

# VILLAGE OF GROTON

Groton, New York

## FINANCIAL REPORT

For the Year Ended  
May 31, 2019



# VILLAGE OF GROTON

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## **INDEPENDENT AUDITORS' REPORT**

Mayor and Village Trustees  
Village of Groton  
Groton, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Groton (the Village), as of and for the year ended May 31, 2019, 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Groton Housing Authority, a discretely presented component unit, which represents 99% of the assets, 92% of the net position, and 100% of the revenues of the aggregately discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Groton Housing Authority, are based on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Groton as of May 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

During the year ended May 31, 2019, the Village adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As discussed in Note 13 to the financial statements, net position as of May 31, 2018 was restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in the Village's Total OPEB Liability and Related Ratios, Schedule of Village's Contributions - NYSLRS Pension Plan, Schedule of the Village's Proportionate Share of the Net Pension Liability, and related notes to required supplementary information on pages 4-4k and 49-56 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 February 13, 2020, 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,

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  
February 13, 2020

# ***VILLAGE OF GROTON***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019**

Our discussion and analysis of the Village of Groton's (the Village) financial performance provides an overview of the Village's financial activities for the fiscal year ended May 31, 2019. This section is a summary of the Village's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed in the current year. Please read it in conjunction with the Village's financial statements, which begin on page 5.

### **FINANCIAL HIGHLIGHTS**

- During the year ended May 31, 2019, the Village adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As a result, beginning net positions decreased by \$96,375 and \$100,986 for governmental activities and business-type activities, respectively. GASB Statement No. 75 requires the Village to record its total Other Post-Employment Benefits (OPEB) liability, as well as deferred outflows of resources and deferred inflows of resources related to the OPEB plan.
- Net position for governmental activities and business-type activities decreased 5.15% and 3.33%, respectively.
- Revenue for governmental activities decreased 12.81%, while total expenses for governmental activities decreased 5.82%. Revenue for business-type activities decreased 1.32%, while expenses increased 0.93%.
- Capital assets decreased for governmental activities by 0.89% and decreased for business-type activities 3.21%.
- Total debt for the Village's governmental activities decreased by 6.89%.
- Resources available for appropriation in the General Fund were \$171,293 greater than budgeted and expenditures were \$128,321 less when compared to budget. Expenditures were under budget primarily due to cost reduction efforts and conservative budgeting practices.

### **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 5-6a) 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 essential to a full understanding of the data provided in the financial statements.

# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

In addition to the basic financial statements, the annual report contains budgetary comparison schedules for the General and Water Funds, Schedule of Changes in the Village's Total OPEB Liability and Related Ratios, Schedule of Village's Contributions - NYSLRS Pension Plan, Schedule of Village's Proportionate Share of the Net Pension Liability, and notes to required supplementary information.

### **Reporting the Village as a Whole**

Our analysis of the Village as a whole begins on page 5, with the Government-wide financial 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 or worse off as a result of the year's activities. These statements include *all* assets, deferred outflows of resources, 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 changes therein. One can think of the Village's net position the difference between assets, deferred outflows of resources, 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, we separate Village activities into three activities:

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

**Business-type Activities:** The Village charges a fee to customers to help cover all or most of the cost of certain services it provides. The Village's electric utility operations are reported here.

**Component Units:** The Village includes two separate legal entities in its report - the Housing Authority and Industrial Development Agency. Although legally separate, these component units are important because the Village is financially accountable for them. Complete financial statements for the Housing Authority can be obtained from its administration office.

# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

### Reporting on the Village's Most Significant Funds

#### Governmental Fund Financial Statements

Analysis of the Village's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by 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 three kinds of funds - Governmental, Proprietary, and Fiduciary - are reported within with 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 financial 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.

**Proprietary Funds:** When the Village charges customers for the services it provides - whether to outside customers or to other units of the Village - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Village's Enterprise Funds (a component of Proprietary Funds) are the same as the Business-type Activities we report in the Government-wide financial statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

**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 14. 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, 2019 decreased 4.85%. The Village's investment in its capital assets (e.g. land, buildings, machinery and equipment and infrastructure), less any outstanding debt used to acquire those assets, consisted of 92.65% of total net position. 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 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.



# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

Our analysis below focuses on the net position (Figures 1A and 1B), and changes in net position (Figures 2A and 2B), of the Village's Governmental and Business-type Activities.

*Figure 1A  
Net Position at May 31, 2019*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<i>Current and Other Assets</i>	\$ 633,215	\$ 538,608	\$ 1,171,823
<i>Capital Assets</i>	6,647,789	1,211,416	7,859,205
<i>Noncurrent Assets</i>	1,310,054	468,630	1,778,684
<b><i>Total Assets</i></b>	<b>8,591,058</b>	<b>2,218,654</b>	<b>10,809,712</b>
<i>Pensions</i>	140,898	46,018	186,916
<i>Other Postemployment Benefits</i>	166,453	164,391	330,844
<b><i>Total Deferred Outflows of Resources</i></b>	<b>307,351</b>	<b>210,409</b>	<b>517,760</b>
<i>Current Liabilities</i>	683,669	65,890	749,559
<i>Other Liabilities</i>	2,409,112	1,074,746	3,483,858
<b><i>Total Liabilities</i></b>	<b>3,092,781</b>	<b>1,140,636</b>	<b>4,233,417</b>
<i>Pensions</i>	145,707	30,612	176,319
<i>Other Postemployment Benefits</i>	72,400	103,350	175,750
<b><i>Total Deferred Inflows of Resources</i></b>	<b>218,107</b>	<b>133,962</b>	<b>352,069</b>
<i>Net Investment in Capital Assets</i>	5,035,289	1,211,416	6,246,705
<i>Restricted</i>	823,688	468,630	1,292,318
<i>Unrestricted</i>	(271,456)	(525,581)	(797,037)
<b><i>Total Net Position</i></b>	<b>\$ 5,587,521</b>	<b>\$ 1,154,465</b>	<b>\$ 6,741,986</b>

# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

*Figure 1B  
Net Position at May 31, 2018*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<i>Current and Other Assets</i>	\$ 726,298	\$ 604,449	\$ 1,330,747
<i>Capital Assets</i>	6,707,663	1,251,552	7,959,215
<i>Noncurrent Assets</i>	1,400,749	372,240	1,772,989
<b><i>Total Assets</i></b>	<b>8,834,710</b>	<b>2,228,241</b>	<b>11,062,951</b>
<i>Deferred Outflows of Resources - Pensions</i>	301,834	104,717	406,551
<b><i>Total Deferred Outflows of Resources</i></b>	<b>301,834</b>	<b>104,717</b>	<b>406,551</b>
<i>Current Liabilities</i>	576,020	100,594	676,614
<i>Other Liabilities</i>	2,274,937	914,395	3,189,332
<b><i>Total Liabilities</i></b>	<b>2,850,957</b>	<b>1,014,989</b>	<b>3,865,946</b>
<i>Deferred Inflows of Resources - Pensions</i>	394,398	123,677	518,075
<b><i>Total Deferred Inflows of Resources</i></b>	<b>394,398</b>	<b>123,677</b>	<b>518,075</b>
<i>Net Investment in Capital Assets</i>	5,090,663	1,251,552	6,342,215
<i>Restricted</i>	812,021	372,240	1,184,261
<i>Unrestricted</i>	(11,495)	(429,500)	(440,995)
<b><i>Total Net Position</i></b>	<b>\$ 5,891,189</b>	<b>\$ 1,194,292</b>	<b>\$ 7,085,481</b>

Total assets remained stable, decreasing slightly by 2.29%. This change was driven by the decrease in cash and cash equivalents due to excess expenses over revenue.

Total liabilities increased 9.51%. This change primarily stems from the actuarial valuation of the OPEB liability that increased it across both the Governmental Activities and Business-Type Activities.

The increases in deferred outflows of resources and decrease in deferred inflows of resources stem from changes in actuarial determined calculations and differences between projected and actual earning on pension plan assets, as well as changes of assumptions related to the Village's OPEB plan.

Total net position decreased 4.85%. This change is the result of excess expenses over revenue.

# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

*Figure 2A  
Changes in Net Position at May 31, 2019*

<i>Changes in Net Position</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 1,057,468	\$ 1,606,120	\$ 2,663,588
<i>Operating Grants</i>	115,915		115,915
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	770,325		770,325
<i>Nonproperty Taxes</i>	546,971		546,971
<i>State Sources</i>	23,486		23,486
<i>Other</i>	31,089	2,427	33,516
<b>Total Revenues</b>	<b>2,545,254</b>	<b>1,608,547</b>	<b>4,153,801</b>
<b>PROGRAM EXPENSES</b>			
<i>General Government</i>	563,937	135,873	699,810
<i>Public Safety</i>	498,028		498,028
<i>Public Health</i>	384,713		384,713
<i>Transportation</i>	414,913		414,913
<i>Economic Assistance and Opportunity</i>	8,787		8,787
<i>Culture and Recreation</i>	240,599		240,599
<i>Home and Community Services</i>	697,104	1,512,501	2,209,605
<i>Interest on Debt</i>	40,841		40,841
<b>Total Expenses</b>	<b>2,848,922</b>	<b>1,648,374</b>	<b>4,497,296</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (303,668)</b>	<b>\$ (39,827)</b>	<b>\$ (343,495)</b>

# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

*Figure 2B  
Changes in Net Position at May 31, 2018*

<i>Changes in Net Position</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 990,242	\$ 1,611,259	\$ 2,601,501
<i>Operating Grants</i>	441,663		441,663
<i>Capital Grants</i>			
<i>General Revenues:</i>			
<i>Property Taxes and Tax Items</i>	762,453		762,453
<i>Nonproperty Taxes</i>	512,990		512,990
<i>State Sources</i>	167,223		167,223
<i>Other</i>	44,614	18,824	63,438
<b>Total Revenues</b>	<b>2,919,185</b>	<b>1,630,083</b>	<b>4,549,268</b>
<b>PROGRAM EXPENSES</b>			
<i>General Government</i>	319,334	136,516	455,850
<i>Public Safety</i>	457,863		457,863
<i>Public Health</i>	394,135		394,135
<i>Transportation</i>	481,882		481,882
<i>Economic Assistance and Opportunity</i>	2,500		2,500
<i>Culture and Recreation</i>	105,516		105,516
<i>Home and Community Services</i>	1,228,540	1,496,667	2,725,207
<i>Interest on Debt</i>	35,289		35,289
<b>Total Expenses</b>	<b>3,025,059</b>	<b>1,633,183</b>	<b>4,658,242</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (105,874)</b>	<b>\$ (3,100)</b>	<b>\$ (108,974)</b>

### **Governmental Activities**

Total revenues decreased 12.81% primarily due to a decrease in state aid and operating grants. Overall expenses decreased 5.82%. This change stems from a decrease in community development block grant expenditures in the home and community services function.

