

**AUDITED  
BASIC FINANCIAL STATEMENTS**

# **VILLAGE OF WEBSTER, NEW YORK**

---

**MAY 31, 2020**

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**VILLAGE OF WEBSTER, NEW YORK**  
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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Village Board  
Village of Webster, New York

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As stated in Note 1, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions will not be modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Other Information*

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

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

*Freed Maxick CPAs, P.C.*  
Rochester, New York  
October 26, 2020



**VILLAGE OF WEBSTER, NEW YORK**  
**STATEMENT OF NET POSITION**  
**MAY 31, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 942,868	\$ 20,468	\$ 963,336
Cash and cash equivalents - restricted	371,685	-	371,685
Receivables	2,810	180,001	182,811
Internal balances	483,924	(483,924)	-
Due from other governments	213,520	-	213,520
Prepaid items	250	-	250
Capital assets not being depreciated	323,621	-	323,621
Capital assets, net of accumulated depreciation	<u>5,271,992</u>	<u>1,543,648</u>	<u>6,815,640</u>
Total assets	<u>7,610,670</u>	<u>1,260,193</u>	<u>8,870,863</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pension	536,863	178,952	715,815
Deferred outflows - OPEB	<u>645,216</u>	<u>238,642</u>	<u>883,858</u>
Total deferred outflows of resources	<u>1,182,079</u>	<u>417,594</u>	<u>1,599,673</u>
<b>LIABILITIES</b>			
Accounts payable	85,627	9,683	95,310
Accrued liabilities	26,549	7,254	33,803
Accrued interest payable	759	4,948	5,707
Due to other governments	7,692	8,382	16,074
Due to retirement system	17,861	5,954	23,815
Noncurrent liabilities:			
Due within one year	61,456	66,793	128,249
Due in more than one year	<u>4,596,176</u>	<u>2,457,217</u>	<u>7,053,393</u>
Total liabilities	<u>4,796,120</u>	<u>2,560,231</u>	<u>7,356,351</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pension	71,215	23,738	94,953
Deferred inflows - OPEB	<u>273,156</u>	<u>101,030</u>	<u>374,186</u>
Total deferred inflows of resources	<u>344,371</u>	<u>124,768</u>	<u>469,139</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	5,335,613	608,648	5,944,261
Restricted for:			
Capital projects	289,629	-	289,629
Debt service	82,056	-	82,056
Miscellaneous - parks and recreation	150,678	-	150,678
Unrestricted (deficit)	<u>(2,205,718)</u>	<u>(1,615,860)</u>	<u>(3,821,578)</u>
Total net position (deficit)	<u>\$ 3,652,258</u>	<u>\$ (1,007,212)</u>	<u>\$ 2,645,046</u>

See notes to basic financial statements.

VILLAGE OF WEBSTER, NEW YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>						
<b>Governmental activities</b>						
General government	\$ 844,458	\$ 87,557	\$ -	\$ (756,901)	\$ -	\$ (756,901)
Public safety	129,796	-	-	(129,796)	-	(129,796)
Health	426	18	-	(408)	-	(408)
Transportation	1,524,868	1,787	96,598	(1,426,483)	-	(1,426,483)
Economic assistance and opportunity	95,694	-	-	(95,694)	-	(95,694)
Culture and recreation	50,949	28,800	-	(22,149)	-	(22,149)
Home and community services	374,329	8,640	-	(365,689)	-	(365,689)
Interest on debt	7,875	-	-	(7,875)	-	(7,875)
Total governmental activities	<u>3,028,395</u>	<u>126,802</u>	<u>96,598</u>	<u>(2,804,995)</u>	<u>-</u>	<u>(2,804,995)</u>
<b>Business-type activities</b>						
Sewer	854,340	770,113	-	-	(84,227)	(84,227)
Total business-type activities	<u>854,340</u>	<u>770,113</u>	<u>-</u>	<u>-</u>	<u>(84,227)</u>	<u>(84,227)</u>
Total primary government	<u>\$ 3,882,735</u>	<u>\$ 896,915</u>	<u>\$ 96,598</u>	<u>(2,804,995)</u>	<u>(84,227)</u>	<u>(2,889,222)</u>
General revenues:						
Real property taxes				538,576	-	538,576
Real property tax items				65,431	-	65,431
Non-property taxes				1,541,794	-	1,541,794
Use of money and property				88,164	1	88,165
State aid not restricted for a specific purpose				47,631	-	47,631
Miscellaneous revenues				39,251	427	39,678
Special assessment revenues				-	176,700	176,700
Total general revenues				<u>2,320,847</u>	<u>177,128</u>	<u>2,497,975</u>
Change in net position				(484,148)	92,901	(391,247)
Net position (deficit) - beginning				<u>4,136,406</u>	<u>(1,100,113)</u>	<u>3,036,293</u>
Net position (deficit) - ending				<u>\$ 3,652,258</u>	<u>\$ (1,007,212)</u>	<u>\$ 2,645,046</u>

See notes to basic financial statements.

