

VILLAGE OF STAMFORD
GENERAL PURPOSE FINANCIAL
STATEMENTS – STATUTORY BASIS

Year Ended May 31, 2016

VILLAGE OF STAMFORD

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Village of Stamford
Stamford, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Stamford (the "Village"), as of and for the year ended May 31, 2016, and the related notes to the financial statements which collectively comprise the Village's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Office of the Comptroller of the State of New York. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1, the financial statements are prepared by the Village on the basis of the financial reporting provisions of the Office of the Comptroller of the State of New York, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Office of the Comptroller of the State of New York. The effects on the financial statements of the variances between the statutory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matters discussed in the basis for adverse opinion on accounting principles generally accepted in the United States of America paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of May 31, 2016, or the results of its operations or cash flows for the year then ended.

Basis for Qualified Opinion on Statutory Basis of Accounting

As described in Note 1 to the financial statements, the accompanying financial statements do not include a non-current governmental assets account group. The effect of this departure on the general purpose financial statements is not reasonably determinable.

Qualified Opinion on Statutory Basis of Accounting

In our opinion, except for the effect of the matter described above, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial statements of the Village as of May 31, 2016, in accordance with the financial reporting provisions of the Office of the Comptroller of the State of New York.

Other Matters

Required Supplemental Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this omission.

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Village of Stamford's basic financial statements. The accompanying supplemental information on Pages 22 – 24 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information on Pages 22 – 24 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information on Pages 23 and 24 is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 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 Village's internal control over financial reporting and compliance.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
November 21, 2016

VILLAGE OF STAMFORD

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS -
STATUTORY BASIS

May 31, 2016

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash	\$ 580,931	\$ 605,741	\$ 191,446
Cash - Reserved	280,956	16,400	-
Taxes receivable	73,754	-	-
Interfund receivables	709	120	-
Due from other governments	-	1,418	-
Other receivables	4,672	113,369	-
Provisions to be made in future budgets	-	-	-
Total assets	<u>\$ 941,022</u>	<u>\$ 737,048</u>	<u>\$ 191,446</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 22,934	\$ 84,370	\$ 5,044
Interfund payables	162	709	-
Bonds and long-term liabilities	-	-	-
Total liabilities	<u>23,096</u>	<u>85,079</u>	<u>5,044</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue - Taxes	73,754	-	-
Advances O & M grants	-	115,917	-
Total deferred inflows of resources	<u>73,754</u>	<u>115,917</u>	<u>-</u>
 <u>FUND BALANCES</u>			
Restricted	280,956	16,400	186,402
Committed	7,550	3,500	-
Assigned - Appropriated	12,000	35,000	-
Assigned - Unappropriated	-	481,152	-
Unassigned	543,666	-	-
Total fund balance	<u>844,172</u>	<u>536,052</u>	<u>186,402</u>
 Total liabilities, deferred inflows and fund balances	 <u>\$ 941,022</u>	 <u>\$ 737,048</u>	 <u>\$ 191,446</u>

See accompanying notes.

INTERNAL SERVICE FUND	FIDUCIARY FUND TYPES	NON-CURRENT GOVERNMENTAL ACCOUNT GROUP	(Memorandum Only) Total
Unemployment Reserve	Trust and Agency	Long-Term Debt	
\$ -	\$ 490	\$ -	\$ 1,378,608
-	-	-	297,356
-	-	-	73,754
-	42	-	871
-	-	-	1,418
-	-	-	118,041
-	-	960,042	960,042
<u>\$ -</u>	<u>\$ 532</u>	<u>\$ 960,042</u>	<u>\$ 2,830,090</u>
\$ -	\$ 532	\$ -	\$ 112,880
-	-	-	871
-	-	960,042	960,042
<u>-</u>	<u>532</u>	<u>960,042</u>	<u>1,073,793</u>
-	-	-	73,754
-	-	-	115,917
<u>-</u>	<u>-</u>	<u>-</u>	<u>189,671</u>
-	-	-	483,758
-	-	-	11,050
-	-	-	47,000
-	-	-	481,152
<u>-</u>	<u>-</u>	<u>-</u>	<u>543,666</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,566,626</u>
<u>\$ -</u>	<u>\$ 532</u>	<u>\$ 960,042</u>	<u>\$ 2,830,090</u>