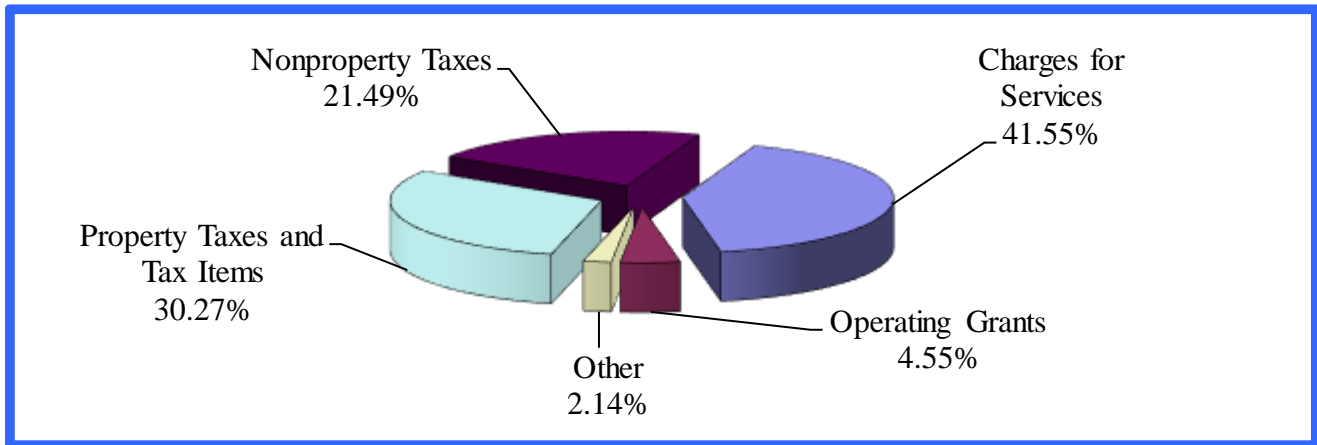
### **Business-type Activities**

Revenue of the Village's Business-type Activities decreased by 1.32%, based on relatively stable power sales and offset by a decrease in other general revenues. Total expenditures increased incrementally by 0.93%.

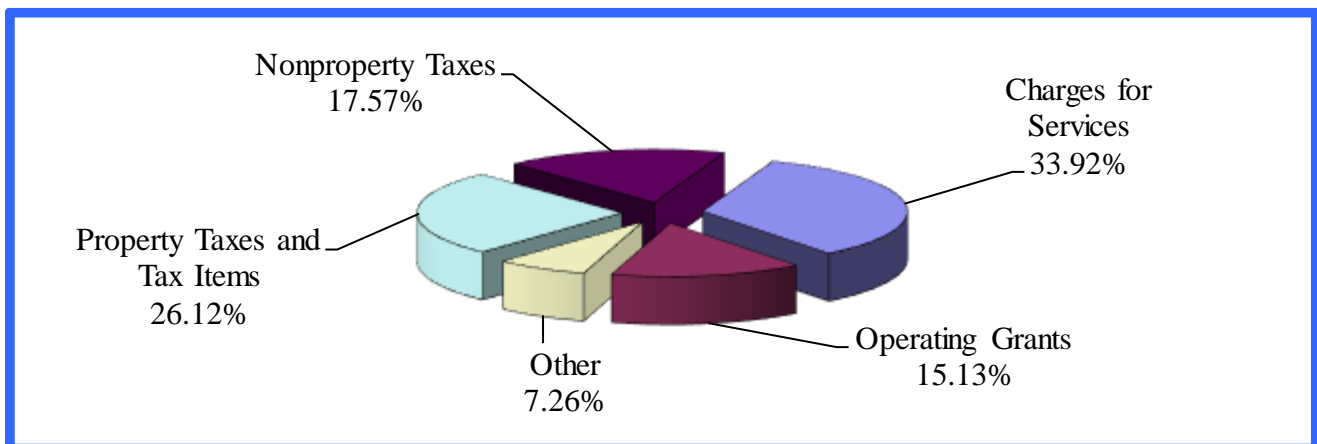
# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

*Figure 3A  
Revenue by Source  
Governmental Activities - 2019*



*Figure 3B  
Revenue by Source  
Governmental Activities - 2018*



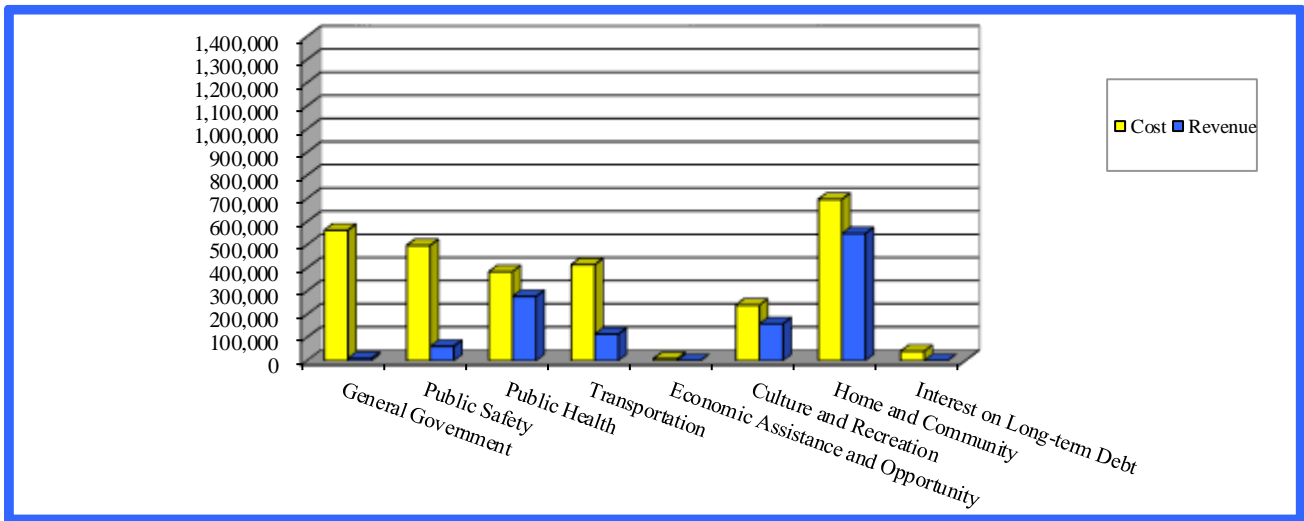
The cost of all Governmental Activities this year was \$2,848,922. As shown in the Statement of Activities, some of the cost was paid by those who directly benefited from the programs in the amount of \$1,057,468, and by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$115,915. Overall, the Village's governmental program revenues, including fees for services and grants were \$1,173,383. The Village also reported all costs covered by charges, donations or grants, and \$1,371,871 in taxes and other revenues, such as interest, sales tax, and general entitlements.

# VILLAGE OF GROTON

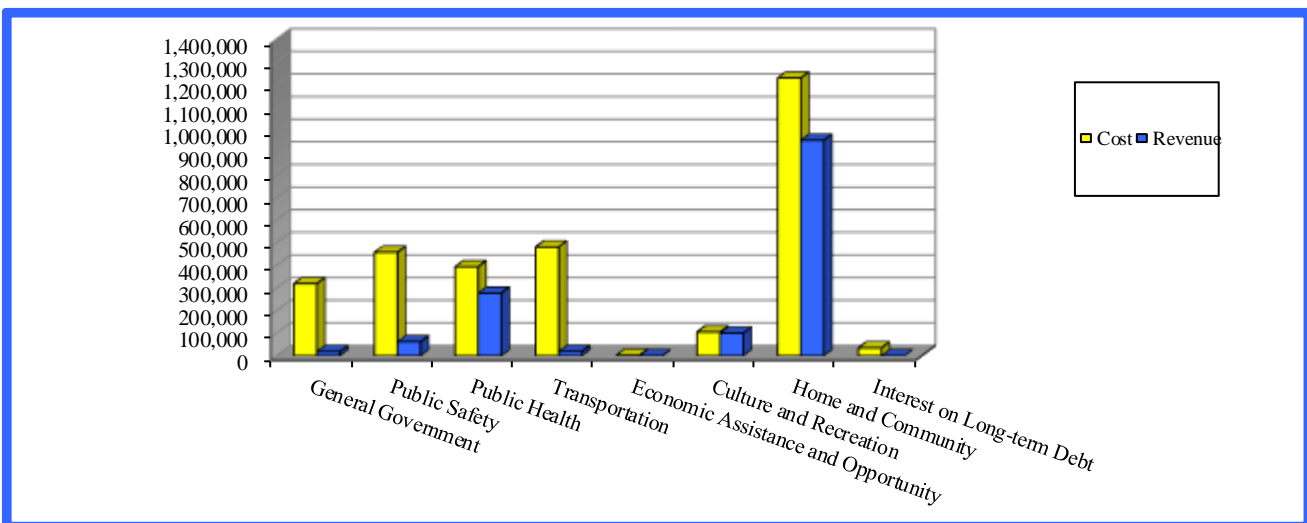
## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

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.

**Figure 4A**  
**Net Program Cost**  
**Governmental Activities - 2019**



**Figure 4B**  
**Net Program Cost**  
**Governmental Activities - 2018**



# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

### THE VILLAGE'S FUNDS

Figure 5 shows the changes in fund balances for the year for the Village's funds. Total fund balances (deficit) decreased by 21.75%. The decrease is primarily due to the change in fund balance in the General, Water, and Capital Projects Fund. The change in the Capital Project Fund spawns from the use of cash for capital projects. The General and Water Fund decreases are primarily the result of current year expenditures in excess of revenues.

*Figure 5  
Major Governmental Funds  
Fund Balance at Year Ended May 31,*

<i>Governmental Fund Balances</i>	<i>2018</i>	<i>2019</i>	<i>Total Dollar Change 2018 - 2019</i>
<i>General Fund</i>	\$ 874,527	\$ 743,254	\$ (131,273)
<i>Special Grant Fund</i>	249,038	260,705	11,667
<i>Water Fund</i>	244,314	228,651	(15,663)
<i>Sewer Fund</i>	82,358	91,796	9,438
<i>Capital Projects Fund</i>	(185,453)	(345,609)	(160,156)
<i>Non-Major Governmental Funds:</i>			
<i>Recreation Fund</i>	40,492	42,612	2,120
<b><i>Total</i></b>	<b>\$ 1,305,276</b>	<b>\$ 1,021,409</b>	<b>\$ (283,867)</b>

### General Fund Budgetary Highlights

Over the course of the year, the Village Board, as well as management of the Village, revised the Village budget several times. These budget amendments consisted of budget transfers between functions and recording additional budgetary revenue and appropriations.

After these adjustments, the actual charges to appropriations (expenditures) and interfund transfers out were \$128,321 below the final budget amounts. Resources available for appropriation were \$171,293 above the final budget.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The Village invested in a broad range of capital assets totaling \$13,239,652 and \$3,398,682, offset by accumulated depreciation of \$6,591,863 and \$2,187,266 for governmental activities and business-type activities, respectively. Overall, combined capital assets, net decreased 1.27% from prior year. Capital assets additions, and depreciation totaled \$428,108, \$307,371 and \$527,876, respectively. *Figure 8* shows the balances in capital assets, net at May 31, 2019.

# VILLAGE OF GROTON

## MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019

**Figure 6**  
*Capital Assets, Net of Depreciation or at Historical Cost at May 31, 2019*

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<i>Land and CIP</i>	\$ 758,506	\$ 12,271	\$ 770,777
<i>Buildings and Improvements</i>	57,268	80,118	137,386
<i>Equipment</i>	497,391	1,119,027	1,616,418
<i>Infrastructure</i>	5,334,624	-	5,334,624
<b><i>Total</i></b>	<b>\$ 6,647,789</b>	<b>\$ 1,211,416</b>	<b>\$ 7,859,205</b>

### Debt Administration

Figure 7 shows total debt as of May 31, 2019. Of this amount, \$612,500 is subject to the constitutional debt limit and represents 10.27% of the Village's statutory debt limit. Overall, total debt decreased 6.89% from prior year, consisting of bond and bond anticipation notes payments of \$119,500.