**VILLAGE OF WEBSTER, NEW YORK  
BALANCE SHEET – GOVERNMENTAL FUNDS  
MAY 31, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 820,890	\$ 100	\$ 820,990
Cash and cash equivalents - restricted	371,685	121,878	493,563
Receivables	2,810	-	2,810
Due from other funds	483,924	28,800	512,724
Due from other governments	213,520	-	213,520
Prepaid items	250	-	250
Total assets	<u>\$ 1,893,079</u>	<u>\$ 150,778</u>	<u>\$ 2,043,857</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 85,627	\$ -	\$ 85,627
Accrued liabilities	26,549	-	26,549
Due to other funds	28,800	-	28,800
Due to other governments	7,692	-	7,692
Due to retirement system	17,861	-	17,861
Total liabilities	<u>166,529</u>	<u>-</u>	<u>166,529</u>
<b>FUND BALANCES</b>			
Nonspendable	484,174	-	484,174
Restricted	371,685	150,678	522,363
Assigned	25,632	100	25,732
Unassigned	845,059	-	845,059
Total fund balances	<u>1,726,550</u>	<u>150,778</u>	<u>1,877,328</u>
Total liabilities and fund balances	<u>\$ 1,893,079</u>	<u>\$ 150,778</u>	

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	5,595,613
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds:	
Serial bonds payable	(260,000)
Compensated absences	(64,562)
Other postemployment benefit liability (OPEB)	(3,469,346)
Net pension liability	(863,724)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(759)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:	
Deferred outflows related to OPEB	645,216
Deferred outflows related to pension	536,863
Deferred inflows related to OPEB	(273,156)
Deferred inflows related to pension	<u>(71,215)</u>
Net position of governmental activities	<u>\$ 3,652,258</u>

See notes to basic financial statements.

**VILLAGE OF WEBSTER, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES – GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MAY 31, 2020**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Real property taxes	\$ 538,576	\$ -	\$ 538,576
Real property tax items	65,431	-	65,431
Non-property taxes	1,541,794	-	1,541,794
Services and fees	60,763	-	60,763
Use of money and property	88,068	96	88,164
Licenses and permits	20,464	-	20,464
Sale of property and compensation for loss	16,775	-	16,775
Miscellaneous local sources	39,251	28,800	68,051
State sources	144,229	-	144,229
Total revenues	<u>2,515,351</u>	<u>28,896</u>	<u>2,544,247</u>
<b>EXPENDITURES</b>			
Current:			
General government	515,115	-	515,115
Public safety	61,155	-	61,155
Health	426	-	426
Transportation	911,359	-	911,359
Economic assistance and opportunity	62,096	-	62,096
Culture and recreation	27,861	-	27,861
Home and community services	159,148	-	159,148
Employee benefits	526,184	-	526,184
Debt service:			
Principal	50,000	-	50,000
Interest	8,053	-	8,053
Total expenditures	<u>2,321,397</u>	<u>-</u>	<u>2,321,397</u>
Net change in fund balances	193,954	28,896	222,850
Fund balances - beginning	<u>1,532,596</u>	<u>121,882</u>	<u>1,654,478</u>
Fund balances - ending	<u>\$ 1,726,550</u>	<u>\$ 150,778</u>	<u>\$ 1,877,328</u>

See notes to basic financial statements.

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

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Amounts reported for governmental activities in the Statement of Activities (page 4) are different because:

Net change in fund balances - total governmental funds (page 6)	\$	222,850	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$248,508) exceed capital outlays (\$58,403) in the current period.			(190,105)
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.			(144,966)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when paid.			178
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The amounts of these differences in the treatment of long-term debt and related items is as follows:			
Repayment of serial bonds	\$	50,000	
Change in compensated absences		<u>(40,387)</u>	9,613
Change in the proportionate share of the net pension liability and OPEB liability reported in the Statement of Net Position does not provide for or require the use of current financial resources and, therefore, is not reported as revenues or expenditures in the governmental funds.			
Net pension liability - proportionate share	\$	(636,799)	
Other postemployment benefit liability		<u>(781,142)</u>	(1,417,941)
Change in the proportionate share of the net deferred inflow and outflow reported in the Statement of Net Position during the measurement period between the Village's contributions and its proportionate share to the total contributions to the pension system subsequent to the measurement date do not provide for or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in deferred outflows and inflows - net pension - proportionate share	\$	479,035	
Change in deferred outflows and inflows - other postemployment benefit liability		<u>557,188</u>	<u>1,036,223</u>
Change in net position of governmental activities	\$		<u><u>(484,148)</u></u>

**VILLAGE OF WEBSTER, NEW YORK**  
**STATEMENT OF NET POSITION – ENTERPRISE FUND**  
**MAY 31, 2020**

	<u>Sewer</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 20,468
Receivables	180,001
Total current assets	<u>200,469</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	1,543,648
Total noncurrent assets	<u>1,543,648</u>
Total assets	<u>1,744,117</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pension	178,952
Deferred outflows - OPEB	238,642
Total deferred outflows of resources	<u>417,594</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	9,683
Accrued liabilities	7,254
Accrued interest payable	4,948
Due to other funds	483,924
Due to other governments	8,382
Due to retirement system	5,954
Serial bonds payable	65,000
Compensated absences	1,793
Total current liabilities	<u>586,938</u>
Noncurrent liabilities:	
Serial bonds payable	870,000
Compensated absences	16,132
Other postemployment benefit liability	1,283,183
Net pension liability - proportionate share	287,902
Total noncurrent liabilities	<u>2,457,217</u>
Total liabilities	<u>3,044,155</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pension	23,738
Deferred inflows - OPEB	101,030
Total deferred inflows of resources	<u>124,768</u>
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	608,648
Unrestricted (deficit)	<u>(1,615,860)</u>
Total net position (deficit)	<u>\$ (1,007,212)</u>

See notes to basic financial statements.

**VILLAGE OF WEBSTER, NEW YORK  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –  
ENTERPRISE FUND  
FOR THE YEAR ENDED MAY 31, 2020**

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	<u>Sewer</u>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 770,113
Miscellaneous	427
Total operating revenues	<u>770,540</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and employee benefits	489,639
Contractual expense	246,654
Depreciation	89,658
Total operating expenses	<u>825,951</u>
Operating loss	(55,411)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest earnings	1
Interest expense	(28,389)
Special assessment	176,700
Total nonoperating revenues	<u>148,312</u>
Change in net position	92,901
Net position (deficit) - beginning	<u>(1,100,113)</u>
Net position (deficit) - ending	\$ <u><u>(1,007,212)</u></u>

See notes to basic financial statements.