VILLAGE OF STAMFORD

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL FUND TYPES - STATUTORY BASIS

Year Ended May 31, 2016

	GOVERNMENTAL FUND		
	General	Special Revenue	Capital Projects
<u>REVENUES</u>			
Taxes and special assessments	\$ 468,058	\$ -	\$ -
Departmental income	9,208	472,997	-
Intergovernmental charges	6,949	400,567	-
Use of money and property	70,384	732	269
Sale of property and compensation for loss	16,161	120	-
Miscellaneous local sources	249,454	28,132	19,948
State aid	59,783	-	-
Federal aid	-	-	-
Total revenues	<u>879,997</u>	<u>902,548</u>	<u>20,217</u>
<u>EXPENDITURES</u>			
General and governmental support	128,853	35,488	-
Public safety	62,953	-	-
Health	585	-	-
Transportation	257,706	-	-
Culture and recreation	98,921	-	-
Home and community services	44,189	649,732	75,861
Employee benefits	67,503	44,907	-
Debt service	-	102,555	-
Total expenditures	<u>660,710</u>	<u>832,682</u>	<u>75,861</u>
Excess revenues over expenditures	<u>219,287</u>	<u>69,866</u>	<u>(55,644)</u>
<u>OTHER SOURCES (USES)</u>			
Transfer from other funds	82,128	8,880	2,408
Transfer to other funds	-	(2,408)	(79,975)
Total other sources (uses)	<u>82,128</u>	<u>6,472</u>	<u>(77,567)</u>
NET CHANGE IN FUND BALANCE	301,415	76,338	(133,211)
Fund balance - Beginning	<u>542,757</u>	<u>459,714</u>	<u>319,613</u>
FUND BALANCE - END OF YEAR	<u>\$ 844,172</u>	<u>\$ 536,052</u>	<u>\$ 186,402</u>

See accompanying notes.

INTERNAL SERVICE FUND	FIDUCIARY FUND TYPES	(Memorandum Only) Total
Unemployment Reserve	Trust and Agency	
\$ -	\$ -	\$ 468,058
-	-	482,205
-	-	407,516
-	-	71,385
-	-	16,281
-	-	297,534
-	-	59,783
-	-	-
<u>-</u>	<u>-</u>	<u>1,802,762</u>
-	-	164,341
-	-	62,953
-	-	585
-	-	257,706
-	-	98,921
-	-	769,782
-	-	112,410
-	-	102,555
<u>-</u>	<u>-</u>	<u>1,569,253</u>
-	-	233,509
-	-	93,416
(11,033)	-	(93,416)
<u>(11,033)</u>	<u>-</u>	<u>-</u>
(11,033)	-	233,509
<u>11,033</u>	<u>-</u>	<u>1,333,117</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566,626</u>

VILLAGE OF STAMFORD

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE
FUND TYPES - STATUTORY BASIS