**Figure 7**  
*Major Outstanding Debt at May 31, 2019*

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<i>Serial Bonds and Loans</i>	\$ 1,322,500	\$	\$ 1,322,500
<i>Bond Anticipation Notes</i>	290,000	-	290,000
<b><i>Total</i></b>	<b>\$ 1,612,500</b>	<b>\$ -</b>	<b>\$ 1,612,500</b>

The Village's Moody's bond rating, which did not change from the prior year, is currently ABB. More detailed information about the Village's debt is presented in Notes 6 and 7 to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Old Chatham Shepherding is processing sheep and goat's milk into cheese. 28 jobs have been created and more are expected.

The Municipal Building design was sent out for bid and bids were returned at amounts well over estimated cost and our debt limit. The Village Board of Trustees and Building Committee are further evaluating the project prior to moving forward.

The Village of Groton has begun replacement of security lights with new LED fixtures and has completed most of the Village parking lots. Side streetlight installation will follow parking lots. These upgrades are financed through participation in the Independent Energy Efficiency Program.

The Village and Town of Groton's Joint Recreation Committee has designated a sub committee to review creating a trail system in our area. The Village and Town were both granted funding through Tompkins County Towns and a Village Parks Trails Grant to complete this project. The project has begun and will be completed in August of 2019.



# ***VILLAGE OF GROTON***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS MAY 31, 2019**

### **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Nancy Niswender, Clerk-Treasurer, at 143 Cortland Street, PO Box 100, Groton, New York 13073.

# VILLAGE OF GROTON

## STATEMENT OF NET POSITION MAY 31, 2019

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>12/31/2018</u>	<u>5/31/2019</u>
				<u>Housing Authority</u>	<u>Industrial Development Agency</u>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents - Unrestricted	\$ 308,814	\$ 269,034	\$ 577,848	\$ 25,953	\$ 40
Temporary Investments					2,318
Taxes Receivable	1,491		1,491		
Other Receivables, Net	108,007	163,197	271,204	3,185	
Loans Receivable - Current Portion	30,000		30,000		
Due from Other Governments	184,903		184,903		
Prepaid Expenses		8,397	8,397	10,586	
Inventories		97,980	97,980		
<b>Total Current Assets</b>	<b>633,215</b>	<b>538,608</b>	<b>1,171,823</b>	<b>39,724</b>	<b>2,358</b>
<b>Noncurrent Assets</b>					
Restricted Cash and Cash Equivalents	823,688	468,630	1,292,318	32,851	
Temporary Investments - Unrestricted	178,089		178,089		
Loans Receivable - Long-term Portion	308,277		308,277		
Restricted Investments				73,865	
Land and Construction in Progress	758,506	12,271	770,777	269,836	12,500
Depreciable Capital Assets, Net	5,889,283	1,199,145	7,088,428	2,603,761	
<b>Total Noncurrent Assets</b>	<b>7,957,843</b>	<b>1,680,046</b>	<b>9,637,889</b>	<b>2,980,313</b>	<b>12,500</b>
<b>Total Assets</b>	<b>8,591,058</b>	<b>2,218,654</b>	<b>10,809,712</b>	<b>3,020,037</b>	<b>14,858</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pensions	140,898	46,018	186,916	15,386	
Other Postemployment Benefits	166,453	164,391	330,844		
<b>Total Deferred Outflows of Resources</b>	<b>307,351</b>	<b>210,409</b>	<b>517,760</b>	<b>15,386</b>	<b>-</b>

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF NET POSITION (Continued) MAY 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	12/31/2018  Housing Authority	5/31/2019  Industrial Development Agency
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 163,101	\$ 36,792	\$ 199,893	\$ 331,127	\$
Accrued Liabilities	21,052	7,914	28,966	4,387	
Interest Payable	15,086		15,086	11,024	
Bond Anticipation Notes Payable	290,000		290,000		
Due to Other Governments	70,000		70,000		12,500
Due to Employees' Retirement Systems	24,389		24,389		
Customer Deposits		7,581	7,581		
Unearned Revenues	2,541	13,603	16,144	16,498	
Mortgages Payable - Due Within One Year				4,082	
Bonds Payable - Due Within One Year	97,500		97,500		
<b>Total Current Liabilities</b>	683,669	65,890	749,559	367,118	12,500
<b>Noncurrent Liabilities</b>					
Mortgages Payable - Due in More than One Year				2,622,133	
Bonds Payable - Due in More than One Year	1,225,000		1,225,000		
Other Postemployment Benefits Liability	913,727	957,450	1,871,177		
Compensated Absences	50,147	40,891	91,038		
Net Pension Liability - Proportionate Share	220,238	76,405	296,643	4,297	
<b>Total Noncurrent Liabilities</b>	2,409,112	1,074,746	3,483,858	2,626,430	
<b>Total Liabilities</b>	3,092,781	1,140,636	4,233,417	2,993,548	12,500
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pensions	145,707	30,612	176,319	16,373	
Other Postemployment Benefits	72,400	103,350	175,750		
<b>Total Deferred Inflows of Resources</b>	218,107	133,962	352,069	16,373	-
<b>NET POSITION</b>					
Net Investment in Capital Assets	5,035,289	1,211,416	6,246,705	(77,595)	
Restricted	823,688	468,630	1,292,318	73,865	
Unrestricted	(271,456)	(525,581)	(797,037)	29,232	2,358
<b>Total Net Position</b>	\$ 5,587,521	\$ 1,154,465	\$ 6,741,986	\$ 25,502	\$ 2,358

# VILLAGE OF GROTON

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Net (Expense) Revenue and Changes in Net Position			12/31/2018	5/31/2019
					Governmental Activities	Business-type Activities	Total	Housing Authority	Industrial Development Agency
<b>Primary Government</b>									
Governmental Activities:									
General Governmental Support	\$ 563,937	\$ 9,887	\$	\$	\$ (554,050)	\$	\$ (554,050)	\$	\$
Public Safety	498,028	60,914	1,126		(435,988)		(435,988)		
Public Health	384,713	277,528			(107,185)		(107,185)		
Transportation	414,913		114,789		(300,124)		(300,124)		
Economic Assistance and Opportunity	8,787				(8,787)		(8,787)		
Culture and Recreation	240,599	159,821			(80,778)		(80,778)		
Home and Community Services	697,104	549,318			(147,786)		(147,786)		
Interest on Debt	40,841				(40,841)		(40,841)		
<b>Total Governmental Activities</b>	<b>2,848,922</b>	<b>1,057,468</b>	<b>115,915</b>	<b>-</b>	<b>(1,675,539)</b>	<b>-</b>	<b>(1,675,539)</b>	<b>-</b>	<b>-</b>
Business-type Activities:									
Municipal Electric	1,648,374	1,606,126				(42,248)	(42,248)		
<b>Total Business-type Activities</b>	<b>1,648,374</b>	<b>1,606,126</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42,248)</b>	<b>(42,248)</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 4,497,296</b>	<b>\$ 2,663,594</b>	<b>\$ 115,915</b>	<b>\$ -</b>	<b>(1,675,539)</b>	<b>(42,248)</b>	<b>(1,717,787)</b>	<b>-</b>	<b>-</b>
<b>Component Units</b>									
Housing Authority	\$ 315,996	\$ 285,656	\$	\$			-	(30,340)	
Industrial Development Agency							-		
<b>Total Component Units</b>	<b>\$ 315,996</b>	<b>\$ 285,656</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,340)</b>	<b>-</b>

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF ACTIVITIES (Continued) FOR THE YEAR ENDED MAY 31, 2019

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Net (Expense) Revenue and Changes in Net Position			12/31/2018	5/31/2019
	Governmental Activities	Business-type Activities	Total	Housing Authority	Industrial Development Agency
<b>GENERAL REVENUES</b>					
Property Taxes, Levied for General Purposes	\$ 756,014	\$	\$ 756,014	\$	\$
Property Tax Items	14,311		14,311		
Sales Taxes	508,745		508,745		
Other Taxes	38,226		38,226		
State Sources	23,486		23,486		
Use of Money and Property	19,543	2,421	21,964		4
Miscellaneous	3,928		3,928		
Sale of Property and Compensation for Loss	7,618		7,618		
<b>Total General Revenues</b>	1,371,871	2,421	1,374,292	-	4
Change in Net Position	(303,668)	(39,827)	(343,495)	(30,340)	4
Net Position - Beginning of Year, as Restated	5,891,189	1,194,292	7,085,481	55,842	2,354
<b>Net Position - End of Year</b>	<b>\$ 5,587,521</b>	<b>\$ 1,154,465</b>	<b>\$ 6,741,986</b>	<b>\$ 25,502</b>	<b>\$ 2,358</b>

# VILLAGE OF GROTON

## BALANCE SHEET - GOVERNMENTAL FUNDS MAY 31, 2019

	Major Funds				
	General Fund	Special Revenue Funds			Capital Projects Fund
		Special Grant Fund	Water Fund	Sewer Fund	
<b>ASSETS</b>					
Cash and Cash Equivalents - Unrestricted	\$ 241,898	\$ 1,100	\$ 24,593	\$ 276	\$
Cash and Cash Equivalents - Restricted	361,829	260,705	160,902	40,252	
Temporary Investments - Unrestricted	178,089				
Taxes Receivable	1,491				
Due from Other Funds	1,100				
Due from Other Governments	167,838	12,500			
Other Receivables			47,391	60,616	
Loans Receivables		338,277			
<b>Total Assets</b>	<b>\$ 952,245</b>	<b>\$ 612,582</b>	<b>\$ 232,886</b>	<b>\$ 101,144</b>	<b>-</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 100,448	\$	\$ 1,773	\$ 5,271	\$ 55,609
Accrued Liabilities	13,864		2,462	4,077	
Due to Other Funds		1,100			
Due to Other Governments	70,000				
Bond Anticipation Notes Payable					290,000
Due to ERS/PFRS	24,389				
Unearned Revenues	290				
<b>Total Liabilities</b>	<b>208,991</b>	<b>1,100</b>	<b>4,235</b>	<b>9,348</b>	<b>345,609</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenue		350,777			
<b>Fund Balances</b>					
Restricted	361,829	260,705	160,902	40,252	
Assigned	280,161		67,749	51,544	
Unassigned	101,264				(345,609)
<b>Total Fund Balances</b>	<b>743,254</b>	<b>260,705</b>	<b>228,651</b>	<b>91,796</b>	<b>(345,609)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 952,245</b>	<b>\$ 612,582</b>	<b>\$ 232,886</b>	<b>\$ 101,144</b>	<b>\$ -</b>

*See Notes to Financial Statements*

**Non-major Fund**

<b>Recreation Fund</b>	<b>Total Governmental Funds</b>
\$ 40,947	\$ 308,814
	823,688
	178,089
	1,491
	1,100
4,565	184,903
	108,007
	338,277
<b>\$ 45,512</b>	<b>\$ 1,944,369</b>

\$	\$ 163,101
649	21,052
	1,100
	70,000
	290,000
	24,389
2,251	2,541
2,900	572,183
	350,777
	823,688
42,612	442,066
	(244,345)
42,612	1,021,409
<b>\$ 45,512</b>	<b>\$ 1,944,369</b>

# VILLAGE OF GROTON

## RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION MAY 31, 2019

**Total Governmental Fund Balances** **\$ 1,021,409**

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	\$ 13,239,652	
Accumulated Depreciation	<u>(6,591,863)</u>	6,647,789

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

ERS Net Pension Liability - Proportionate Share	\$ (141,895)	
PFRS Net Pension Liability - Proportionate Share	<u>(78,343)</u>	(220,238)

Certain long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows in the funds. 350,777

Certain accrued obligations and 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 Governmental Funds.