**VILLAGE OF WEBSTER, NEW YORK  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND  
FOR THE YEAR ENDED MAY 31, 2020**

	<u>Sewer</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	
Cash received from customers	\$ 650,239
Cash payments for contractual expenses	(257,642)
Cash payments to employees for services	(403,154)
Other operating revenues	427
Net cash used by operating activities	<u>(10,130)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>	
Cash received from special assessments	176,700
Interfund loans	(85,246)
Net cash provided by noncapital financing activities	<u>91,454</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>	
Principal payments on debt	(65,000)
Interest paid on debt	(28,688)
Net cash used by capital and related financing activities	<u>(93,688)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>	
Interest on cash and investments	<u>1</u>
Net cash provided by investing activities	<u>1</u>
Net decrease in cash and cash equivalents	(12,363)
Cash and cash equivalents - beginning	<u>32,831</u>
Cash and cash equivalents - ending	\$ <u><u>20,468</u></u>
<b>Reconciliation of operating loss</b>	
<b>to net cash used by operating activities:</b>	
Operating loss	\$ (55,411)
Adjustments to reconcile operating loss to	
net cash used by operating activities:	
Depreciation	89,658
(Increase) in accounts receivable	(119,874)
Decrease in prepaid items	270
(Increase) in deferred outflows - pensions	(134,315)
(Increase) in deferred outflows - OPEB	(226,196)
(Decrease) in accounts payable	(19,640)
Increase in accrued liabilities	1,378
Increase in due to other governments	8,382
(Decrease) in due to retirement system	(75)
Increase in compensated absences	8,078
Increase in net pension liability	208,820
Increase in OPEB liability	237,770
(Decrease) in deferred inflows - pensions	(25,565)
Increase in deferred inflows - OPEB	16,590
Net cash used by operating activities	\$ <u><u>(10,130)</u></u>

See notes to basic financial statements.



VILLAGE OF WEBSTER, NEW YORK  
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND  
MAY 31, 2020

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	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ <u>6,000</u>
Total assets	\$ <u><u>6,000</u></u>
<b>NET POSITION</b>	
Restricted for bid deposits	\$ <u>6,000</u>
Total net position	\$ <u><u>6,000</u></u>

See notes to basic financial statements.

VILLAGE OF WEBSTER, NEW YORK  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND  
FOR THE YEAR ENDED MAY 31, 2020

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	<u>Custodial Funds</u>
<b>DEDUCTIONS</b>	
Return of bid deposit	\$ <u>2,000</u>
Total deductions	<u>2,000</u>
Net decrease in fiduciary net position	(2,000)
Net position - beginning, as restated (Note 6)	<u>8,000</u>
Net position - ending	<u><u>\$ 6,000</u></u>

See notes to basic financial statements.

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Village of Webster (the Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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.

**A. REPORTING ENTITY**

The Village reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefines and establishes the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Village, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Village.

**B. BASIS OF PRESENTATION**

**1. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the Village's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

**2. FUND FINANCIAL STATEMENTS**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue and expenditures/expenses. Funds are organized into three major categories: governmental, enterprise, and fiduciary. An emphasis is placed on major funds within the governmental and enterprise categories.

Governmental Funds:

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

General Fund - The General Fund is the general operating fund of the Village. This fund is used to account for all financial resources except for those required to be accounted for in a separate fund.

Enterprise Fund:

This fund is used to account for ongoing operations or activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position and cash flows. The Village applies all applicable GASB pronouncements, as well as, Financial Accounting Standards Board's (FASB) Accounting Standards Codification unless these standards conflict with or contradict GASB pronouncements.

Sewer Fund – This fund is used to account for operations that provide sewer services and are financed primarily by user charges.

**VILLAGE OF WEBSTER, NEW YORK**  
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Other Fund Types:

Fiduciary Funds are used to account for certain trust funds and other custodial funds. Custodial Funds report fiduciary activities not held in trust. These activities are not included in the government-wide financial statements because their resources do not belong to the Village and are not available for use.

Custodial Funds – This fund is used to account for bid deposits held in escrow that are custodial in nature.

During the course of operations the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues and additions are recorded when earned and expenses and deductions are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Village.

The enterprise fund is reported using the economic resources measurement focus and the accrual basis of accounting.

**VILLAGE OF WEBSTER, NEW YORK  
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**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE**

**1. CASH AND CASH EQUIVALENTS**

The Village's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

**2. RESTRICTED ASSETS**

Certain assets are classified on the balance sheet as restricted because their use is limited and represent amounts to support fund balance/net position restrictions.

**3. RECEIVABLES**

Receivables are carried at their net realizable value. Receivables are written-off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for uncollectible receivables, however, no allowance for uncollectible receivables has been provided since management believes that such allowance would not be material.

**4. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**5. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose to include all such items regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the Village constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Contributed fixed assets are recorded at fair value at the date received. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	straight-line	20-40 years
Vehicles	5,000	straight-line	10 years
Furniture and equipment	5,000	straight-line	5-15 years
Infrastructure	20,000	straight-line	20-100 years

**6. INSURANCE**

The Village is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. 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. Settled claims from these risks has not yet exceeded commercial insurance coverage for the past three fiscal years.

