2* Cash and Investments**

The Village's investment policies are governed by state statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral (security) is required for demand and time deposits and certificates of deposit at 105% of all deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. While the Village does not have a specific policy for custodial credit risk, New York State statutes govern the Village's investment policies, as discussed previously in these notes. 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 or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

Note 2 Cash and Investments - Continued

The Village's aggregate bank balances of \$2,805,492 at May 31, 2020 are either insured or collateralized with securities held by the pledging financial institution in the Village's name.

Restricted Cash

Restricted cash and cash equivalents include:

General Fund	
Reserve for Capital Improvements	<u>\$ 938,996</u>
Capital Projects Fund	
Reserve for Capital Improvements	<u>51,841</u>
Special Revenue Funds	
Water Fund	
Reserve for Capital Improvements	53,228
Reserve for Repairs	370,418
Reserve for Debt Service	109,942
Other Restricted Fund Balance	<u>73,979</u>
Total Water Fund	<u>607,567</u>
Sewer Fund	
Reserve for Capital Improvements	273,979
Reserve for Repairs	<u>162,230</u>
Total Sewer Fund	<u>436,209</u>
Total	<u><u>\$ 2,034,613</u></u>

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 3 Other Receivables

At May 31, 2020, other receivables, net, consisted of the following:

General Fund	
Other Receivables	\$ 7,268
Special Revenue Funds	
Water Fund	
Water Rents Receivable	117,827
Sewer Fund	
Sewer Rents Receivable	47,507
Ambulance Fund	
EMS Billings Receivable, Gross	28,755
Less: Allowance for Uncollectible Accounts	(5,511)
EMS Billing Receivable, Net	23,244
Total	\$ 195,846

Note 4 Interfund Balances and Activity

Interfund balances at May 31, 2020 were as follows:

Governmental Funds	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	\$ 52,373	\$	\$ 127,200	\$
Capital Projects Fund				37,500
Water Fund		45,000		
Sewer Fund	162,000	117,000		
Ambulance Fund		52,373		89,700
	\$ 214,373	\$ 214,373	\$ 127,200	\$ 127,200

Interfund receivables and payables are eliminated on the Statement of Net Position and interfund revenues and expenditures are eliminated on the Statement of Activities.

The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 5 Capital Assets

A summary of changes in capital assets for the year ended May 31, 2020 is as follows:

<u>Governmental Activities</u>	<u>Balance at 5/31/2019</u>	<u>Additions</u>	<u>Reclassifications and Deletions</u>	<u>Balance at 5/31/2020</u>
Non-Depreciable Capital Assets				
Land	\$ 15,974	\$ -	\$ -	\$ 15,974
Total Non-Depreciable Capital Assets	<u>15,974</u>	<u>-</u>	<u>-</u>	<u>15,974</u>
Depreciable Capital Assets				
Land Improvements	232,979			232,979
Buildings	962,368	11,250		973,618
Machinery and Equipment	4,485,194	77,953	(47,514)	4,515,633
Infrastructure	16,553,124			16,553,124
Total Depreciable Capital Assets	<u>22,233,665</u>	<u>89,203</u>	<u>(47,514)</u>	<u>22,275,354</u>
Total Historical Cost	<u>22,249,639</u>	<u>89,203</u>	<u>(47,514)</u>	<u>22,291,328</u>
Less Accumulated Depreciation				
Land Improvements	(130,698)	(11,365)		(142,063)
Buildings	(795,494)	(21,841)		(817,335)
Machinery and Equipment	(2,670,548)	(316,231)	45,956	(2,940,823)
Infrastructure	(1,226,093)	(412,286)		(1,638,379)
Total Accumulated Depreciation	<u>(4,822,833)</u>	<u>(761,723)</u>	<u>45,956</u>	<u>(5,538,600)</u>
Governmental Activities Capital Assets, Net	<u>\$17,426,806</u>	<u>\$ (672,520)</u>	<u>\$ (1,558)</u>	<u>\$16,752,728</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Governmental Support	\$ 34,372
Public Safety	227,610
Public Health	37,413
Transportation	32,989
Culture and Recreation	30,737
Home and Community Services	<u>398,602</u>
Total	<u>\$ 761,723</u>

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

Note 6 Bond Anticipation Notes

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for a period equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

There were no BANs outstanding at May 31, 2020.