Accrued Interest Payable		(15,086)
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Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represent an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

OPEB Deferred Inflows of Resources	\$ (72,400)	
ERS Deferred Inflows of Resources - Pension	(56,851)	
PFRS Deferred Inflows of Resources - Pension	(88,856)	
OPEB Deferred Outflows of Resources	166,453	
ERS Deferred Outflows of Resources - Pension	85,461	
PFRS Deferred Outflows of Resources - Pension	<u>55,437</u>	89,244

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

Bonds Payable	\$ (1,322,500)	
Compensated Absences	(50,147)	
Other Postemployment Benefits Liability	<u>(913,727)</u>	<u>(2,286,374)</u>

**Net Position of Governmental Activities** **\$ 5,587,521**

*See Notes to Financial Statements*



# VILLAGE OF GROTON

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED MAY 31, 2019

	Major Funds				Non Major Fund		Total Governmental Funds
	General Fund	Special Revenue Fund			Capital Projects Fund	Recreation Fund	
		Special Grant Fund	Water Fund	Sewer Fund			
<b>REVENUES</b>							
Real Property Taxes	\$ 756,014	\$	\$	\$	\$	\$	\$ 756,014
Real Property Tax Items	14,311						14,311
Nonproperty Tax Items	508,745						508,745
Miscellaneous Taxes	38,226						38,226
Departmental Income	365,111	22,187	238,195	311,123		18,096	954,712
Intergovernmental Charges	80,083					34,973	115,056
Use of Money and Property	14,130	655	519	4,175		64	19,543
Licenses and Permits	9,387						9,387
Fines and Forfeitures	500						500
Sale of Property and Compensation for Loss	7,860						7,860
Miscellaneous Local Sources	3,128					800	3,928
State Sources	138,275						138,275
Federal Sources	1,126						1,126
<b>Total Revenues</b>	1,936,896	22,842	238,714	315,298	-	53,933	2,567,683
<b>EXPENDITURES</b>							
General Governmental Support	245,746		21,416	6,500			273,662
Public Safety	366,155						366,155
Public Health	292,998						292,998
Transportation	399,663						399,663
Economic Assistance and Opportunity	8,787						8,787
Culture and Recreation	148,723					45,238	193,961
Home and Community Services	22,879	11,175	112,737	211,105			357,896
Employee Benefits	307,354		36,334	40,330		6,575	390,593

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (Continued) FOR THE YEAR ENDED MAY 31, 2019

	Major Funds				Non Major Fund		Total Governmental Funds
	Special Revenue Fund				Capital Projects Fund	Recreation Fund	
	General Fund	Special Grant Fund	Water Fund	Sewer Fund			
<b>EXPENDITURES (Continued)</b>							
Debt Service:							
Principal	\$ 49,500	\$	\$ 45,000	\$ 25,000	\$	\$	\$ 119,500
Interest	14,978		11,645	13,925			40,548
Capital Outlay				417,787			417,787
<b>Total Expenditures</b>	1,856,783	11,175	227,132	296,860	417,787	51,813	2,861,550
<b>Excess of Revenues (Expenditures)</b>	80,113	11,667	11,582	18,438	(417,787)	2,120	(293,867)
<b>OTHER FINANCING SOURCES (USES)</b>							
Interfund Transfers In					257,631		257,631
Interfund Transfers (Out)	(211,386)		(27,245)	(9,000)	(10,000)		(257,631)
Redeemed from Appropriations					10,000		10,000
<b>Total Other Financing (Uses) Sources</b>	(211,386)	-	(27,245)	(9,000)	257,631	-	10,000
<b>Excess of Revenues and Other Financing Sources Over (Expenditures) and Other Financing (Uses)</b>	(131,273)	11,667	(15,663)	9,438	(160,156)	2,120	(283,867)
Fund Balances, Beginning of Year	874,527	249,038	244,314	82,358	(185,453)	40,492	1,305,276
<b>Fund Balances, End of Year</b>	<b>\$ 743,254</b>	<b>\$ 260,705</b>	<b>\$ 228,651</b>	<b>\$ 91,796</b>	<b>\$ (345,609)</b>	<b>\$ 42,612</b>	<b>\$ 1,021,409</b>

# VILLAGE OF GROTON

## RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2019

**Net Change in Fund Balances - Total Governmental Funds** **\$ (283,867)**

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 Asset Additions	\$ 347,612	
Net book value of disposed equipment	(242)	
Depreciation Expense	(407,244)	(59,874)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Payments	\$ 109,500	109,500
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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 and OPEB do not effect current financial resources and are also not reported in the Governmental Funds.

Deferred Outflows of Resources, Other Postemployment Benefits	\$ 166,453	
Deferred Inflows of Resources, Other Postemployment Benefits	(72,400)	
Deferred Outflows of Resources, Pensions	(160,936)	
Deferred Inflows of Resources, Pensions	248,691	
Net Pension Liability, Proportionate Share	(100,984)	80,824

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 Change in Accrued Interest Payable	\$ (293)	
Net Change in Compensated Absences	(3,631)	
Net Change in Liability for Other Postemployment Benefits	(127,060)	(130,984)

Revenues and expenses from activities that result in long-term assets are not recorded in the Governmental Funds. This amount represents the net change in these revenues deferred in the Governmental Funds.

(19,267)

**Change in Net Position of Governmental Activities** **\$ (303,668)**

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF NET POSITION - PROPRIETARY FUND MAY 31, 2019

	<b>Business-type Activities</b>
	<b>Municipal Electric Fund</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 269,034
Other Receivables, Net	163,197
Prepaid Expenses	8,397
Inventories	97,980
<b>Total Current Assets</b>	<b>538,608</b>
<b>Noncurrent Assets</b>	
Restricted Cash and Cash Equivalents	468,630
Non-Depreciable Capital Assets	12,271
Depreciable Capital Assets, Net	1,199,145
<b>Total Noncurrent Assets</b>	<b>1,680,046</b>
<b>Total Assets</b>	<b>2,218,654</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	46,018
Other Postemployment Benefits	164,391
<b>Total Deferred Outflows of Resources</b>	<b>210,409</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	36,792
Accrued Liabilities	7,914
Unearned Revenue	13,603
Customer Deposits	7,581
<b>Total Current Liabilities</b>	<b>65,890</b>
<b>Noncurrent Liabilities</b>	
Compensated Absences	40,891
Other Postemployment Benefits Payable	957,450
Net Pension Liability - Proportionate Share	76,405
<b>Total Noncurrent Liabilities</b>	<b>1,074,746</b>
<b>Total Liabilities</b>	<b>1,140,636</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	30,612
Other Postemployment Benefits	103,350
<b>Total Deferred Inflows of Resources</b>	<b>133,962</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,211,416
Restricted	468,630
Unrestricted	(525,581)
<b>Total Net Position</b>	<b>\$ 1,154,465</b>

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND FOR THE YEAR ENDED MAY 31, 2019

	<u>Business-type Activities</u> <u>Municipal Electric Fund</u>
<b>OPERATING REVENUES</b>	
Departmental Income	\$ 1,606,120
Miscellaneous Local Sources	6
<b>Total Operating Revenues</b>	<u>1,606,126</u>
<b>OPERATING EXPENSES</b>	
Salaries and Wages	313,395
Contractual Services	899,490
Employee Benefits	314,857
Depreciation	120,632
<b>Total Operating Expenses</b>	<u>1,648,374</u>
<b>(Loss) from Operations</b>	<u>(42,248)</u>
<b>NONOPERATING REVENUES</b>	
Use of Money and Property	2,421
<b>Total Nonoperating Revenues</b>	<u>2,421</u>
Change in Net Position	(39,827)
Total Net Position, Beginning, as Restated	<u>1,194,292</u>
<b>Total Net Position, Ending</b>	<u><u>\$ 1,154,465</u></u>

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE YEAR ENDED MAY 31, 2019

	<b>Business-type Activities</b>
	<b>Municipal Electric Fund</b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Providing Services	\$ 1,639,171
Cash Payments - Employees	(582,513)
Cash Payments - Suppliers	(884,951)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>171,707</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments to Contractors	(80,496)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(80,496)</b>
<b>Cash Flows from Investing Activities</b>	
Proceeds from Sale of Investments	4,783
Interest Income Received	1,586
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>6,369</b>
<b>Change in Cash and Cash Equivalents</b>	<b>97,580</b>
Cash and Cash Equivalents, June 1, 2018	640,084
<b>Cash and Cash Equivalents, May 31, 2019</b>	<b>\$ 737,664</b>
<b>Reconciliation of Income from Operations to Net Cash Provided (Used) by Operating Activities</b>	
Gain (Loss) from Operations	\$ (42,248)
Depreciation and Amortization	120,632
(Increase) Decrease in Accounts Receivable	15,424
(Increase) Decrease in Prepaid Expenses	51,801
(Increase) Decrease in Inventory	(194)
Increase (Decrease) in Other Postemployment Benefits	72,101
Increase (Decrease) in Compensated Absences	(11,969)
Increase (Decrease) in Accounts Payable	(37,075)
Increase (Decrease) in Accrued Liabilities	(1,149)
Increase (Decrease) in Customer Deposits and Unapplied Credits	(1,974)
Increase (Decrease) in Unearned Revenues	1,546
Increase (Decrease) in Net Pension Liability and Deferred Inflows/Outflows of Resources	4,812
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 171,707</b>

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS MAY 31, 2019

	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and Cash Equivalents - Unrestricted	\$ 11,074	\$ 4,009
<b>Total Assets</b>	<u>11,074</u>	<u><u>\$ 4,009</u></u>
<b>LIABILITIES</b>		
Agency Liabilities	<u>-</u>	<u>\$ 4,009</u>
<b>Total Liabilities</b>	<u>-</u>	<u><u>\$ 4,009</u></u>
<b>NET POSITION</b>		
Reserved for Trusts	<u>11,074</u>	
<b>Total Net Position</b>	<u><u>\$ 11,074</u></u>	

*See Notes to Financial Statements*

# VILLAGE OF GROTON

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED MAY 31, 2019

	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS</b>	
Miscellaneous Local Sources	\$ 3,384
Interest and Earnings	11
<b>Total Additions</b>	<u>3,395</u>
<b>DEDUCTIONS</b>	
Distributions	<u>1,407</u>
<b>Total Deductions</b>	<u>1,407</u>
Change in Net Position	<u>1,988</u>
Net Position - Beginning of Year	<u>9,086</u>
<b>Net Position - End of Year</b>	<u><u>\$ 11,074</u></u>

*See Notes to Financial Statements*



# ***VILLAGE OF GROTON***

## **NOTES TO FINANCIAL STATEMENTS**

**MAY 31, 2019**

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

The accompanying financial statements of the Village of Groton (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 of Groton, which was established in 1860, is governed by Village Law and other municipal laws of the State of New York and various local laws. The Mayor and four trustees are the legislative body responsible for overall operations; the Mayor serves as chief executive officer and the Clerk/Treasurer serves as chief fiscal officer.

The following basic services are provided: water, sewer, public safety (police and fire), and maintenance of highways and streets.