**7. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Village has two items that qualify for reporting in this category. They are related to pensions and other postemployment benefits (OPEB) reported in the government-wide Statement of Net Position and the Statement of Net Position – Enterprise Fund. They represent the effect of the net change in the Village’s proportion of the collective net pension liability and OPEB liability, and the difference during the measurement period between the Village’s contributions and its proportional share of total contributions to the pension system and OPEB plan not included in pension and OPEB expense. Also included is the Village’s contributions to the pension system and OPEB plan subsequent to the measurement date. See details of deferred pension outflows in Note 3.D. and deferred OPEB outflows in Note 3.E.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Village has two types of items that qualify for reporting in this category. They are related to pensions and OPEB reported in the government-wide Statement of Net Position and the Statement of Net Position – Enterprise Fund. They represent the effect of the net change in the Village’s proportion of the collective net pension liability and OPEB liability, and the difference during the measurement period between the Village’s contributions and its proportional share of total contributions to the pension system and OPEB plan not included in pension and OPEB expense. See details of deferred pension inflows in Note 3.D. and deferred OPEB inflows in Note 3.E.

**8. LONG-TERM LIABILITIES**

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist primarily of serial bonds payable, compensated absences, other postemployment benefits liability and the net pension liability.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures.

**9. NET POSITION FLOW ASSUMPTION**

Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Village’s policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**10. FUND BALANCE FLOW ASSUMPTIONS**

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Village's policy that when an expenditure is incurred where there are both restricted and unrestricted (committed, assigned or unassigned) amounts are available, it is the Village's practice to consider restricted amounts to have been reduced first. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the Village practice to reduce committed amounts first, followed by assigned amounts and then unassigned amounts.

**11. FUND BALANCE POLICIES**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Village's highest level of decision-making authority. The Village Board is the highest level of decision-making authority for the Village that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as committed. The Village Board (the Board) has the ability to assign fund balance including when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**E. REVENUES AND EXPENDITURES/EXPENSES**

**1. PROGRAM REVENUES**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. PROPERTY TAXES**

Property taxes attach as an enforceable lien on real property and are levied as of May 15<sup>th</sup> and become a lien on June 1<sup>st</sup>. Taxes are collected during the period of June 1<sup>st</sup> through October 31<sup>st</sup>. The unpaid taxes are then turned over to the County for enforcement. Any such taxes remaining unpaid at the year-end are relieved as County taxes in the subsequent year.

**3. ENTERPRISE FUND - OPERATING AND NONOPERATING REVENUES AND EXPENSES**

The enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for the enterprise fund 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.

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**4. COMPENSATED ABSENCES**

The Village's labor agreements rules and regulations provide for sick and vacation leave. Upon retirement certain eligible employees qualify for paid medical and dental insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in compensated absences at year-end. The compensated absences liability is calculated based on the contractually negotiated rates in effect at year-end.

Compensated absences for governmental fund type employees are reported as a fund liability and as an expenditure in the government-wide financial statements. The compensated absences liability for the governmental and business-type activities at the year-end totaled \$64,562 and \$17,925, respectively. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

**F. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

**G. ACCOUNTING PRONOUNCEMENTS**

During the fiscal year ended May 31, 2020, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The Village reclassified certain activities, no longer considered fiduciary in nature, to the General Fund to comply with this Statement in the current year.

The Village has evaluated the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*, and Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, for early implementation for the fiscal year ended May 31, 2020, and determined that they have no significant impact on the Village's financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Village, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending May 31, 2023.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending May 31, 2022.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending May 31, 2023.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending May 31, 2023.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending May 31, 2023.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending May 31, 2024.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending May 31, 2024.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending May 31, 2023.



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On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the Village have been updated above to reflect the impact of this Statement.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. LEGAL COMPLIANCE - BUDGETS**

The budget policies are as follows:

- a. No later than March 31<sup>st</sup>, the Village Treasurer submits a tentative budget to the Village Board for the fiscal year commencing the following June 1<sup>st</sup>. The tentative budget includes proposed expenditures and the proposed means of financing for all funds of the Village except for Capital Projects and Fiduciary funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than May 1<sup>st</sup>, the Village Board adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- c. All modifications of the budget must be approved by the Village Board and appropriations lapse at fiscal year-end.

**B. DEFICIT FUND EQUITY**

At May 31, 2020, the Sewer Fund, a major fund, has a deficit net position of \$1,007,212. This deficit will be eliminated as resources are obtained through an increase in tax rates and sewer charges in subsequent years and more stringent budget controls.

**NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. DEPOSITS AND INVESTMENTS**

The Village's investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village Treasurer is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities. Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts, and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

The Village's aggregate bank balances were fully collateralized at May 31, 2020.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end consists of \$371,685 in the General Fund, for capital projects and debt service, and \$121,878 in the Parks and Recreation Fund for legal restrictions.

Investment and Deposit Policy

The Village follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Village Treasurer.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Village's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**VILLAGE OF WEBSTER, NEW YORK**  
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Credit Risk

The Village's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Village's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Village's investment and deposit policy, all deposits of the Village including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The Village restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

**B. RECEIVABLES**

Significant revenues accrued by the Village at May 31, 2020, include the following:

General Fund:

Sales Tax	\$ 213,520
Total due from other governments	<u>\$ 213,520</u>

Sewer Fund:

Sewer rents receivable	\$ 133,604
Unbilled receivables	46,397
Total receivables	<u>\$ 180,001</u>

**C. CAPITAL ASSETS**

Capital asset activity for the year ended May 31, 2020, was as follows:

**Governmental Activities:**

	Balance 06/01/2019	Increases	Decreases	Balance 05/31/2020
<u>Capital assets not being depreciated:</u>				
Land	\$ 323,621	\$ -	\$ -	\$ 323,621
Total capital assets not being depreciated	<u>323,621</u>	<u>-</u>	<u>-</u>	<u>323,621</u>
<u>Capital assets being depreciated:</u>				
Buildings	3,289,505	-	5,383	3,284,122
Vehicles & equipment	2,854,375	58,403	298,781	2,613,997
Infrastructure	5,886,971	-	-	5,886,971
Total capital assets, being depreciated	<u>12,030,851</u>	<u>58,403</u>	<u>304,164</u>	<u>11,785,090</u>