Year Ended May 31, 2016

	GENERAL FUND		
	Modified Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>			
Taxes and special assessments	\$ 465,256	\$ 468,058	\$ 2,802
Departmental income	10,000	9,208	(792)
Intergovernmental charges	5,950	6,949	999
Use of money and property	48,258	70,384	22,126
Sale of property and compensation for loss	-	16,161	16,161
Miscellaneous local sources	58,794	249,454	190,660
State aid	56,180	59,783	3,603
Federal aid	-	-	-
Total revenues	<u>644,438</u>	<u>879,997</u>	<u>235,559</u>
<u>EXPENDITURES</u>			
General and governmental support	147,312	128,853	18,459
Public safety	71,988	62,953	9,035
Health	585	585	-
Transportation	278,385	257,706	20,679
Culture and recreation	98,987	98,921	66
Home and community services	46,156	44,189	1,967
Employee benefits	68,179	67,503	676
Debt service	-	-	-
Total expenditures	<u>711,592</u>	<u>660,710</u>	<u>50,882</u>
Excess revenues over (under) expenditures	<u>(67,154)</u>	<u>219,287</u>	<u>286,441</u>
<u>OTHER SOURCES (USES)</u>			
Transfer from other funds	-	82,128	82,128
Transfer to other funds	-	-	-
Total other sources (uses)	<u>-</u>	<u>82,128</u>	<u>82,128</u>
NET CHANGE IN FUND BALANCE	(67,154)	301,415	368,569
Fund balance - Beginning	<u>542,757</u>	<u>542,757</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 475,603</u>	<u>\$ 844,172</u>	<u>\$ 368,569</u>

See accompanying notes.

SPECIAL REVENUE FUND TYPE

<u>Modified Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
464,384	472,997	8,613
423,292	400,567	(22,725)
350	732	382
-	120	120
27,989	28,132	143
-	-	-
-	-	-
<u>916,015</u>	<u>902,548</u>	<u>(13,467)</u>
39,590	35,488	4,102
-	-	-
-	-	-
-	-	-
-	-	-
707,304	649,732	57,572
47,207	44,907	2,300
104,293	102,555	1,738
<u>898,394</u>	<u>832,682</u>	<u>65,712</u>
<u>17,621</u>	<u>69,866</u>	<u>52,245</u>
8,880	8,880	-
(30,000)	(2,408)	27,592
<u>(21,120)</u>	<u>6,472</u>	<u>27,592</u>
(3,499)	76,338	79,837
<u>459,714</u>	<u>459,714</u>	<u>-</u>
<u>\$ 456,215</u>	<u>\$ 536,052</u>	<u>\$ 79,837</u>

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Village of Stamford (the "Village"), which was incorporated May 25, 1870, is governed by the Charter of the State of New York, the municipal laws and other general laws of the State of New York and various local laws and ordinances. The Village Trustees, which is the legislative body responsible for the overall operation of the Village, consists of members elected by the Village residents. The Mayor serves as chief executive officer and the Village Treasurer serves as chief fiscal officer of the Village.

The following basic services are provided: Highway Maintenance, Parks and Recreation Programs, and Water and Sewer Services.

All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government, which is the Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in *Government Accounting Standards Board (GASB) Statements 14, 39 and 61*.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB 14, 39 and 61 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Village has no component unit to be included in its reporting entity.

Although the following organizations, functions or activities are related to the Village, they are not included in the Village reporting entity because of the reasons noted:

The Volunteer Fire Department and Ambulance Squad are not-for-profit organizations whose members are on call to fight fire and respond to medical emergencies in the Village and surrounding areas. The organizations elect their own officers and raise their own revenues through contributions and charitable activities and are responsible for training of individual members. The Village provides the organizations with fire trucks, ambulances, equipment maintenance of such equipment, and supplies.

The Village of Stamford pays a portion of the operational costs of the Joint Solid Waste Transfer Station. Along with the Villages of Harpersfield and Kortright and the Village of Hobart, the Village of Stamford's portion is based on its population. In return for its payment, the residents of the Village are allowed to use the transfer station. The Village only pays for operational cost and has no equity interest in the Transfer Station. For the year ended May 31, 2016, the Village paid \$24,101 to the Transfer Station.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

B. Departures From Generally Accepted Accounting Principles

Statutory Basis of Accounting

Management has elected to prepare its financial statements on the statutory basis required by the Office of the Comptroller of the State of New York for Annual Reports to that office. This statutory basis (pre GASB-34 model) varies from accounting principles generally accepted in the United States of America primarily because it does not reflect the adoption of GASB-34. Under GASB-34, the Village would be required to capitalize and report all capital assets, including general infrastructure assets (roads, sidewalks, bridges, etc.), within a government wide financial statement presentation in addition to the current presentation by fund as described below.