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

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the Village,
- Organizations for which the primary government is financially accountable, and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended, including legal standing, fiscal dependency, and financial accountability.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

#### **Financial Reporting Entity - Included in the Reporting Entity, as Discretely Presented Component Units**

The Village of Groton Housing Authority (Housing Authority) is a non-profit organization formed to construct, own, and manage an apartment complex for elderly persons. The Village Trustees appoint the governing board of the Housing Authority. Additionally, the Village Trustees can remove appointed members of the Housing Authority at will. A separate report was issued for the Housing Authority and can be obtained by contacting the Housing Authority directly at 200 West Street, Groton, NY 13073.

The Village of Groton Industrial Development Agency is a Public Benefit Corporation established by the State Legislature to promote the development of businesses and light industry within the Village. A separate Board has been established by the Village Trustees to manage the operations of the Industrial Development Agency. This Board is administratively and financially dependent on the Village.

§870 of General Municipal Law indicates that the bonds or notes and other obligations of the Industrial Development Agency are not the debt of the Village, and the payment of such is payable out of the funds of the Industrial Development Agency. Financial statements can be obtained by contacting the Village of Groton directly at 143 East Cortland Street, Groton, NY 13073.

#### **Financial Reporting Entity - Included in the Reporting Entity, as a Joint Activity**

The Village of Groton entered into a joint activity with the Village of Groton to provide recreational services directly to the citizens served by the governments. The purpose of the Fund is to hire a Joint Recreational Coordinator (the Coordinator) who will assist the Village and Town with the day-to-day administration of joint recreation programs. For the purposes of payroll management, recordkeeping, benefit programs, and general oversight, the Coordinator is an employee of the Village of Groton. The Recreation Fund is not a legally separate entity. The Village and Town each bear any liability incurred by the Fund and share costs equally. Also, the Town will pay the Village \$12,000 annually for the purpose of maintenance and management of the Village's park facilities.

#### **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, home and community services, and culture and recreation are classified as Governmental Activities.

# ***VILLAGE OF GROTON***

## **NOTES TO FINANCIAL STATEMENTS**

**MAY 31, 2019**

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

#### **Basic Financial Statements - 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. 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.

In the Government-wide Statement of Net Position, both the Governmental and Business-type Activities columns are presented on a consolidated basis by column 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 the gross and net cost for each of the Village's functions or programs. Gross expenses are direct expenses, including depreciation, that are 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 the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the program or capital requirements of a particular program. Depreciation on assets that are shared by essentially all of the Village's programs have been reported by function. Indirect expenses, particularly employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Village.

#### **Basic Financial Statements - Governmental Fund Financial Statements**

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 comprises its assets, liabilities, deferred inflows and outflows of resources, 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.

# ***VILLAGE OF GROTON***

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2019**

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

#### **Basic Financial Statements - Governmental Fund Financial Statements - Continued**

The Village records its transactions in the funds described below:

#### **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 on determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the Village's Governmental Funds:

#### **Major Funds**

- General Fund - The principal operating fund which includes all operations not required to be recorded in other funds.
  
- Special Revenue Funds
  - Special Grant Fund - Accounts for Community Development Block Grants.
  
  - 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.
  
- 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.

#### **Non-Major Fund**

- Recreation Fund - A special revenue fund that accounts for joint recreation activities.

# ***VILLAGE OF GROTON***

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2019**

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

#### **Basic Financial Statements - Governmental Fund Financial Statements - Continued**

##### **Proprietary Fund**

The Proprietary Fund is used to account for ongoing organizations or activities similar to those often found in the private sector. Measurement focus is based upon determination of net income, financial position, and changes in financial position. The following Proprietary Fund is utilized:

- Enterprise Utility - Municipal Electric Fund - The Enterprise Utility - Municipal Electric Fund, a Proprietary Fund Type, uses the accrual basis of accounting. It is used to account for operations financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services are to be financed or recovered primarily through user charges.

##### **Fiduciary Funds**

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity. The following are the Village's Fiduciary Fund types:

- Agency Funds - Account for money and/or property received and held in the capacity of trustee, custodian or agent.
- Private Purpose Trust Fund - Accounts for funds administered by the Village for the benefit of private concerns.

##### **Component Units**

The Village of Groton Housing Authority is a Proprietary Fund Type and uses the accrual basis of accounting. The Housing Authority's fiscal year end is December 31, and the amounts reported in the combined basic financial statements are for the year ended December 31, 2018. The Industrial Development Agency is a Proprietary Fund Type and uses the accrual basis of accounting. The Industrial Development Agency's fiscal year end is May 31, and the amounts reported in the combined basic financial statements are for the year ended May 31, 2019.

##### **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, i.e. expenditures or expenses.

# **VILLAGE OF GROTON**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2019**

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

#### **Basis of Accounting/Measurement Focus - Continued**

##### **Accrual Basis**

The Government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 vests or accumulates, are charged as an expenditure when paid.

##### **Property Taxes**

Real property taxes are levied annually by the Village of Groton no later than June 1 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 unearned revenues.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

#### **Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Village considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **Temporary Investments**

Temporary investments consist of certificates of deposit with original maturity dates of three months to one year.

#### **Receivables**

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the Village to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables represent amounts owed to the Village including Accounts Receivable and Water and Sewer Rents Receivable.

#### **Inventory**

Inventory is valued utilizing the average cost method for Proprietary Funds.

#### **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. Governmental capital assets are capitalized based on the following estimated useful lives and values:

<u>Description</u>	<u>Valuation Threshold</u>	<u>Estimated Useful Lives</u>
Buildings	\$ 5,000	30 Years
Machinery and Equipment	2,000	5-10 Years
Infrastructure	5,000	15-40 Years

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

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

#### **Capital Assets - Proprietary Fund**

Capital Assets acquired by the Proprietary Fund are stated at cost (or estimated historical cost). Contributed fixed assets are recorded at fair market value at the date received. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Transportation Equipment	8 Years
Communication	20 Years
Laboratory Equipment	25 Years
Office Equipment	20 Years
Buildings	40 Years
Transmission Overhead	35 Years
Fixtures	33 Years
Underground Conduits	41 Years

#### **Other Postemployment Benefits**

In addition to providing pension benefits, the Village of Groton provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village of Groton's employees may become eligible for these benefits if they reach normal retirement age while working for the Village of Groton. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

The Village follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The Town's liability for other postemployment benefits has been recorded in the Statement of Net Position in accordance with that statement. See Note 8 for additional information.

#### **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 and OPEB plan in the Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plan are described in Notes 5 and 8, respectively.



# **VILLAGE OF GROTON**

## **NOTES TO FINANCIAL STATEMENTS MAY 31, 2019**

### **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 and OPEB plans which are further described in Notes 5 and 8, respectively.

In addition, the Governmental Funds Balance Sheet reports deferred inflows of resources for unavailable revenue. This represents loans which will be received after the availability period expires.

#### **Unearned Revenue**

Unearned revenues arise when resources are received by the Village before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the Village has legal claim to the resources, the liability for unearned revenue is removed and revenues are recorded.

#### **Vacation, Sick Leave, and Compensatory Absences**

Village of Groton employees are granted vacation leave based primarily on the number of years of continuous service, up to 22 days per year. However, vacation leave does not accumulate.

Employees are granted sick leave at the rate of ten days per year and may accumulate no more than a maximum of 130 days. Employees who retire are either compensated for 50% of accumulated sick leave or given the option of using 60% of accumulated sick leave to pay their portion of ensuing health insurance premiums, so long as such is sufficient to pay said premium.

Estimated accumulated sick leave is recorded in the Proprietary Fund as a liability and expense, and in Governmental Activities as a long-term liability if payable from future financial resources, or as a governmental fund liability and expenditures, if payable from current resources. See Note 7 for the amounts recorded for compensated absences.

Currently, four employees are using 60% of their accumulated sick leave to pay for their portion of health insurance premiums and four employees have exercised the 50% lump sum payment option.

#### **Insurance and Risk Management**

The Village maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. No settlements have exceeded insurance coverage in the past three years.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

#### **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 net 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 net 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 changed the terminology and classification of fund balance to reflect 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, or 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 endowment 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.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### *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, the Board of Trustees, 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.

#### **Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Proprietary Fund's principal ongoing operation. The principal operating revenues of the Proprietary Funds are charges to customers for sales and services. Operating expenses for Proprietary Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **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.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Village's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

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

#### **New Accounting Standards**

The Village adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ended May 31, 2019:

- GASB has issued Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,” effective for the year ended May 31, 2019. This Statement replaces the requirements of Statements No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions,” as amended, and No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.”
- GASB has issued Statement No. 85, “Omnibus 2017,” effective for the year ended May 31, 2019.
- GASB has issued Statement No. 86, “Certain Debt Extinguishment Issues,” effective for the year ended May 31, 2019.

#### **Future Changes in Accounting Standards**

The Village is in the process of assessing the future effects of each of the following:

- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ending May 31, 2020.
- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending May 31, 2020. 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, 2021.
- GASB has issued Statement No. 89, “Accounting for Interest Cost Incurred Before the End of Construction Period,” effective for the year ending May 31, 2021.
- 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, 2020.
- GASB has issued Statement No. 91, “Conduit Debt Obligations,” effective for the year ending May 31, 2022.

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

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS

MAY 31, 2019

### *Note 2* **Cash and Investments**

The Village of Groton's investment policies are governed by state statutes. In addition, the Village of Groton has its own written investment policy. Village of Groton's monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within the state. The Clerk-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 and its localities.

Collateral is required for demand and time deposits and certificates of deposit at 105% of all deposits not covered by FDIC. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and villages.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned. 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.

The Village's aggregate bank balances of \$2,089,911 and the aggregate bank balances of \$135,027 of the component units of the Village were either covered by depository insurance or collateralized as described above.

The Village has few investments and chooses to disclose its investments by specifically identifying each. The Village's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

1. Insured or registered, or investments held by the Village or by the Village's agent in the Village's name, or
2. Uninsured and unregistered, with investments held by the financial institution's trust department in the Village's name, or
3. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the Village's name.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 2 Cash and Investments - Continued**

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
General Fund	\$ 175,000	\$ 178,089	Certificate of Deposit	(2)

The Village does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The Village does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Restricted cash and investments at May 31, 2019 consisted of:

**Restricted Cash and Investments**

**Governmental Activities**

General Fund Reserves	\$ 361,829
Water Fund Reserves	160,902
Sewer Fund Reserves	40,252
Special Grant Fund	<u>260,705</u>

<b>Total Governmental Activities</b>	<b><u><u>\$ 823,688</u></u></b>
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**Business -Type Activities**

Enterprise Fund Reserves	<b><u><u>\$ 468,630</u></u></b>
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**Component Unit**

Housing Authority Reserve	<b><u><u>\$ 106,716</u></u></b>
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# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 3 Other Receivables and Interfund Balances**

**Other Receivables**

Other receivables at May 31, 2019 consisted of the following, which are stated at net realizable value. Except where noted, the Village has deemed the amounts fully collectible.