**VILLAGE OF WEBSTER, NEW YORK  
NOTES TO THE BASIC FINANCIAL STATEMENTS**

	Balance 06/01/2019	Increases	Decreases	Balance 05/31/2020
<u>Less accumulated depreciation:</u>				
Buildings	2,928,220	30,434	4,553	2,954,101
Vehicles & equipment	1,816,407	118,088	154,645	1,779,850
Infrastructure	1,679,161	99,986	-	1,779,147
Total accumulated depreciation	<u>6,423,788</u>	<u>248,508</u>	<u>159,198</u>	<u>6,513,098</u>
Total capital assets being depreciated, net	<u>5,607,063</u>	<u>(190,105)</u>	<u>144,966</u>	<u>5,271,992</u>
Governmental activities capital assets, net	<u>\$ 5,930,684</u>	<u>\$ (190,105)</u>	<u>\$ 144,966</u>	<u>\$ 5,595,613</u>

**Governmental activities:**

General government	\$ 63,809
Transportation	105,705
Culture and recreation	9,551
Home and community services	<u>69,443</u>
Total depreciation expense - governmental acti	<u>\$ 248,508</u>

**Business-Type Activities:**

	Balance 06/01/2019	Increases	Decreases	Balance 05/31/2020
<u>Capital assets being depreciated:</u>				
Buildings	\$ 1,657,256	\$ -	\$ -	\$ 1,657,256
Vehicles & equipment	2,175,448	-	-	2,175,448
Infrastructure	544,118	-	-	544,118
Total capital assets, being depreciated	<u>4,376,822</u>	<u>-</u>	<u>-</u>	<u>4,376,822</u>
<u>Less accumulated depreciation:</u>				
Buildings	1,087,246	21,574	-	1,108,820
Vehicles & equipment	1,588,416	57,202	-	1,645,618
Infrastructure	67,854	10,882	-	78,736
Total accumulated depreciation	<u>2,743,516</u>	<u>89,658</u>	<u>-</u>	<u>2,833,174</u>
Total capital assets being depreciated, net	<u>1,633,306</u>	<u>(89,658)</u>	<u>-</u>	<u>1,543,648</u>
Business-type activities capital assets, net	<u>\$ 1,633,306</u>	<u>\$ (89,658)</u>	<u>\$ -</u>	<u>\$ 1,543,648</u>

**D. PENSION OBLIGATIONS**

***New York State and Local Employees' Retirement System (the System)***

Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS), which is referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the NYSRSSL. 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 System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's 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.

**VILLAGE OF WEBSTER, NEW YORK**  
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Funding Policy

The System is noncontributory, except for employees who joined after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the system's fiscal year ending March 31<sup>st</sup>.

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

At May 31, 2020, the Village reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

	<u>ERS</u>
Measurement date	March 31, 2020
Net pension liability	\$ 1,151,626
Village's portion of the Plan's total net pension liability	0.0043489 %
Change in proportion since the prior measurement date	0.0000300
Pension expense at May 31, 2020	\$ 348,362

At May 31, 2020, the Village's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<u>ERS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 67,778	\$ -
Change of assumptions	23,188	20,023
Net difference between projected and actual earnings on pension plan investments	590,380	-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	10,654	74,930
Village's contributions subsequent to the measurement date	<u>23,815</u>	<u>-</u>
Total	<u>\$ 715,815</u>	<u>\$ 94,953</u>

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

	<u>ERS</u>
<u>Year ended May 31:</u>	
2021	\$ 80,274
2022	146,308
2023	204,254
2024	166,211
2025	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the March 31, 2020, was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Inflation	2.5 %
Salary increases	4.2
Investment rate of return (net of investment expense, including inflation)	6.8
Cost of living adjustments	1.3

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2018. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020, are summarized below:

<u>Asset Class:</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36.0 %	4.6 %
International equity	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic funds/portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	0.8
Cash	1.0	-
Inflation-indexed bonds	4.0	0.5
Total	100.0 %	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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

The following table presents the Village's proportionate share of the net pension (asset)/liability calculated using the discount rate of 6.8%, as well as what the Village's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
<u>ERS</u>			
Village's proportionate share of the net pension liability/(asset)	\$ 2,113,559	\$ 1,151,626	\$ 265,682

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	<u>(Dollars in Thousands)</u> <u>ERS</u>
Employers' total pension liability	\$ 194,596,261
Plan net position	168,115,682
Employers' net pension liability	<u>\$ 26,480,579</u>
Ratio of plan net position to the employers' total pension liability	86.4%

Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of May 31, 2020, represent a two-month portion of the projected employer contribution for the Plan year April 1, 2020 through March 31, 2021. Accrued retirement contributions as of May 31, 2020 amounted to \$23,815.

**E. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (OPEB)**

***Village of Webster Retiree Medical Plan (the Plan)***

Plan Description

The Village of Webster (the Village), administers the Plan as a single-employer defined benefit OPEB plan. The Plan provides for continuation of medical and dental benefits for certain retirees and their spouses and can be amended by action of the Village subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the Village pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The Village currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Village.

Employees Covered by Benefit Terms

At May 31, 2020, the following employees were covered by the benefit terms:

Active not eligible to retire	14
Actives eligible to retire	2
Retired and surviving spouses	17
Retiree spouses covered	8
Total	<u>41</u>

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Total OPEB Liability

The Village's total OPEB liability of \$4,752,529 was measured as of February 29, 2020, and was determined by an interim actuarial valuation as of May 31, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the May 31, 2020 interim actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-term bond rate	1.81%
Salary scale	3.22%
Single discount rate	1.81%
Initial healthcare cost trend rate	5.20%
Ultimate healthcare cost trend rate	4.18%

The discount rate was based on the Fidelity Municipal General Obligation AA 20-year Bond rate as of the measurement date.