The following is a summary of changes in BANs for the year ended May 31, 2020:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Refinanced</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN 2018	\$ 218,000	\$ -	\$ (165,000)	\$ (53,000)	\$ -
Total	\$ 218,000	\$ -	\$ (165,000)	\$ (53,000)	\$ -

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

Interest Paid	\$ 4,978
Less: Interest Accrued at May 31, 2019	<u>(469)</u>
Total	<u>\$ 4,509</u>

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 7 Long-Term Debt

Debt Limit

At May 31, 2020, the total outstanding indebtedness of the Village aggregated \$8,117,944. Of this amount, \$373,666 was subject to the constitutional debt limit and represented approximately 4.2% of the limit.

Serial and Statutory Installment Bonds

The Village borrows money in order to acquire land or equipment or construct buildings and make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are given on the full faith and credit debt of the local government, are recorded in the Statement of Net Position. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Installment Purchase Debt

The Village purchases equipment utilizing installment purchase agreements when practical. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefits of the capital assets.

Summary Long-Term Debt

During the year ended May 31, 2020, the Village issued \$165,000 in new bonds. The following is a summary of long-term debt outstanding at May 31, 2020:

<u>Description of Issue</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>May 31, 2020 Balance Outstanding</u>
Bonds					
Public Improvement	10/11/2007	\$ 2,045,000	10/01/2034	4.38%	\$ 1,175,000
Drinking Water State Revolving Fund Bond	10/25/2018	2,412,425	09/01/2048	0.00%	2,353,270
EFC Clean Water Statutory Installment Bond	02/15/2019	4,361,388	02/15/2049	0.00%	4,216,008
Sidewalk Improvement Bond	04/09/2020	165,000	04/01/2023	2.31%	165,000
Total Bonds					<u>7,909,278</u>
Installment Purchase Debt					
Ladder Truck	07/11/2011	505,000	01/15/2022	3.13%	56,799
KME Mini Pumper	02/13/2018	145,000	07/13/2023	4.27%	120,475
Tahoe Lease	05/10/2019	39,240	07/01/2023	N/A	31,392
Total Installment Purchase Debt					<u>208,666</u>
Total					<u>\$ 8,117,944</u>

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 7 Long-Term Debt - Continued

Changes in Indebtedness

The following is a summary of changes in long-term debt for the year ended May 31, 2020:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds	\$8,048,813	\$ 186,345	\$(325,880)	\$7,909,278	\$ 320,821
Installment Purchase Debt	256,872	39,240	(87,446)	208,666	92,906
Total	<u>\$8,305,685</u>	<u>\$ 225,585</u>	<u>\$(413,326)</u>	<u>\$8,117,944</u>	<u>\$ 413,727</u>

Interest Expenditure

For the year ended May 31, 2020, the Village recognized interest expenses/expenditures from long-term debt as follows:

Interest Paid	\$ 66,359
(Less) Interest Accrued at May 31, 2019	(18,820)
Add Interest Accrued at May 31, 2020	<u>13,861</u>
Total	<u>\$ 61,400</u>

Summary of Debt Maturity

The following is a summary of maturity of indebtedness:

<u>Year</u>	<u>Serial Bonds</u>		<u>Installment Purchase Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 320,821	\$ 54,485	\$ 92,906	\$ 6,919	\$ 475,131
2022	321,930	51,072	37,312	3,934	414,248
2023	328,039	47,319	38,569	2,677	416,604
2024	274,134	43,388	39,879	1,366	358,767
2025	280,258	40,653			320,911
2026-2030	1,472,925	156,291			1,629,216
2031-2035	1,620,655	58,499			1,679,154
2036-2040	1,148,384				1,148,384
2041-2045	1,176,113				1,176,113
2046-2049	966,019				966,019
Total	<u>\$ 7,909,278</u>	<u>\$ 451,707</u>	<u>\$ 208,666</u>	<u>\$ 14,896</u>	<u>\$8,584,547</u>

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

Note 8 Compensated Absences

Represents the value of earned and unused portion of the liability for employee compensated absences. The Village’s General, Water, and Sewer funds liquidate this liability. Compensated absences balances and activity for the year ended May 31, 2020 are summarized below:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 45,093	\$2,675	\$ -	\$ 47,768	\$ -

Changes to long term compensated absences are recorded net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year. Compensated absences are liquidated in the General, Water, and Sewer Funds.

**Note 9 Pension Obligations - New York State and Local Retirement System (ERS and PFRS)
(the Systems)**

Plan Descriptions and Benefits Provided

**Employees’ Retirement System (ERS) and Police and Fire Retirement System (PFRS)
(Systems)**

The Village participates in the New York State and Local Employees’ Retirement System which includes the New York State and Local Employees’ Retirement System plan (ERS) and the New York State Local Police and Fire Retirement System plan (PFRS). These plans are cost-sharing, multiple-employer defined benefit pension plans. The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the Systems, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The Village also participates in the Public Employees’ Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The Systems are included in the state’s financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 9 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - Continued

Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS) (System) - Continued

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The System's financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The Village's contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

	<u>ERS</u>	<u>PFRS</u>
2020	\$ 118,929	\$ 7,688
2019	89,818	7,424
2018	76,806	8,010

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

At May 31, 2020, the Village reported the following liability for its proportionate share of the net pension liability for each of the System plans. The net pension liability was measured as of March 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportionate share of the net pension liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the Village by the Systems.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 9 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - Continued

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

	ERS	PFRS
Actuarial Valuation Date	04/01/2019	04/01/2019
Net Pension Liability	\$ 26,480,579,097	\$5,344,937,333
Village's Proportionate Share of the Plan's Total Net Pension Liability	801,023	312,956
Village's Share of the Plan's Total Net Pension Liability	0.0030249%	0.0058552%

For the year ended May 31, 2020, the Village recognized pension expense of \$263,996 for ERS and \$97,789 for PFRS in the Government-wide financial statements. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	PFRS	ERS	PFRS
Differences Between Expected and Actual Experience	\$ 47,143	\$ 20,840	\$	\$ 5,242
Changes of Assumptions	16,129	26,750	13,927	
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	410,643	140,934		
Changes in Proportion and Differences Between the Village's Contributions and Proportionate Share of Contributions	25,816	32,199	27,592	64,040
Village's Contributions Subsequent to the Measurement Date	18,454	5,573		
Total	\$ 518,185	\$ 226,296	\$ 41,519	\$ 69,282

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 9 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - Continued

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

Village contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ending May 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>ERS</u>	<u>PFRS</u>
2021	\$ 72,331	\$ 27,457
2022	114,750	34,472
2023	148,233	47,839
2024	122,898	40,978
2025		695
Thereafter		

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement Date	March 31, 2020	March 31, 2020
Actuarial Valuation Date	April 1, 2019	April 1, 2019
Investment Rate of Return	6.8%	6.8%
Salary Increases	4.2%	5.0%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long-term rate of return on pension plan investments was determined 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 each target asset allocation percentage and by adding expected inflation.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

**Note 9 Pension Obligations - New York State and Local Retirement System (ERS and PFRS)
(the Systems) - Continued**

Actuarial Assumptions - Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS and PFRS</u>
Measurement Date	March 31, 2020
Asset Type	
Domestic Equities	4.1%
International Equities	6.2%
Real Estate	5.0%
Private Equity/Alternative Investments	6.8%
Absolute Return Strategies	3.3%
Opportunistic Portfolio	4.7%
Real Assets	6.0%
Cash	0.0%
Inflation-Indexed Bonds	0.5%
Mortgages and Bonds	0.8%