	<b>Description</b>	<b>Amount</b>
Water Fund	Water Rents Receivable	\$ 47,391
Sewer Fund	Sewer Rents Receivable	60,616
<b>Total Governmental Activities</b>		<b>\$ 108,007</b>
Municipal Electric Fund	Accounts Receivable	\$ 178,251
Municipal Electric Fund	Allowance for Doubtful Accounts	(15,054)
<b>Total Business-Type Activities</b>		<b>\$ 163,197</b>
<b>Component Units</b>		
Groton Housing Authority	Accounts Receivable	<b>\$ 3,185</b>

**Interfund Balances**

Interfund balances at May 31, 2019 were as follows:

	<b>Interfund Receivables</b>	<b>Interfund Payables</b>	<b>Interfund Revenue</b>	<b>Interfund Expenditures</b>
General Fund	\$ 1,100	\$	\$	\$ 211,386
Special Grant Fund		1,100		
Water Fund				27,245
Sewer Fund				9,000
Capital Projects Fund			257,631	10,000
<b>Total</b>	<b>\$ 1,100</b>	<b>\$ 1,100</b>	<b>\$ 257,631</b>	<b>\$ 257,631</b>

The Village transfers from various funds to finance capital projects. The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables, if any, are expected to be repaid within one year.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 4 Capital Assets**

A summary of changes in capital assets at May 31, 2019 follows:

	<u>Balance at 05/31/18</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Balance at 05/31/19</u>
<b>Governmental Activities</b>				
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 369,379	\$	\$	\$ 369,379
Construction in Progress	261,050	128,077		389,127
<b>Total Non-Depreciable Capital Assets</b>	<u>630,429</u>	<u>128,077</u>	<u>-</u>	<u>758,506</u>
<b>Depreciable Capital Assets</b>				
Buildings	537,678			537,678
Machinery and Equipment	1,437,478	79,874	(231,628)	1,285,724
Infrastructure	10,549,062	139,661	(30,979)	10,657,744
<b>Total Depreciable Capital Assets</b>	<u>12,524,218</u>	<u>219,535</u>	<u>(262,607)</u>	<u>12,481,146</u>
<b>Total Historical Cost</b>	<u>13,154,647</u>	<u>347,612</u>	<u>(262,607)</u>	<u>13,239,652</u>
<b>Less Accumulated Depreciation</b>				
Buildings	(459,337)	(21,073)		(480,410)
Machinery and Equipment	(907,967)	(111,994)	231,628	(788,333)
Infrastructure	(5,079,680)	(274,177)	30,737	(5,323,120)
<b>Total Accumulated Depreciation</b>	<u>(6,446,984)</u>	<u>(407,244)</u>	<u>262,365</u>	<u>(6,591,863)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><b>\$ 6,707,663</b></u>	<u><b>\$ (59,632)</b></u>	<u><b>\$ (242)</b></u>	<u><b>\$ 6,647,789</b></u>
<b>Business-type Activities</b>				
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 12,271	\$	\$	\$ 12,271
<b>Total Non-Depreciable Capital Assets</b>	<u>12,271</u>	<u>-</u>	<u>-</u>	<u>12,271</u>
<b>Depreciable Capital Assets</b>				
Buildings	198,161			198,161
Machinery and Equipment	3,152,518	80,496	(44,764)	3,188,250
<b>Total Depreciable Capital Assets</b>	<u>3,350,679</u>	<u>80,496</u>	<u>(44,764)</u>	<u>3,386,411</u>
<b>Total Historical Cost</b>	<u>3,362,950</u>	<u>80,496</u>	<u>(44,764)</u>	<u>3,398,682</u>
<b>Less Accumulated Depreciation</b>				
Buildings	(113,821)	(4,222)		(118,043)
Machinery and Equipment	(1,997,577)	(116,410)	44,764	(2,069,223)
<b>Total Accumulated Depreciation</b>	<u>(2,111,398)</u>	<u>(120,632)</u>	<u>44,764</u>	<u>(2,187,266)</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u><b>\$ 1,251,552</b></u>	<u><b>\$ (40,136)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 1,211,416</b></u>



# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### **Note 4 Capital Assets - Continued**

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General Governmental Support	\$ 26,227
Public Safety	27,998
Transportation	87,760
Culture and Recreation	1,609
Home and Community Services	<u>263,650</u>
<b>Total</b>	<b><u>\$ 407,244</u></b>
<b>Business-type Activities</b>	
General Governmental Support	\$ 98,918
Home and Community Services	<u>21,714</u>
<b>Total</b>	<b><u>\$ 120,632</u></b>

### **Capital Assets - Component Units**

A summary of the Village of Groton Housing Authority capital assets, net at December 31, 2018 follows:

Land	\$ 269,836
Building and Improvements	1,688,597
Furniture, Fixtures, and Equipment	244,179
Construction in Progress	2,478,809
Less Accumulated Depreciation	<u>(1,807,824)</u>
<b>Capital Assets, Net</b>	<b><u>\$ 2,873,597</u></b>

Depreciation expense of \$34,455 was charged to operations on a straight-line basis for the year ended December 31, 2018.

The only fixed asset of the Industrial Development Agency (IDA) as of May 31, 2019 is land transferred from the Village of Groton in 1999. The asset was recorded at an initial value of \$50,000. A portion was sold, leaving a remaining value of \$12,500, which remains due from the IDA to the Village.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### *Note 5* Pension Obligations - New York State and Local Retirement System

#### **Plan Descriptions and Benefits Provided - Employees' Retirement Systems (ERS) and Police and Fire Retirement System (PFRS) (System)**

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

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 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 System's fiduciary 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 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 System's annual report.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### Note 5 Pension Obligations - New York State and Local Retirement System - Continued

#### Contributions

The Village participated in New York State's Employer's Contribution Stabilization Program (Program), which allows it to amortize a portion of the actuarially required contribution. Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required under the program, as follows:

	<u>ERS</u>	<u>PFRS</u>
<b>2019</b>	<b>\$ 121,633</b>	<b>\$ 20,301</b>
2018	123,811	22,191
2017	110,730	21,204

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

At May 31, 2019, the Village reported the following liability for its proportionate share of the net pension liability for each of the System's plans. The net pension liability was measured as of March 31, 2019. 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.

	<u>ERS</u>	<u>PFRS</u>
Actuarial Valuation Date	4/1/2018	4/1/2018
Net Pension Liability	\$ 7,085,304,242	\$ 1,677,063,145
Village's Proportionate Share of the Plan's		
Total Net Pension Liability	218,300	78,343
Village's Share of the Plan's		
Total Net Pension Liability	0.0030810%	0.0046714%

For the year ended May 31, 2019, the Village recognized pension expense of \$135,406 for ERS and \$25,303 for PFRS in the financial statements.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 5 Pension Obligations - New York State and Local Retirement System - Continued**

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

At May 31, 2019, the Village reported deferred outflows and inflows of resources related to the pensions from the following sources:

	<b>ERS</b>	<b>PFRS</b>
<b>Deferred Outflows of Resources</b>		
Differences Between Expected and Actual Experience	\$ 42,988	\$ 19,032
Changes in Assumptions	54,872	28,464
Net Differences Between Projected and Actual Earnings on Pension Plan Investments		
Changes in Proportion and Differences Between the Village's Contributions and Proportionate Share of Contributions	13,325	3,847
Village's Contributions Subsequent to the Measurement Date	20,294	4,094
<b>Total Deferred Outflows of Resources</b>	<b>\$ 131,479</b>	<b>\$ 55,437</b>
<b>Deferred Inflows of Resources</b>		
Differences Between Expected and Actual Experience	\$ 14,654	\$ 8,364
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	56,028	15,690
Changes in Proportion and Differences Between the Village's Contributions and Proportionate Share of Contributions	16,781	64,802
<b>Total Deferred Inflows of Resources</b>	<b>\$ 87,463</b>	<b>\$ 88,856</b>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended</b>	<b>ERS</b>	<b>PFRS</b>
2020	\$ 43,580	\$ (10,353)
2021	(43,443)	(18,890)
2022	(3,688)	(8,863)
2023	27,273	2,551
2024	-	(1,958)
Thereafter		

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 5 Pension Obligations - New York State and Local Retirement System - Continued**

**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:

	<b>ERS</b>	<b>PFRS</b>
Measurement Date	March 31, 2019	March 31, 2019
Actuarial Valuation Date	April 1, 2018	April 1, 2018
Investment Rate of Return	7.0%	7.0%
Salary Increases	4.2%	5.0%
Cost of Living Adjustment	1.3%	1.3%
Inflation Rate	2.5%	2.5%

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

The actuarial assumptions used in the April 1, 2018 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 the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<b>ERS and PFRS</b>
Measurement Date	March 31, 2019
<b>Asset Type</b>	
Domestic Equities	4.6%
International Equities	6.4%
Real Estate	5.6%
Private Equity/Alternative Investments	7.5%
Absolute Return Strategies	3.8%
Opportunistic Portfolio	5.7%
Real Assets	5.3%
Cash	(0.3)%
Inflation-indexed Bonds	1.3%
Mortgages and Bonds	1.3%

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### Note 5 Pension Obligations - New York State and Local Retirement System - Continued

#### Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and 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.

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

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

<b>ERS</b>	<b>1% Decrease (6.0)%</b>	<b>Current Assumption (7.0)%</b>	<b>1% Increase (8.0)%</b>
Village's Proportionate Share of the Net Pension Liability	\$ 954,443	\$ 218,300	\$ (400,112)

<b>PFRS</b>	<b>1% Decrease (6.0)%</b>	<b>Current Assumption (7.0)%</b>	<b>1% Increase (8.0)%</b>
Village's Proportionate Share of the Net Pension Liability	\$ 283,120	\$ 78,343	\$ (92,669)

#### 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:

	<b>Dollars in Thousands ERS</b>	<b>Dollars in Thousands PFRS</b>
Measurement Date	March 31, 2019	March 31, 2019
Employers' Total Pension Liability	\$ 189,803,429	\$ 34,128,100
Plan Net Position	(182,718,124)	(32,451,037)
<b>Employers' Net Pension Liability</b>	<b>\$ 7,085,305</b>	<b>\$ 1,677,063</b>
Ratio of Plan Net Position to the Employers' Total Pension Liability	96.3%	95.1%

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 5 Pension Obligations - New York State and Local Retirement System - Continued**

**Payables to the Pension Plan**

Employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of May 31, 2019 represent the projected employer contribution for the period of April 1, 2019 through May 31, 2019 based on paid ERS and PFRS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of May 31, 2019 amounted to \$20,295 for ERS and \$4,094 for PFRS.

**Current Year Activity**

The following is a summary of current year activity:

<b>ERS</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net Pension Liability	\$ 106,363	\$ 111,937	\$ 218,300
Deferred Outflows of Resources	(299,192)	167,713	(131,479)
Deferred Inflows of Resources	353,363	(265,900)	87,463
<b>Total</b>	<b>\$ 160,534</b>	<b>\$ 13,750</b>	<b>\$ 174,284</b>
<b>PFRS</b>	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Net Pension Liability	\$ 50,118	\$ 28,225	\$ 78,343
Deferred Outflows of Resources	(107,359)	51,922	(55,437)
Deferred Inflows of Resources	164,712	(75,856)	88,856
<b>Total</b>	<b>\$ 107,471</b>	<b>\$ 4,291</b>	<b>\$ 111,762</b>

**Note 6 Short-term Debt**

**Bond Anticipation and Revenue 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. The notes or renewal thereof may not extend more than 2 years beyond the original date of issue unless a portion is redeemed within 2 years and within each 12 month period thereafter. State law requires 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 periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The Village may issue revenue anticipation notes (RANs) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The Village did not issue or redeem any RANs during the year.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 6 Short-term Debt - Continued**

**Changes in Short-term Obligations**

The following represents changes in the Village's obligations and interest expenses/expenditures recognized during the year ended May 31, 2019.