Mortality rates for retirees and surviving spouses were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, district for Teachers, General and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2019.

Retirement and termination assumptions reflect general published tables based on large-scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed, and the base table is adjusted accordingly as necessary. No formal experience study is prepared for this plan.

Changes in the Total OPEB Liability

Balance at June 1, 2019	\$	3,733,617
<u>Changes for the year:</u>		
Service cost		61,775
Interest		135,377
Changes of benefit terms		-
Differences between expected and actual experience		(493,753)
Changes in assumptions or other inputs		1,452,062
Benefit payments		(136,549)
Net Changes		<u>1,018,912</u>
Balance at May 31, 2020	\$	<u><u>4,752,529</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.70% in 2019, to 1.81% effective May 31, 2020, the salary scale changed from 3.36% in 2019 to 3.22% effective May 31, 2020 and the mortality improvement scale was updated to MP-2019.

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 (0.81%) or 1 percentage point higher (2.81%) than the current discount rate.

	<u>1% Decrease (0.81%)</u>	<u>Discount Rate (1.81%)</u>	<u>1% Increase (2.81%)</u>
Total OPEB Liability	\$ <u>5,705,363</u>	\$ <u>4,752,529</u>	\$ <u>4,021,130</u>

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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 healthcare cost trend rates of 1 percentage point change in the healthcare cost trend rate:

	1% Decrease (4.20% decreasing to 3.18%)	Healthcare Cost Trend Rates (5.20% decreasing to 4.18%)	1% Increase (6.20% decreasing to 5.18%)
Total OPEB Liability	\$ 3,935,531	\$ 4,752,529	\$ 5,835,232

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

For the year ended May 31, 2020, the Village recognized OPEB expense of \$387,049. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 374,186
Changes of assumptions	849,440	-
Contributions subsequent to the measurement date	34,418	-
Total	\$ 883,858	\$ 374,186

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

<u>Year Ended May 31,</u>	<u>Amount</u>
2021	\$ 315,537
2022	159,717
2023	-
2024	-
2025	-
Thereafter	-

**F. LONG-TERM LIABILITIES**

General Obligation Bonds

The Village issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. General obligation bonds outstanding at May 31, 2020, are as follows:

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 05/31/2020</u>
<b>Governmental Activities</b>					
<u>General Obligation Bonds</u>					
Milling & Paving	09/2012	\$ 320,000	2.125-3.00%	2026	\$ 170,000
Water Tank Painting & Metalizing	08/2012	255,000	3.13%	2032	90,000
					\$ 260,000



**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 05/31/2020</u>
<b>Business-Type Activities</b>					
<b>General Obligation Bonds</b>					
Sewer Outfall Replacement	09/2012	\$ 300,000	2.125-3.00%	2026	\$ 180,000
Sewer Plant Grit System	08/2012	455,000	3.13%	2032	340,000
Sewer Plant Reconstruction	08/2012	590,000	2.00-3.125%	2032	415,000
					<u>\$ 935,000</u>

Legal Debt Margin

There is a statutory debt limit applicable to villages within New York State. The Village is in compliance with this debt limit.

Changes in Long-Term Liabilities

Changes in the Village's long-term liabilities for the year ended May 31, 2020, are as follows:

	<u>Balance 06/01/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 05/31/2020</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
General obligation bonds	\$ 310,000	\$ -	\$ 50,000	\$ 260,000	\$ 55,000
Compensated absences	24,175	82,563	42,176	64,562	6,456
Total OPEB liability	2,688,204	1,203,926	422,784	3,469,346	-
Net pension liability**	226,925	636,799	-	863,724	-
Governmental activities long-term liabilities	<u>\$ 3,249,304</u>	<u>\$ 1,923,288</u>	<u>\$ 514,960</u>	<u>\$ 4,657,632</u>	<u>\$ 61,456</u>
<b>Business-Type Activities</b>					
General obligation bonds	\$ 1,000,000	\$ -	\$ 65,000	\$ 935,000	\$ 65,000
Compensated absences	9,847	30,518	22,440	17,925	1,793
Total OPEB liability	1,045,413	407,952	170,182	1,283,183	-
Net pension liability**	79,082	208,820	-	287,902	-
Business-type activities long-term liabilities	<u>\$ 2,134,342</u>	<u>\$ 647,290</u>	<u>\$ 257,622</u>	<u>\$ 2,524,010</u>	<u>\$ 66,793</u>

\*\*Additions/reductions to net pension liability are shown net

The Village authorized the issuance of bonds for waste water treatment plant improvements in the Village in the amount of \$5,657,000 on October 10, 2019, which were unissued as of the year ended May 31, 2020.

The debt service requirements for the Village's bonds are as follows:

<u>Year ending May 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Bonds</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 55,000	\$ 6,681	\$ 65,000	\$ 26,900
2022	55,000	5,188	70,000	25,013
2023	60,000	3,563	75,000	22,931
2024	30,000	2,250	80,000	20,637
2025	30,000	1,350	80,000	18,237
2026-2030	30,000	450	355,000	56,759
2031-2033	-	-	210,000	9,669
Total	<u>\$ 260,000</u>	<u>\$ 19,482</u>	<u>\$ 935,000</u>	<u>\$ 180,146</u>

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

Compensated Absences

As explained in Note 1, the Village records the value of governmental and business-type compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable throughout the year. Payments by the Village to liquidate compensated absences are typically from the funds in which the individuals are employed. These operating funds include General and Sewer funds. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. While the payments of compensated absences are dependent upon many factors, the Village has estimated that \$6,456 and \$1,793 for the governmental activities and business-type activities will be due within one year, respectively.