Non-Current Governmental Asset Account Groups

Statutory basis of accounting requires certain Village capital assets to be recorded in the Non-Current Governmental Assets Account Group at cost. The Village has not properly maintained its inventory of capital assets. The data is not available to determine the effect of this departure on the financial statements.

C. Basis of Presentation – Fund Accounting

The Village uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is considered a separate accounting entity, accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The Village records its transactions in the fund types and account groups described below.

1. Fund Categories

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

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

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized: Water Fund and Sewer Fund.

Capital Projects Fund – used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by the internal service fund.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

C. Basis of Presentation – Fund Accounting (Cont'd.)

1. Fund Categories (Cont'd.)

a. Governmental Fund Types (Cont'd.)

Debt Service Fund – used to account for current payment of principal and interest on general obligation long-term debt and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness.

- b. Proprietary Funds – used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus of proprietary funds is upon the determination of operating income, changes in net assets, financial position, and cash flows. The following proprietary fund is utilized:

Internal Service Funds – used to account for special activities or services provided by one fund to other funds. Included is the following:

Unemployment Reserve – accumulates monies from other funds to pay for unemployment claims.

- c. Fiduciary Funds – used to account for assets held by the local government in a trustee or custodial capacity. Included is the following:

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

2. Account Groups

These groups are used to establish accounting control and accountability for general fixed assets and general long-term debt. The two account groups are not "funds". They are concerned with measurement of financial position and not results of operations.

Non-Current Governmental Assets Account Group – used to account for land, buildings, improvements and other buildings, and equipment utilized for general governmental purposes, except those accounted for in proprietary funds. The Village does not account for general fixed assets.

Non-Current Governmental Liabilities Account Group – used to account for all long-term debt except those accounted for in propriety and special assessment funds.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

D. Basis of Accounting/Measurement Focus

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement established new financial reporting requirements for state and local governments throughout the United States. It requires new information and restructures much of the information that governments have presented in the past. New York State does not require the Village to implement GASB 34.

Management has elected to prepare its financial statements on the statutory basis required by the Office of the Comptroller of the State of New York for Annual Reports to that Office. This statutory basis varies from the accounting principles generally accepted in the United States of America (U.S. GAAP) primarily because it does not reflect the adoption of GASB-34. That is, the statutory method is the same method used by the Village for the fiscal year ending prior to May 31, 2004, which was consistent with U.S. GAAP applicable to the Village prior to that date.

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

Modified Accrual Basis – all governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days.

Material revenues that are accrued include real property taxes, state and federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made and the resources are available.

Expenditures are recorded when incurred except that:

1. Expenditures for prepaid expenses or inventory-type items are recognized at the time of purchase.
2. Principal and interest on indebtedness are not recognized as an expenditure until due.
3. Pension costs are recognized as an expenditure when due.
4. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.

Accrual Basis – nonexpendable trust funds are accounted for using the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred.

Account Groups – non-current governmental liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity. Also included in the non-current governmental liabilities account group are compensated absences.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

E. Fund Balance

The Village has adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*, as recommended by New York State for reporting on the statutory basis. Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with the following five classifications:

Restricted – restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

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

Unassigned – represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General fund, the unassigned classification should be used only to report a deficit balance resulting from over spending for specific purposes for which amount had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Village spends funds in the following order: restricted, committed, assigned and unassigned.

F. Deferred Outflows/Inflows of Resources

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

G. Encumbrances

Encumbrances outstanding at year-end do not represent U.S. GAAP expenditures or liabilities but represent budgetary accounting controls. All governmental fund budgets are maintained on the modified accrual basis of accounting except that budgetary basis expenditures include purchase orders and contracts (encumbrances) issued for goods or services not received at year-end.