	<b>Payable at 05/31/2018</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Payable at 05/31/2019</b>
Bond Anticipation Notes	\$ 300,000	\$ 290,000	\$ 300,000	\$ 290,000
<b>Total</b>	<b>\$ 300,000</b>	<b>\$ 290,000</b>	<b>\$ 300,000</b>	<b>\$ 290,000</b>
Interest Paid			\$ 4,500	
(Less) Interest Accrued in the Prior Year			(2,275)	
Plus Interest Accrued in the Current Year			3,665	
<b>Total</b>			<b>\$ 5,890</b>	

**Note 7 Long-term Debt**

**Constitutional Debt Limit**

At May 31, 2019, the total outstanding indebtedness (bonds, bond anticipation notes, and loans) of the Village of Groton aggregated \$1,612,500. Of this amount, \$612,500 was subject to the Village's constitutional debt limit, and represented approximately 10.27% of its debt limit.

**Serial Bonds and Statutory Installment Bonds**

The Village of Groton borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position and, in the case of Municipal Electric Fund debt, in the business-type activities.

**Compensated Absences**

Represents the value of the earned and unused portion of the liability for employee compensated absences. The Village's General, Water, Sewer, and Electric funds liquidate this liability.



# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 7 Long-term Debt - Continued**

**Changes in Long-term Obligations**

The following represents changes in the Village's obligations and interest expenses/expenditures recognized during the year ended May 31, 2019.

	<b>Balance 05/31/2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 05/31/2019</b>
Serial Bonds	\$ 400,000	\$	\$ 45,000	\$ 355,000
Statutory Installment Bonds	362,000		39,500	322,500
NYS EFC Revolving Bond	670,000		25,000	645,000
Compensated Absences	46,516	3,631		50,147
Total Long-term Indebtedness - Governmental Activities	1,478,516	3,631	109,500	1,372,647
Compensated Absences - Proprietary Fund	52,860		11,969	40,891
<b>Total</b>	<b>\$ 1,531,376</b>	<b>\$ 3,631</b>	<b>\$ 121,469</b>	<b>\$ 1,413,538</b>

Interest paid by the Village's governmental activities on long-term debt during the year was:

Interest Paid	\$ 36,048
(Less) Interest Accrued in the Prior Year	(12,518)
Plus Interest Accrued in the Current Year	11,421
<b>Total</b>	<b>\$ 34,951</b>

Additions and deletions to compensated absences are shown net, as it is impractical to determine the amounts separately.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 7 Long-term Debt - Continued**

**Debt Maturity Schedule**

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Outstanding Balance</u>	<u>Due Within One Year</u>
<b>Serial Bonds</b>						
Water Fund	03/01/1983	\$ 704,000	5.00%	03/01/2022	\$ 60,000	\$ 20,000
Water Fund	06/01/2007	239,713	Various	03/01/2027	115,000	10,000
Water Fund	06/12/2015	225,000	2.70%	06/12/2031	180,000	15,000
<b>Total Serial Bonds</b>					355,000	45,000
<b>Statutory Installment Bonds</b>						
General Fund	11/30/2017	75,000	2.25%	11/30/2022	60,000	15,000
General Fund	11/01/2017	275,000	3.00%	11/01/2036	262,500	12,500
<b>Total Statutory Installment Bonds</b>					322,500	27,500
<b>EFC Bonds</b>						
Sewer Fund	11/01/2011	825,576	Various	05/01/2041	645,000	25,000
<b>Total Debt Outstanding</b>					<b>\$ 1,322,500</b>	<b>\$ 97,500</b>

The following tables summarize the Village of Groton's future debt service requirements as of May 31, 2019:

<u>Year</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 97,500	\$ 49,145
2021	102,500	45,817
2022	102,500	42,313
2023	82,500	38,704
2024	67,500	36,022
2025-2029	325,000	143,972
2030-2034	257,000	91,309
2035-2039	218,000	44,170
2040-2041	70,000	4,982
<b>Total</b>	<b>\$ 1,322,500</b>	<b>\$ 496,434</b>

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 7 Long-term Debt - Continued**

The interest column reflects 50% of the amount of interest the Village is required to pay on Environmental Project Bonds, which are subsidized by New York State.

The Village of Groton Housing Authority has the following mortgages payable:

<u>Housing Authority</u>	<u>Original Date Issued</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Outstanding Balance</u>
Rural Development	12/31/1975	\$ 845,000	8.13%	12/31/2025	\$ 262,027
Rural Development	03/15/1978	433,400	8.00%	03/15/2028	156,139
Rural Development	04/29/1982	140,000	13.25%	05/29/2032	62,610
Rural Development	12/31/2018	2,874,911	1.00%	12/31/2038	2,145,439
<b>Total</b>					<b><u><u>\$ 2,626,215</u></u></b>

The following table summarizes the Housing Authority's future debt service as of December 31, 2018:

<u>Year</u>	<u>Mortgages Payable</u>
2019	\$ 4,082
2020	4,238
2021	4,399
2022	4,567
2023	4,741
Thereafter	2,604,188
<b>Total</b>	<b><u><u>\$ 2,626,215</u></u></b>

**Note 8 Postemployment Benefits Other Than Pensions (OPEB)**

During the year ended May 31, 2019 the Village implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending May 31, 2019. This statement replaces the requirements of Statement No. 45, "Accounting and Financial reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multi-Employer Plans, for OPEB."

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### General Information About the OPEB Plan

Plan Description - The Village provides postemployment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The Village's plan is a single-employer postemployment benefit plan (the Plan). No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

Employees Covered by Benefit Terms - At May 31, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	4
Inactive Employees Entitled to but Not yet Receiving Benefit Payments	-
Active Employees	15

#### Total OPEB Liability

The Village's total OPEB liability of \$1,871,177 was measured as of June 1, 2018 and was determined by an actuarial valuation as of that date.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the May 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	3.78%
Salary Scale	2.50%
Rate of Inflation	2.20%
Marital Assumption	70.00%
Healthcare Cost Trend Rates	5.00% to 3.94% in 2079

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index rate as of the measurement date (or the nearest business day thereto).

The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay Actuarial Cost Method.

Mortality rates were based on RHP-2014 combined mortality and then adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a fully generational basis.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### Actuarial Assumptions and Other Inputs - Continued

Termination and retirement rates are based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation.

Healthcare Cost Trend Rates were based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projections are based on an econometric analysis of historical US medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. The above schedule represents a reasonable medical trend projection for the current plan provisions and demographics of the Retiree Healthcare Plan, and no changes to these baseline assumptions are necessary.

The actuarial assumptions used in the June 1, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOP).

Changes of assumptions and other inputs reflect a change in the discount rate from 3.61% percent in 2018 to 3.78% in 2019.

#### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at May 31, 2018</b>	<u>\$ 1,610,975</u>
<b>Changes for the Year</b>	
Service Cost	95,316
Interest Cost	61,313
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	321,275
Changes in Assumptions or Other Inputs Benefit Payments	(201,981)
Benefit Payments	<u>(15,721)</u>
	<u>260,202</u>
<b>Balance at May 31, 2019</b>	<u><u>\$ 1,871,177</u></u>

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### Changes in the Total OPEB Liability - Continued

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.78%) or 1 percentage-point higher (4.78%) than the current discount rate.

	1% Decrease (2.78)%	Discount Rate (3.78)%	1% Increase (4.78)%
Total OPEB Liability	\$ 2,211,867	\$ 1,871,177	\$ 1,600,601

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (4.00% to 2.94%)	Healthcare Cost Trend Rate (5.00% to 3.94%)	1% Increase (6.00% to 4.94%)
Total OPEB Liability	\$ 1,566,004	\$ 1,871,177	\$ 2,268,032

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2019, the Village recognized OPEB expense of \$88,072.

At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 279,551	\$ -
Changes in Assumptions or Other Inputs	-	175,750
Contributions Subsequent to Measurement Date	51,293	-
<b>Total</b>	<b>\$ 330,844</b>	<b>\$ 175,750</b>

Village contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ended May 31, 2020.

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

### Note 8 Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending May 31,</u>	<u>Amount</u>
2020	\$ 15,493
2021	15,493
2022	15,493
2023	15,493
2024 and Thereafter	41,829

#### Current Year Activity

The following is a summary of current year activity:

	<u>Beginning Balance</u>	<u>Change</u>	<u>Ending Balance</u>
Other Postemployment Benefits Liability	\$ 1,610,975	\$ 260,202	\$ 1,871,177
Deferred Outflows of Resources		(330,844)	(330,844)
Deferred Inflows of Resources		175,750	175,750
<b>Total</b>	<b><u>\$ 1,610,975</u></b>	<b><u>\$ 105,108</u></b>	<b><u>\$ 1,716,083</u></b>

# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 9 Fund Balance Detail**

At May 31, 2019, restricted and assigned fund balances in the governmental funds were as follows:

	<u>General Fund</u>	<u>Special Grant Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Non-Major Fund</u>
<b>Restricted</b>					
Unemployment Insurance Reserve	\$ 5,123	\$	\$	\$	\$
Capital Reserve	353,752		160,902	40,252	
Repair Reserve	2,954				
Restricted for CDBG		260,705			
<b>Total</b>	<b><u>\$ 361,829</u></b>	<b><u>\$ 260,705</u></b>	<b><u>\$ 160,902</u></b>	<b><u>\$ 40,252</u></b>	<b><u>\$ -</u></b>
<b>Assigned</b>					
Appropriated for Next Year's Budget	\$ 280,161	\$	\$ 24,263	\$ 1,838	\$ 12,455
Remaining Fund Balance			43,486	49,706	30,157
<b>Total</b>	<b><u>\$ 280,161</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 67,749</u></b>	<b><u>\$ 51,544</u></b>	<b><u>\$ 42,612</u></b>

At May 31, 2019, the Proprietary Fund had a restricted fund balance of \$468,630, which is restricted for the capital reserve.

**Note 10 Insurance Pool, Non-Risk Retained**

The Village of Groton is exposed to loss related to employee injuries. During the 1980s, the Village of Groton was unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. In June 1985, the Village of Groton joined with other governments (520 current members) to form the Public Risk Management Association, Inc. (PERMA), a public entity risk pool currently operating as a common risk management and insurance program for workers' compensation. The Village of Groton pays an annual premium to the pool for its workers' compensation insurance coverage. The agreement for the formation of PERMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. It is not possible to estimate the amount of such additional assessments.

PERMA has published its own financial report for the year ended May 31, 2017, which can be obtained from the Public Employer Risk Management Association, Inc., P.O. Box 12250, Albany, New York 12212-2250.

During the year ended May 31, 2019, the Village incurred premiums of \$72,542.



# VILLAGE OF GROTON

## NOTES TO FINANCIAL STATEMENTS MAY 31, 2019

**Note 11 Judgements and Claims**

The Village is named in certain lawsuits, some of which maybe for substantial amounts. These claims are either adequately covered by insurance or, in the opinion of Village officials, will not result in material judgments against the Village or will not be pursued and, therefore, are not expected to have a material effect on the financial statements.

**Note 12 Compliance, Stewardship, and Accountability**

**Deficit Net Position**

At May 31, 2019, the Statement of Net Position had an unrestricted deficit of \$271,456 and \$525,581 for governmental activities and business-type activities, respectively. This is primarily the result of the requirement to record other postemployment benefits liability with no requirement or mechanism to fund this liability. (See Note 8). These deficits are not expected to be eliminated during the normal course of operations.

**Deficit Fund Balance**

At May 31, 2019, the Capital Fund had a deficit unassigned fund balance of \$345,609. This deficit is expected to be eliminated with permanent financing and transfers from other funds.