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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 contributions from employers will be made at statutorily required rates, actuarially. Based on 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.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 9 Pension Obligations - New York State and Local Retirement System (ERS and PFRS) (the Systems) - Continued

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 6.8%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease (5.8)%	Current Assumption (6.8)%	1% Increase (7.8)%
ERS			
Village's Proportionate Share of the Net Pension Liability	\$ 1,470,104	\$ 801,023	\$ 184,797
PFRS			
Village's Proportionate Share of the Net Pension Liability	\$ 559,572	\$ 312,956	\$ 92,106

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	PFRS
Measurement Date	March 31, 2020	March 31, 2020
Employers' Total Pension Liability	\$ 194,596,261	\$ 35,309,107
Plan Net Position	(168,115,682)	(29,964,080)
Employers' Net Pension Liability	\$ 26,480,579	\$ 5,345,027
Ratio of Plan Net Position to the Employers' Total Pension Liability	86.4%	84.9%

Payables to the Pension Plans

Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of May 31, 2020 represent the projected employer contribution for the period of April 1, 2019 through May 31, 2020 based on paid ERS and PFRS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2020 amounted to \$18,454 for ERS and \$5,573 for PFRS.

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

**Note 9 Pension Obligations - New York State and Local Retirement System (ERS and PFRS)
(the Systems) - Continued**

Effect on Net Position

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended May 31, 2020 resulted in the following effect on net position:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
ERS			
Net Pension Liability	\$ 195,128	\$ 605,895	\$ 801,023
Deferred Outflows of Resources	(125,882)	(392,303)	(518,185)
Deferred Inflows of Resources	108,877	(67,358)	41,519
Subtotal	<u>178,123</u>	<u>146,234</u>	<u>324,357</u>
PFRS			
Net Pension Liability	49,703	263,253	312,956
Deferred Outflows of Resources	(36,813)	(189,483)	(226,296)
Deferred Inflows of Resources	57,243	12,039	69,282
Subtotal	<u>70,133</u>	<u>85,809</u>	<u>155,942</u>
Total Effect on Net Position	<u>\$ 248,256</u>	<u>\$ 232,043</u>	<u>\$ 480,299</u>

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

Note 10 Fund Balances

Restricted Fund Balance

Restricted fund balances have been established for the following purposes:

		Balance at End of Year
General Fund	Restricted for Police Vehicle	\$ 16,421
	Restricted for Police Equipment	4,629
	Restricted for D.P.W. Building	40,839
	Restricted for D.P.W. Equipment	75,051
	Restricted for Village Office	63,034
	Restricted for Firehouse	129,742
	Restricted for Fire Apparatus	333,963
	Restricted for Fire Radios	2,374
	Restricted for EMS Vehicles	231,939
	Restricted for EMS Communication	6,636
	Restricted for EMS Equipment	10,565
	Restricted for Sidewalk	10,795
	Restricted for Fire/EMS Donation	11,981
	Restricted for Fire Equipment	920
	Capital Reserves	938,889
Restricted for Tax Stabilization	107	
	<hr/>	
	\$ 938,996	
	<hr/>	
Capital Projects Total Fund	\$ 51,841	
	<hr/>	
Water Fund	Restricted for Capital Improvements	\$ 53,228
	Restricted for Stabilization	-
	Restricted for Repairs	370,418
	Restricted for Debt Service	109,942
	Other Restricted Fund Balance	73,979
	<hr/>	
	\$ 607,567	
	<hr/>	
Sewer Fund	Restricted for Repairs	\$ 162,230
	Restricted for Capital Improvements	273,979
	<hr/>	
	\$ 436,209	
	<hr/>	