The actual results of operations are presented in accordance with U.S. GAAP, and the Village's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. Encumbrances are presented as restrictions, commitments or assignments of fund balance on the balance sheets of the governmental funds, since they do not constitute expenditures or liabilities. It is necessary to include the budgetary encumbrances to reflect actual revenues and expenditures on a budgetary basis consistent with the Village's legally adopted budget. The following fiscal year's budget is amended to re-appropriate the fund balance reserved for encumbrances.

H. Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of fifteen (15) days a year. After one year of employment, ten (10) working days; after eight (8) years of employment, fifteen (15) working days. Employees must use their accrued vacation leave by their anniversary date of employment annually or lose it. Any employee who quits without cause, or is discharged for cause prior to the anniversary date of employment, shall not be eligible for allowed vacations. Employees accrue sick leave at the rate of one (1) day per month and may accumulate such credits up to a total of ninety (90) days.

A Village employee who has a minimum of twenty (20) years of service to the Village and retires may have their accumulated sick leave, personal leave, and vacation leave as of the effective retirement date converted to a dollar amount as follows: total accumulated days times the base daily wage as of retirement date. This dollar amount can only be used by the Village retiree to cover the retiree's portion of medical/health insurance premiums as administered by the Village. The retiree may elect at retirement or there after the following under the Village's medical/health plan for individual or family coverage: 55% of monthly cost covered by the Village for life with 45% of monthly cost covered by the Village retiree.

Management believes that sufficient resources will be made available for the payment of vacation, sick leave and compensatory absences when such payment becomes due.

I. Estimates

The preparation of general-purpose financial statements in conformity with the standards issued by the Comptroller General of the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

J. Interfund Transfers

Permanent reallocation of resources between funds of the Village are classified as interfund transfers. For the purpose of the combined statement of revenues, expenditures and changes in fund balances – all fund types – statutory basis, all interfund transfers between individual governmental funds have been eliminated.

K. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds are eliminated in the combined balance sheets – all fund types and account groups – statutory basis.

L. Total Columns on the General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with U.S. GAAP, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Policies

1. No later than March 31, the Mayor submits a tentative budget to the Village Trustees for the Fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
2. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the Village Trustees adopts the budget.
3. All modifications of the budget must be approved by the Village Trustees. However, the Village Trustees are authorized to transfer certain budgeted amounts within departments.
4. Budgets are adopted annually on a basis consistent with the statutory basis of accounting.
5. Appropriates in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appropriated in the subsequent year.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd.)

B. Budget Basis of Accounting

Except noted as follows, budgets are adopted annually on a basis consistent with the statutory basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Budgetary controls over Capital Project Funds cover periods longer than the Village's fiscal year. Therefore, these funds have been excluded from the combined statement of revenues, expenditures and changes in fund balances – budget and actual – general and special revenue fund types – statutory basis.

C. Property Taxes

Real property taxes are levied annually by the Board of Trustees no later than May 15 and become a lien on June 1. Taxes are collected during the period beginning June 1.

In June 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the Village in a particular year, beginning with the 2012-2013 fiscal year. The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS

A. Assets

1. Cash and Investments

The Village investment policies are governed by State statutes. 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. Investments consist of certificates of deposit, and are included as cash assets for this note.

Collateral is required for demand deposits and certificates of deposit as provided for by law of all deposits not covered by federal deposit insurance. Obligations pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school district. At year-end the book amount of the Village's deposits excluding petty cash of \$50 was \$1,675,614 and the bank balance was \$1,717,636.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

A. Assets (Cont'd.)

1. Cash and Investments (Cont'd.)

The insured and collateral status of the year-end bank balance was as follows:

Covered by FDIC	\$ 1,717,636
Collateralized with securities held by a third-party custodian for the benefit of the Village pursuant to a three-party custody agreement	<u>-</u>
Total	<u>\$ 1,717,636</u>