**Note 13 Restatement**

The Village's May 31, 2018 net position has been restated to reflect the following:

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>
<b>Net Position Beginning of Year</b>	<u>\$ 5,987,564</u>	<u>\$ 1,295,278</u>
<b>GASB Statement No. 75</b>		
Change in Beginning OPEB Plan Liability	<u>(96,375)</u>	<u>(100,986)</u>
<b>Net Position Beginning of Year, as Restated</b>	<u><u>\$ 5,891,189</u></u>	<u><u>\$ 1,194,292</u></u>

# VILLAGE OF GROTON

## BUDGETARY COMPARISON SCHEDULE - GENERAL FUND - NON-GAAP BASIS FOR THE YEAR ENDED MAY 31, 2019

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Real Property Taxes	\$ 755,964	\$ 755,964	\$ 756,014	\$ 50
Real Property Tax Items	6,700	6,700	14,311	7,611
Nonproperty Tax Items	457,500	457,500	546,971	89,471
Departmental Income	296,000	311,600	365,111	53,511
Intergovernmental Charges	54,682	54,682	80,083	25,401
Use of Money and Property	13,050	13,050	14,130	1,080
Licenses and Permits	7,510	7,510	9,387	1,877
Fines and Forfeitures	550	550	500	(50)
Sale of Property and Compensation for Loss	3,000	9,800	7,860	(1,940)
Miscellaneous Local Sources	1,200	1,200	3,128	1,928
State Sources	126,800	146,047	138,275	(7,772)
Federal Sources	1,000	1,000	1,126	126
<b>Total Revenues</b>	<u>1,723,956</u>	<u>1,765,603</u>	<u>1,936,896</u>	<u>171,293</u>
<b>EXPENDITURES</b>				
General Governmental Support	266,193	265,189	245,746	19,443
Public Safety	371,990	378,790	366,155	12,635
Public Health	346,900	346,900	292,998	53,902
Transportation	371,867	400,348	399,663	685
Economic Assistance and Opportunity	10,200	9,210	8,787	423
Culture and Recreation	137,661	160,905	148,723	12,182
Home and Community Services	27,168	27,575	22,879	4,696
Employee Benefits	411,478	331,709	307,354	24,355
Debt Service (Principal and Interest)		64,478	64,478	-
<b>Total Expenditures</b>	<u>1,943,457</u>	<u>1,985,104</u>	<u>1,856,783</u>	<u>128,321</u>
Excess of Revenues (Expenditures)	<u>(219,501)</u>	<u>(219,501)</u>	<u>80,113</u>	<u>299,614</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers (Out)	(62,500)	(211,386)	(211,386)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(62,500)</u>	<u>(211,386)</u>	<u>(211,386)</u>	<u>-</u>
<b>Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)</b>	<u>(282,001)</u>	<u>(430,887)</u>	<u>(131,273)</u>	<u><b>\$ 299,614</b></u>
Appropriated Fund Balance	<u>282,001</u>	<u>430,887</u>		
Other Budgetary Purposes				
Net Change	<u>\$ -</u>	<u>\$ -</u>	<u>(131,273)</u>	
Fund Balance, Beginning of Year			<u>874,527</u>	
<b>Fund Balance, End of Year</b>			<u><b>\$ 743,254</b></u>	

*See Notes to Required Supplementary Information*

# VILLAGE OF GROTON

## BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUNDS - NON-GAAP BASIS FOR THE YEAR ENDED MAY 31, 2019

	Sewer Fund			
	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Departmental Income	\$ 327,300	\$ 327,300	\$ 311,123	\$ (16,177)
Use of Money and Property	3,090	3,090	4,175	1,085
<b>Total Revenues</b>	330,390	330,390	315,298	(15,092)
<b>EXPENDITURES</b>				
General Governmental Support	16,728	16,728	6,500	10,228
Home and Community Services	225,428	225,427	211,105	14,322
Employee Benefits	44,310	44,310	40,330	3,980
Debt Service (Principal and Interest)	38,924	38,925	38,925	-
<b>Total Expenditures</b>	325,390	325,390	296,860	28,530
<b>Excess of Revenues (Expenditures)</b>	5,000	5,000	18,438	13,438
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers (Out)	-	(9,000)	(9,000)	-
<b>Total Other Financing Sources (Uses)</b>	-	(9,000)	(9,000)	-
<b>Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)</b>	5,000	(4,000)	9,438	<b>\$ 13,438</b>
Appropriated Fund Balance	-	4,000		
Other Budgetary Purposes	(5,000)			
Net Change	\$ -	\$ -	\$ 9,438	
Fund Balance, Beginning of Year			82,358	
<b>Fund Balance, End of Year</b>			<b>\$ 91,796</b>	

*See Notes to Required Supplementary Information*

# VILLAGE OF GROTON

## BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUNDS - NON-GAAP BASIS FOR THE YEAR ENDED MAY 31, 2019

	Water Fund			
	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Departmental Income	\$ 264,500	\$ 264,500	\$ 238,195	\$ (26,305)
Use of Money and Property	450	450	519	69
<b>Total Revenues</b>	264,950	264,950	238,714	(26,236)
<b>EXPENDITURES</b>				
General Governmental Support	33,169	32,769	21,416	11,353
Home and Community Services	141,606	142,006	112,737	29,269
Employee Benefits	40,530	40,530	36,334	4,196
Debt Service (Principal and Interest)	57,645	57,645	56,645	1,000
<b>Total Expenditures</b>	272,950	272,950	227,132	45,818
<b>Excess of Revenues (Expenditures)</b>	(8,000)	(8,000)	11,582	19,582
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers (Out)	(15,000)	(27,245)	(27,245)	-
<b>Total Other Financing Sources (Uses)</b>	(15,000)	(27,245)	(27,245)	-
<b>Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)</b>	(23,000)	(35,245)	(15,663)	<b>\$ 19,582</b>
Appropriated Fund Balance	23,000	35,245		
Net Change	\$ -	\$ -	(15,663)	
Fund Balance, Beginning of Year			244,314	
<b>Fund Balance, End of Year</b>			<b>\$ 228,651</b>	

*See Notes to Required Supplementary Information*

# VILLAGE OF GROTON

## SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS

	2019	2018	2017
<b>Total OPEB Liability</b>			
Service Cost	\$ 95,316	\$ *	\$ *
Interest Cost	61,313	*	*
Changes of Benefit Terms	-	*	*
Differences Between Expected and Actual Experience	321,275	*	*
Changes in Assumptions or Other Inputs Benefit Payments	(201,981)	*	*
Benefit Payments	(15,721)	*	*
	260,202	*	*
Total OPEB Liability - Beginning	1,610,975	*	*
<b>Total OPEB Liability - Ending</b>	<b>\$ 1,871,177</b>	<b>\$ 1,610,975</b>	<b>\$ *</b>
<b>Covered Employee Payroll</b>	<b>\$ 734,648</b>	<b>\$ *</b>	<b>\$ *</b>
<b>Liability as a Percentage of Covered Payroll</b>	<b>254.70%</b>		

Change of Assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate in effect for this period is 3.78%.

\* Information for periods prior to implementation of GASB Statement No 75 is unavailable and will be completed as it becomes available.

*See Notes to Required Supplementary Information*

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *

# VILLAGE OF GROTON

## SCHEDULE OF VILLAGE'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2019</u>	<u>2018</u>
<b>Employees' Retirement System</b>		
Contractually Required Contribution	\$ 121,633	\$ 123,811
Contributions in Relation to the Contractually Required Contribution	(121,633)	(123,811)
Contribution Deficiency (Excess)	-	-
Village's Covered - Employee Payroll for Year Ending May 31,	860,872	712,503
Contributions as a Percentage of Covered - Employee Payroll	14.1%	14.5%
<b>Police and Fire Retirement System</b>		
Contractually Required Contribution	\$ 20,301	\$ 22,191
Contributions in Relation to the Contractually Required Contribution	(20,301)	(22,191)
Contribution Deficiency (Excess)	-	-
Village's Covered - Employee Payroll for Year Ending May 31,	129,318	129,335
Contributions as a Percentage of Covered - Employee Payroll	15.7%	17.2%

*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>	<u>2010</u>
\$ 110,730	\$ 124,991	\$ 120,967	\$ 157,316	\$ 112,101	\$ 93,743	\$ 67,484	\$ 46,975
(110,730)	(124,991)	(120,967)	(157,316)	(112,101)	(93,743)	(67,484)	(46,975)
-	-	-	-	-	-	-	-
774,052	708,593	692,575	724,222	640,811	616,168	639,497	678,005
14.3%	17.6%	17.5%	21.7%	17.5%	15.2%	10.6%	6.9%
\$ 21,204	\$ 2,908	\$ 27,639	\$ 30,430	\$ 29,661	\$ 21,399	\$ 24,007	\$ 18,945
(21,204)	(2,908)	(27,639)	(30,430)	(29,661)	(21,399)	(24,007)	(18,945)
-	-	-	-	-	-	-	-
124,071	105,879	153,784	154,088	169,452	160,525	142,700	136,471
17.1%	2.7%	18.0%	19.7%	17.5%	13.3%	16.8%	13.9%



# ***VILLAGE OF GROTON***

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

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Village's Proportion of the Net Pension Liability					
ERS	0.0030810%	0.0032956%	0.0029529%	0.0029164%	0.308120%
PFRS	0.0046714%	0.0049585%	0.0042617%	0.0046010%	0.009915%
Village's Proportionate Share of the Net Pension Liability					
ERS	\$ 218,300	\$ 106,363	\$ 277,460	\$ 468,092	\$ 104,090
PFRS	78,343	50,118	88,330	136,227	27,292
Village's Covered-employee Payroll During the Measurement Period					
ERS	858,115	855,003	757,862	698,739	691,342
PFRS	124,717	130,259	122,833	102,488	164,043
Village's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll					
ERS	25.44%	12.44%	36.61%	66.99%	15.06%
PFRS	62.82%	38.48%	71.91%	132.92%	16.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
ERS	96.3%	98.2%	94.7%	90.7%	97.9%
PFRS	95.1%	96.9%	93.5%	90.2%	99.0%

# VILLAGE OF GROTON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2019

### **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 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**

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)
- No later than March 31, the budget officer submits the tentative Village budget to the Board of Trustees 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 Board of Trustees 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 board.
- The Board of Trustees 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 basis, as there were no encumbrances recorded at May 31, 2019.

### **Note 4 Schedule of Changes in the Village's Total OPEB Liability and Related Ratios**

Changes in assumptions and other inputs reflected the effect of changes in the discount rate each period. The following are the discount rates in each period.

2019 - 3.78%

2018 - 3.61%

# VILLAGE OF GROTON

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION MAY 31, 2019

**Note 5 Schedules of the Village's Proportionate Share of the Net Pension Liability**  
The Schedule of the Village's Proportionate Share of the Net Pension Liability, required supplementary information, presents 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.

#### **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, 2018 actuarial valuation.

#### **Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The April 1, 2018 actuarial valuation determines the employer rates for contributions payable in fiscal year 2018. 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	5 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 and 4.5% in PFRS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.

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

Mayor and Village Trustees  
Village of Groton  
Groton, New York

We have audited, 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, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Village of Groton (the Village), as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated February 13, 2020. Our report includes a reference to other auditors who audited the financial statements of the Groton Housing Authority, as described in our report on the Village's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

***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 entity'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 of 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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
February 13, 2020