VILLAGE OF TRUMANSBURG

NOTES TO FINANCIAL STATEMENTS MAY 31, 2020

Note 10 Fund Balances - Continued

Assigned Fund Balance

Assigned fund balances consist of the following:

	Special Revenue Funds		
	Water Fund	Sewer Fund	Total
Remaining Fund Balance	\$ 87,874	\$ 112,069	\$ 199,943
Appropriated Fund Balance		8,897	8,897
Total	\$ 87,874	\$ 120,966	\$ 208,840

Note 11 Commitments and Contingencies

Risk Financing and Related Insurance

The Village is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Note 12 Stewardship, Compliance, and Accountability

Deficit Fund Balances

At May 31, 2020, the General Fund had a deficit unassigned fund balance of \$138,666. This deficit resulted from the deferral of fire and emergency service contract revenue, due to the timing of these contracts. The Village is in the process of developing a plan to eliminate this deficit. Additionally, the Village appropriated \$85,750 in fund balance for the 2020-2021 budget which was in excess of available fund balance.

At May 31, 2020, the Ambulance Fund had a deficit unassigned fund balance of \$29,047. The Village is in the process of developing a plan to eliminate this deficit. Support will likely come from the General Fund, as the General Fund supports operations of all funds.

Note 13 Uncertainty

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the area in which the Village exists. While it is unknown how long these conditions will last and what the complete financial effect will be, the Village expects disruptions to businesses and residents, which could negatively impact operating results in future periods.

VILLAGE OF TRUMANSBURG

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2020

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Local Sources				
Real Property Taxes	\$ 970,633	\$ 970,663	\$ 970,663	\$ -
Real Property Tax Items	3,500	4,622	4,622	-
Nonproperty Tax Items	430,000	452,093	414,079	(38,014)
Departmental Income	119,257	79,109	79,109	-
Intergovernmental Charges	1,006,733	1,136,119	1,059,953	(76,166)
Use of Money and Property	44,264	35,730	35,731	1
Licenses and Permits	7,000	5,611	5,611	-
Sale of Property and Compensation for Loss	-	64,028	64,028	-
Miscellaneous Local Sources	2,000	58,212	69,591	11,379
State Sources	84,350	131,136	86,844	(44,292)
Total Revenues	<u>2,667,737</u>	<u>2,937,323</u>	<u>2,790,231</u>	<u>(147,092)</u>
EXPENDITURES				
Current				
General Governmental Support	186,576	237,893	237,990	(97)
Public Safety	604,225	637,703	639,193	(1,490)
Public Health	621,475	670,251	677,596	(7,345)
Transportation	253,307	232,727	233,380	(653)
Culture and Recreation	142,926	141,496	141,595	(99)
Home and Community Services	127,162	115,996	115,615	381
Employee Benefits	485,769	508,672	511,598	(2,926)
Debt Service (Principal and Interest)	159,147	167,995	157,802	10,193
Total Expenditures	<u>2,580,587</u>	<u>2,712,733</u>	<u>2,714,769</u>	<u>(2,036)</u>
Excess of Revenue (Expenditures)	87,150	224,590	75,462	(149,128)
OTHER FINANCING SOURCES				
Interfund Transfers In	90,000	118,143	127,200	9,057
Proceeds of Obligations	-	165,000	-	(165,000)
Total Other Financing Sources	<u>90,000</u>	<u>283,143</u>	<u>127,200</u>	<u>(155,943)</u>
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other Financing (Uses)	<u>177,150</u>	<u>507,733</u>	<u>202,662</u>	<u>\$ (305,071)</u>
Appropriated Reserves/Use of Fund Balance	85,750	(244,833)		
Transfer to Reserves	(262,900)	(262,900)		
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>202,662</u>	
Fund Balance, Beginning			683,418	
Fund Balance, Ending			<u>\$ 886,080</u>	

See Notes to Required Supplementary Information

VILLAGE OF TRUMANSBURG

BUDGETARY COMPARISON SCHEDULE WATER FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2020