2. Other Receivables – For the year ended May 31, 2016 were as follows:

	<u>General</u>	<u>Special Revenue</u>
Fee and grants	\$ 4,672	\$ -
Water rents	-	47,242
Sewer rents	-	66,127
Total other receivables	<u>\$ 4,672</u>	<u>\$ 113,369</u>

B. Long-Term Liabilities

- At May 31, 2016, the total outstanding long-term indebtedness of the Village is \$960,042.
- Serial Bonds (and Capital Notes) – The local government, as in most governmental units, borrows money to acquire land or equipment or to construct buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of these capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the general long-term debt account group. 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.
- Vacation, Sick Leave and Compensatory Absences – In 1996, the Village Trustees changed their compensation plan to allow only employees hired before August 24, 1992 to be eligible to receive their accrued vacation and sick leave upon termination or retirement. Employees hired after that date are not entitled to payment for accumulated vacation or sick leave and will lose any unused compensatory absences at the end of their employment.

The amount that would be payable has been recorded in the general long-term obligations account group it will be recorded as an expense when paid.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

B. Long-Term Liabilities (Cont'd.)

3. Vacation, Sick Leave and Compensatory Absences (Cont'd.)

Payment of vacation and sick leave recorded in the general long-term obligations account group is dependent upon many factors. Therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payments become due.

4. Other Post-Employment Benefits (OPEB) – Represents the non-current portion of the liability to current employees and retirees.

5. Summary of Long-Term Liabilities – The following is a summary of long-term liability outstanding at May 31, 2016 by account group:

	<u>General Long-Term Debt Account Group</u>
Serial Bonds	\$ 755,537
OPEB	185,394
Compensated absences	<u>19,111</u>
Total long-term debt	<u>\$ 960,042</u>

The following is a summary of changes in long-term liabilities for the year ended May 31, 2016:

	<u>OPEB</u>	<u>Compensated Absences</u>	<u>Serial Bonds</u>
Balance, June 1, 2015	\$ 168,441	\$ 16,926	\$ 852,864
Additions	16,953	2,185	-
Deletions	-	-	<u>(97,327)</u>
Balance, May 31, 2016	<u>\$ 185,394</u>	<u>\$ 19,111</u>	<u>\$ 755,537</u>

Long-term liability maturity schedule – The following is a statement of Serial Bonds with corresponding maturity schedule:

<u>Payable From</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Date Final Maturity</u>	<u>Outstanding</u>
Sewer	07/99	\$ 102,900	4.15%	07/37	\$ 66,200
Water	04/98	966,896	0%	04/18	115,010
Sewer	05/01	272,125	4.00%-5.50%	05/20	23,325
Water	05/01	77,875	4.00%-5.50%	05/20	6,675
Sewer	08/05	859,470	0%	08/34	<u>544,327</u>
Total					<u>\$ 755,537</u>

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

B. Long-Term Liabilities (Cont'd.)

5. Summary of Long-Term Liabilities (Cont'd.)

The following table summarizes the Village's future liability service requirement as of May 31:

	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 98,345	\$ 4,690
2018	99,363	4,018
2019	36,349	3,347
2020	36,349	2,949
2021	31,349	2,554
2022 – 2026	158,745	10,802
2027 – 2031	158,745	7,324
2032 – 2036	130,092	3,836
2037 – 2041	<u>6,200</u>	<u>558</u>
Total	<u>\$ 755,537</u>	<u>\$ 40,078</u>

C. Deferred Inflows of Resources

Unavailable revenue – Taxes receivable not expected to be collected 60 days after the close of the fiscal year are recognized as deferred revenue. General fund deferred revenues at May 31, 2016 consisted of the following:

Taxes receivable from fiscal year ended May 31, 2016	\$ 31,302
Taxes receivable from the years prior to June 1, 2015	<u>42,452</u>
Total deferred revenues	<u>\$ 73,754</u>

Advances O & M Grants – Deferred revenues in the special revenue fund are a result of the prepayment of the operations and maintenance contract of the Waste Water Treatment Plant. At May 31, 2016, deferred revenue was \$115,917.