Total OPEB Liability

As explained in Note 3.E., the Village records the value of other postemployment benefits. Payments by the Village to liquidate other postemployment benefits are typically from the funds in which the individuals are employed. These operating funds include the General and Sewer Funds.

Net Pension Liability

The Village reported a liability of \$863,724 and \$287,902 for the governmental activities and business-type activities, respectively for the year ended May 31, 2020, for its proportionate share of the net pension liability for the New York State and Local Employees' Retirement System. Refer to Note 3.D for additional information related to the Village's net pension liability. Payments by the Village for retirement contributions are typically from funds in which the individuals are employed. These operating funds include General and Sewer Funds.

**G. INTERFUND ACTIVITY**

Interfund activity at May 31, 2020 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 483,924	\$ 28,800
Parks and Recreation Fund	28,800	-
Sewer Fund	-	483,924
Total	<u>\$ 512,724</u>	<u>\$ 512,724</u>

Interfund receivables and payables between the Sewer and General Funds are related to negative cash flow in the Sewer Fund in order to cover operational costs. The remaining outstanding balances result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between funds are made.

**H. NET POSITION AND FUND BALANCE**

NET POSITION

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and debt used to fund capital asset purchases reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

	Governmental Activities	Business-Type Activities	Total
Capital assets, net of accumulated depreciation	\$ 5,595,613	\$ 1,543,648	\$ 7,139,261
Bonds payable used for capital assets	(260,000)	(935,000)	(1,195,000)
Net investment in capital assets	<u>\$ 5,335,613</u>	<u>\$ 608,648</u>	<u>\$ 5,944,261</u>

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position of the governmental activities is consistent with restricted fund balance amounts of the governmental funds at May 31, 2020. Also, the restricted net position of the business-type activities is consistent with the restricted net position of the enterprise fund.

Unrestricted net position – This category represents net position of the Village not restricted for any project or other purpose.

**FUND BALANCE**

In the fund financial statements there are five classifications of fund balance:

Nonspendable – represents net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by the Village at May 31, 2020, include:

- *Prepaid items* – represents amounts prepaid to the retirement system and other miscellaneous items that are applicable to future accounting periods. This balance is nonspendable as the asset does not represent an available resource.
- *Long-term receivable* – represents amount due from the sewer fund with no set repayment terms.

Restricted – represents amounts with constraints placed on the use of resources and are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

- *Restricted for capital projects* – represents funds to be used for construction, reconstruction and/or acquisition of capital improvements and equipment.
- *Restricted for debt service* – represents funds to be used for the repayment of debt obligations.
- *Restricted for parks and recreation* – represents funds set aside for use by the Village's parks and recreation as legally required.

Committed – represents amounts that are subject to a purpose constraint imposed by a formal action of the Village's highest level of decision-making authority. As of May 31, 2020, the Village had no committed fund balances.

Assigned – represents amounts that are constrained by the Village's intent to be used for the specified purposes noted below, but are neither restricted nor committed.

- *Assigned for specific purposes (encumbrances)* – represent amounts related to unperformed contracts for goods and services.

Unassigned – represents all amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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Detail of Fund Balances

As of May 31, 2020, governmental fund balances were classified as follows:

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Nonspendable:</u>			
Prepaid items	\$ 250	\$ -	\$ 250
Long-term receivable - Sewer	483,924	-	483,924
<u>Restricted:</u>			
Debt service	82,056	-	82,056
Capital projects	289,629	-	289,629
Parks and Recreation Fund	-	150,678	150,678
<u>Assigned:</u>			
<u>Encumbrances:</u>			
Transportation	17,324	-	17,324
Economic assistance	3,360	-	3,360
Culture and recreation	320	-	320
Home and community	4,595	-	4,595
Employee benefits	33	-	33
Capital Projects Fund	-	100	100
<u>Unassigned:</u>			
General Fund	845,059	-	845,059
Total	<u>\$ 1,726,550</u>	<u>\$ 150,778</u>	<u>\$ 1,877,328</u>

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

**A. RETAIL LEASE AGREEMENT FOR OPERATION OF WATER SYSTEM**

In August 2013, the Village entered into a lease agreement with Monroe County Water Authority whereby the Authority has assumed responsibility for the operation and maintenance of the Village's water system. The lease agreement is for a period of forty years in consideration of the sum of one dollar (\$1.00).

**B. ENCUMBRANCES**

Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e. purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The Village recorded encumbrances of \$25,632 in the General Fund.

**C. CONTINGENCIES**

*Assessments* – The Village is a defendant in litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Village vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. No potential amount or potential range of loss is determinable. However, management believes that level of such potential loss, if any, would be immaterial and no provisions have been made within the financial statements.

**VILLAGE OF WEBSTER, NEW YORK**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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*Grants* – In the normal course of operations, the Village receives grant funds from various federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowable expenditures resulting from such audits could become a liability of the Village. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

*Other* - On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include forced closures for certain types of public places, including local governments. The Village’s administration has assessed these events and the impact of these restrictions and closures related to the Village’s operations. As of the date of these financial statements and as these events continue to unfold, management believes there will be an impact related to the amount of sales and mortgage tax revenues the Village will receive in 2021 fiscal year. Management believes that these revenues will be lower in 2020/2021 than anticipated in the adopted 2020/2021 budget. Management has assessed the financial condition and the potential impact on revenues and has determined that the Village has assets and fund balances to absorb this potential decrease in revenues for the 2020/2021 fiscal year.