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Local Sources				
Departmental Income	\$ 679,699	\$ 618,350	\$ 585,856	\$ (32,494)
Use of Money and Property	3,500	3,979	3,979	-
Miscellaneous Local Sources	-	35,434	35,858	424
Total Revenues	683,199	657,763	625,693	(32,070)
EXPENDITURES				
Current				
General Governmental Support	71,160	79,505	79,753	(248)
Home and Community Services	257,110	251,048	325,781	(74,733)
Employee Benefits	98,320	96,037	96,992	(955)
Debt Service (Principal and Interest)	234,481	234,481	234,481	-
Total Expenditures	661,071	661,071	737,007	(75,936)
Excess of Revenues (Expenditures)	22,128	(3,308)	(111,314)	(108,006)
Appropriated Reserves/Fund Balance	(22,128)	3,308		
Net Change in Fund Balance	\$ -	\$ -	(111,314)	
Fund Balance, Beginning			809,586	
Fund Balance, Ending			\$ 698,272	

See Notes to Required Supplementary Information

VILLAGE OF TRUMANSBURG

BUDGETARY COMPARISON SCHEDULE SEWER FUND - NON-U.S. GAAP BUDGET BASIS FOR THE YEAR ENDED MAY 31, 2020

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Local Sources				
Departmental Income	\$ 396,523	\$ 367,078	\$ 364,778	\$ (2,300)
Use of Money and Property	2,750	2,558	2,560	2
Miscellaneous Local Sources	-	-	6,030	6,030
Total Revenues	399,273	369,636	373,368	3,732
EXPENDITURES				
Current				
General Governmental Support	34,829	34,778	34,830	(52)
Home and Community Services	182,287	183,236	228,349	(45,113)
Employee Benefits	22,853	22,107	24,230	(2,123)
Debt Service (Principal and Interest)	145,380	145,380	145,380	-
Total Expenditures	385,349	385,501	432,789	(47,288)
Excess of Revenues (Expenditures)	13,924	(15,865)	(59,421)	(43,556)
Appropriated Reserves/Fund Balance	(13,924)	10,193		
Net Change in Fund Balance	\$ -	\$ -	(59,421)	
Fund Balance, Beginning			617,117	
Fund Balance, Ending			\$ 557,696	

See Notes to Required Supplementary Information

VILLAGE OF TRUMANSBURG

SCHEDULES OF VILLAGE CONTRIBUTIONS NYSLRS PENSION PLANS FOR THE LAST 10 FISCAL YEARS

	2020	2019	2018
Contractually Required Contribution			
ERS	\$118,929	\$ 89,818	\$ 76,806
PFRS	7,688	7,424	8,010
Contributions in Relation to the Contractually Required Contribution			
ERS	(118,929)	(89,818)	(76,806)
PFRS	(7,688)	(7,424)	(8,010)
Contribution Deficiency (Excess)			
ERS	-	-	-
PFRS	-	-	-
Village's Covered Employees Payroll			
ERS	739,223	565,155	565,155
PFRS	85,245	75,698	75,698
Contributions as a Percentage of Covered Employees Payroll			
ERS	16.1%	15.9%	13.6%
PFRS	9.0%	9.8%	10.6%

See Notes to Required Supplementary Information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 65,395	\$ 76,568	\$ 71,585	\$ 90,559	\$ 86,409	\$ 69,535	\$ 44,744
10,474	6,658	1,608	11,537	9,051	6,251	13,268
(65,395)	(76,568)	(71,585)	(90,559)	(86,409)	(69,535)	(44,744)
(10,474)	(6,658)	(1,608)	(11,537)	(9,051)	(6,251)	(13,268)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
459,297	435,157	433,849	463,601	439,146	419,145	408,410
86,280	51,901	40,227	68,172	85,409	73,886	90,722
14.2%	17.6%	16.5%	19.5%	19.7%	16.6%	11.0%
12.1%	12.8%	4.0%	16.9%	10.6%	8.5%	14.6%