D. Fund Balance – Restricted

These balances are restricted for future expenses and are broken down as follows:

	<u>General Fund</u>	<u>Capital Project</u>	<u>Special Revenue Water</u>	<u>Special Revenue Sewer</u>
Equipment and repairs	\$ 269,909	\$ 186,402	\$ 7,507	\$ 8,893
Reserved for unemployment	<u>11,047</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total future expenses	<u>\$ 280,956</u>	<u>\$ 186,402</u>	<u>\$ 7,507</u>	<u>\$ 8,893</u>

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

E. Pension Plans

1. Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS), and the Public Employees' Group Life Insurance Plan (System). These are cost-sharing multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

2. Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Employees with 10 years of service are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. The Village is required to contribute at an actuarially determined rate.

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

	<u>ERS</u>
2016	\$ 30,186
2015	28,759
2014	26,581

The Village's contributions made to the System were equal to 100 percent of the current years premiums required.

F. Postemployment Benefits Other than Pensions

Plan Description – The Village of Stamford administers a single-employer defined benefit healthcare plan (the “Retiree Health Plan”). The Plan provides lifetime healthcare insurance for eligible retirees and their spouse through the Village’s group health insurance plan, which covers both active and retired members. In order to become eligible employees must complete 20 years of service with the Village. The Village Retiree Health Plan does not issue a publicly available financial report.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

F. Postemployment Benefits Other than Pensions (Cont'd.)

Funding Policy – Contributions are made on a pay-as-you-go basis. The Village contributes 55% of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2016, the Village paid \$9,532.

Annual OPEB Cost and Net OPEB Obligation – The Village’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contributions of the employees (ARC). The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Village’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation to the Retiree Health Plan.

Annual required contribution	\$ 25,223
Interest on net OPEB obligation	1,262
Adjustment to annual required contribution	<u>-</u>
Annual OPEB – cost	26,485
Contributions made	<u>(9,532)</u>
Increase in net OPEB obligation	16,953
Net OPEB obligation – Beginning of year	<u>168,441</u>
 Net OPEB obligation – End of year	 <u>\$ 185,394</u>

The Village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the two previous years:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
May 31, 2014	\$ 33,638	26.50 %	\$ 150,520
May 31, 2015	26,485	32.34 %	168,441
May 31, 2016	26,485	35.99 %	185,394

Funded Status and Funding Progress – As of May 31, 2016, the actuarial accrued liability for benefits was \$209,367 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$240,262 and the ratio of the unfunded actuarial accrued liability to the covered payroll as 87.14%.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

F. Postemployment Benefits Other than Pensions (Cont'd.)

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

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

The following simplifying assumptions were made:

Retirement Age for Active Employees – Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 62.

Marital Status – Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2014 United States Life Tables for Males and Females were used.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employment until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate – The expected rate of increase in healthcare insurance premiums was based on projects of the Office of the Actuary at the Centers for Medicare & Medicaid Services. An ultimate rate of 5.6% was used.

Health Insurance Premiums – 2015 health insurance premiums for retirees were used as the basis calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 5.0% was used. In addition, a simplified version of the entry age actuarial costs method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at May 31, 2016 was twenty-nine years.

VILLAGE OF STAMFORD

NOTES TO THE FINANCIAL STATEMENTS

Year ended May 31, 2016

NOTE 3 DETAILED NOTES ON ALL FUND AND ACCOUNT GROUPS (Cont'd.)