VILLAGE OF TRUMANSBURG

SCHEDULES OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED MAY 31,

	2020	2019
Village's Proportion of the Net Pension Liability		
ERS	0.0030249%	0.0027540%
PFRS	0.0058552%	0.0029637%
 Village's Proportionate Share of the Net Pension Liability		
ERS	\$ 801,023	\$ 195,128
PFRS	312,956	49,703
	1,113,979	244,831
 Village's Covered Employees Payroll		
ERS	712,628	656,667
PFRS	69,275	65,610
	781,903	722,277
 Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employees Payroll		
ERS	112.4%	29.7%
PFRS	451.8%	75.8%
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		
ERS	86.4%	96.3%
PFRS	84.9%	95.1%

<u>2018</u>	<u>2017</u>	<u>2016</u>
0.0027476%	0.0022285%	0.0021954%
0.0027331%	0.0022647%	0.0035915%
\$ 88,678	\$ 209,395	\$ 352,368
27,625	46,939	106,337
<u>116,303</u>	<u>256,334</u>	<u>458,705</u>
546,853	441,786	435,157
77,716	87,993	51,907
<u>624,569</u>	<u>529,779</u>	<u>487,064</u>
16.2%	47.4%	81.0%
35.5%	53.3%	204.9%
98.2%	94.7%	90.7%
96.9%	93.5%	90.2%

VILLAGE OF TRUMANSBURG

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2020

Note 1 **Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in U.S. GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

Note 2 **Budget Policies**

The budget policies are as follows:

- Annual operating budgets are maintained for the following Governmental Fund Types:
 - General Fund
 - Special Revenue Funds (Water and Sewer Funds)

The Ambulance Fund does not have an annual budget because the fund's purpose is to account for revenues from emergency management services and expenses associated with billing these services. The Capital Projects Fund does not have an annual budget because grant awards and capital project expenditures recorded in this fund span more than a single fiscal year.

- No later than March 31, the budget officer submits the tentative Village budget to the Village Board for the fiscal year commencing the following June. Upon filing the tentative Village budget, a notice is published in the official newspaper of the Village.
- After the public hearing on the recommended budgets, the Mayor and Village Board adopt the final Village budget no later than April 30.
- Annual budgets adopted represent the legal limit on expenditures for that period. At the end of each year unexpended, unencumbered appropriations lapse. Encumbered appropriations do not lapse and are carried forward.
- Expenditures may not legally exceed appropriations at the fund level.
- All modifications of the budget must be approved by the governing Village Board.
- The Village Board may increase the appropriations budget during the fiscal year where additional revenues or expenditures not involved in the original adopted budget are identified.

Note 3 **Reconciliation of the Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget. Encumbrances, if present, are presented in a separate column and are not included in the actual results at May 31, 2020.

Note 4 **Overexpenditures**

Certain functional areas expended amounts in excess of the final budget for the year ended May 31, 2020. Material overexpended areas include the home and community services in the Water Fund of \$74,733 and in the Sewer Fund of \$45,113. These overexpenditures are primarily due to necessary spending to operate these facilities, and the inability to increase estimated revenues.

VILLAGE OF TRUMANSBURG

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2020

Note 5 Schedules of the Village's Proportionate Share of the Net Pension Liability
The Schedules of the Village's Proportionate Share of the Net Pension Liability, required supplementary information, present five years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 6 Schedules of Village's Contributions - NYSLRS Pension Plans and Schedules of the Village's Proportionate Share of the Net Pension Liability

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2019 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2019 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2019 actuarial valuation determines the employer rates for contributions payable in fiscal year 2020. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	3.8% in ERS, 4.5% in PFRS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustment	1.30% annually.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor and Village Trustees
Village of Trumansburg
Trumansburg, New York

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Trumansburg (the Village) as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated April 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
April 6, 2021