G. Interfund Transfers

	<u>Transfer To</u>	<u>Transfer From</u>
General	\$ -	\$ 82,128
Water	2,408	-
Sewer	-	8,880
Capital projects	79,975	2,408
Internal services	<u>11,033</u>	<u>-</u>
Total interfund transfers	<u>\$ 93,416</u>	<u>\$ 93,416</u>

H. Interfund Receivables and Payables

	<u>Receivables</u>	<u>Payables</u>
General	\$ 709	\$ 162
Special revenue – Water	120	-
Special revenue – Sewer	-	709
Trust and agency	<u>42</u>	<u>-</u>
Total interfund receivables and payables	<u>\$ 871</u>	<u>\$ 871</u>

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VILLAGE OF STAMFORD

SCHEDULE OF FUNDING PROGRESS FOR
RETIREE HEALTH BENEFIT PLAN

Year ended May 31, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
5/31/2013	-	265,395	265,395	0%	201,528	131.70%
5/31/2014	-	265,395	265,395	0%	208,191	127.50%
5/31/2015	-	209,367	209,367	0%	233,983	89.50%
5/31/2016	-	209,367	209,367	0%	240,262	87.14%

VILLAGE OF STAMFORD

SPECIAL REVENUE FUND

BALANCE SHEET SCHEDULE - STATUTORY BASIS

Year Ended May 31, 2016

	Water Fund	Sewer Fund	Total
<u>ASSETS</u>			
Cash	\$ 191,974	\$ 413,767	\$ 605,741
Cash - Reserved	7,507	8,893	16,400
Other receivables	47,242	66,127	113,369
Interfund receivables	120	-	120
Due from other governments	-	1,418	1,418
Prepaid insurance	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 246,843</u>	<u>\$ 490,205</u>	<u>\$ 737,048</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 4,362	\$ 80,008	\$ 84,370
Interfund payable	-	709	709
Total liabilities	<u>4,362</u>	<u>80,717</u>	<u>85,079</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Advances O & M Grants	-	115,917	115,917
 <u>FUND BALANCE</u>			
Restricted	7,507	8,893	16,400
Nonspendable	3,500	-	3,500
Assigned - Appropriated	-	35,000	35,000
Assigned - Unappropriated	231,474	249,678	481,152
Total fund balance	<u>242,481</u>	<u>293,571</u>	<u>536,052</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows and fund balance	<u>\$ 246,843</u>	<u>\$ 490,205</u>	<u>\$ 737,048</u>

VILLAGE OF STAMFORD

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - STATUTORY BASIS

Year Ended May 31, 2016

	Water Fund	Sewer Fund	Total
<u>REVENUES</u>			
Departmental income	\$ 222,278	\$ 250,719	\$ 472,997
Intergovernmental charges	-	400,567	400,567
Use of money and property	201	531	732
Sale of property and compensation for loss	120	-	120
Miscellaneous local sources	28,132	-	28,132
Total revenues	<u>250,731</u>	<u>651,817</u>	<u>902,548</u>
<u>EXPENDITURES</u>			
General government support	12,697	22,791	35,488
Home and community services	96,152	553,580	649,732
Employee benefits	19,586	25,321	44,907
Debt service	58,690	43,865	102,555
Total expenditures	<u>187,125</u>	<u>645,557</u>	<u>832,682</u>
Excess revenues over expenditures	<u>63,606</u>	<u>6,260</u>	<u>69,866</u>
<u>OTHER SOURCES (USES)</u>			
Transfer from other funds	-	8,880	8,880
Transfer to other funds	(2,408)	-	(2,408)
Total other sources (uses)	<u>(2,408)</u>	<u>8,880</u>	<u>6,472</u>
NET CHANGE IN FUND BALANCE	61,198	15,140	76,338
Fund balance - Beginning of year	<u>181,283</u>	<u>278,431</u>	<u>459,714</u>
Fund balance - End of year	<u>\$ 242,481</u>	<u>\$ 293,571</u>	<u>\$ 536,052</u>

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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

Village Trustees
Village of Stamford
Stamford, 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 statutory cash basis financial statements of the Village of Stamford (the "Village") as of and for the year ended May 31, 2016 and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated November 21, 2016.

Internal Control over Financing 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 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.

MEMBERS: American Institute of Certified Public Accountants,
New York State Society of Certified Public Accountants, National Conference of CPA Practitioners

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.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
November 21, 2016