**NOTE 5 - TAX ABATEMENTS**

The County of Monroe Industrial Development Agency (the Agency), created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively “the Act”), has real property tax abatement agreements with various businesses in the Village under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purposes of economic development and affordable housing.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended May 31, 2020, the Village’s total tax revenues were reduced by \$21,286.

Copies of the agreements may be obtained from Paul Adams, Town of Webster Director of Finance, 1000 Ridge Road, Webster, NY, 14580.

**NOTE 6 - RESTATEMENT OF FUND BALANCE AND NET POSITION**

For the fiscal year ended May 31, 2020, the Village implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation this Statement resulted in the reporting of net position in the Custodial Funds.

	<u>Custodial Funds</u>
Net position - beginning, as previously stated	\$ -
GASB Statement No. 84 implementation	<u>8,000</u>
Net position - beginning of year, as restated	<u><u>8,000</u></u>

**NOTE 7 - SUBSEQUENT EVENT**

Management has evaluated subsequent events through October 26, 2020, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**VILLAGE OF WEBSTER, NEW YORK  
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
EMPLOYEES' RETIREMENT SYSTEM  
LAST TEN FISCAL YEARS \***

	<u>Year Ended May 31,</u>					
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Employees' Retirement System (ERS)</b>						
Measurement date	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Village's proportion of the net pension liability	0.0050080%	0.0046621%	0.0043074%	0.0040388%	0.0043189%	0.0043489%
Village's proportionate share of the net pension liability	\$ <u>169,186</u>	\$ <u>748,275</u>	\$ <u>404,737</u>	\$ <u>130,351</u>	\$ <u>306,007</u>	\$ <u>1,151,626</u>
Village's covered payroll	\$ 941,100	\$ 932,352	\$ 969,804	\$ 880,074	\$ 958,172	\$ 1,008,119
Village's proportionate share of the net pension liability as a percentage of its covered payroll	18.0%	80.3%	41.7%	14.8%	31.9%	114.2%
Plan fiduciary net position as a percentage of the total pension liability	97.9%	90.7%	94.7%	98.2%	96.3%	86.4%

\* This Schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

**VILLAGE OF WEBSTER, NEW YORK**  
**SCHEDULE OF THE VILLAGE'S PENSION CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM**  
**LAST TEN FISCAL YEARS \***

	Year ended May 31,						
	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 218,302	\$ 155,512	\$ 152,081	\$ 128,738	\$ 120,711	\$ 136,472	\$ 142,400
Contributions in relation to the contractually required contribution	\$ <u>218,302</u>	\$ <u>155,512</u>	\$ <u>152,081</u>	\$ <u>128,738</u>	\$ <u>120,711</u>	\$ <u>136,472</u>	\$ <u>142,400</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Village's covered payroll	**	**	**	**	\$ 980,560	\$ 943,499	\$ 993,445
Contributions as a percentage of covered payroll	**	**	**	**	12.3%	14.5%	14.3%

\* This Schedule is intended to show information for ten years, additional years' information will be displayed as it becomes available.

\*\* Information not available

**VILLAGE OF WEBSTER, NEW YORK**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB RELATED LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS \***

	<u>Year ended May 31,</u>	
	<u>2019</u>	<u>2020</u>
Measurement Date	February 28, 2019	February 29, 2020
<b>Total OPEB Liability</b>		
Service cost	\$ 68,277	\$ 61,775
Interest	151,934	135,377
Changes in benefit terms	-	-
Differences between expected and actual experience	(516,979)	(493,753)
Changes of assumptions or other inputs	14,422	1,452,062
Benefit payments	<u>(142,577)</u>	<u>(136,549)</u>
Net change in total OPEB liability	(424,923)	1,018,912
Total OPEB liability - beginning	<u>4,158,540</u>	<u>3,733,617</u>
Total OPEB liability - ending	<u>\$ 3,733,617</u>	<u>\$ 4,752,529</u>
Covered-employee payroll	\$ 965,066	\$ 996,141
Total OPEB liability as a percentage of covered-employee payroll	386.88%	477.09%

\* This Schedule is intended to show information for ten years, additional years will be included as they become available.

**VILLAGE OF WEBSTER, NEW YORK  
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
FOR THE YEAR ENDED MAY 31, 2020**

	<b>General Fund</b>			<b>Variance with Final Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>REVENUES:</b>				
Real property taxes	\$ 538,576	\$ 538,576	\$ 538,576	\$ -
Real property tax items	65,238	65,238	65,431	193
Non property taxes	1,530,000	1,530,000	1,541,794	11,794
Services and fees	66,850	66,850	60,763	(6,087)
Use of money and property	88,990	88,990	88,068	(922)
Licenses and permits	9,000	9,000	20,464	11,464
Sale of property and compensation for loss	93,700	93,700	16,775	(76,925)
Miscellaneous local sources	34,600	34,600	39,251	4,651
Interfund revenues	25,400	25,400	-	(25,400)
State sources	129,200	129,200	144,229	15,029
Federal sources	108,289	108,289	-	(108,289)
	<u>2,689,843</u>	<u>2,689,843</u>	<u>2,515,351</u>	<u>(174,492)</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
General government	583,314	577,939	515,115	62,824
Public safety	61,246	61,246	61,155	91
Health	1,722	1,722	426	1,296
Transportation	1,178,457	1,193,403	911,359	282,044
Economic assistance and opportunity	76,247	76,247	62,096	14,151
Culture and recreation	42,961	42,961	27,861	15,100
Home and community services	187,528	208,883	159,148	49,735
Employee benefits	532,621	533,541	526,184	7,357
Debt service:				
Principal	50,000	50,000	50,000	-
Interest	8,053	8,053	8,053	-
	<u>2,722,149</u>	<u>2,753,995</u>	<u>2,321,397</u>	<u>432,598</u>
Total expenditures				
Excess (deficit) of revenues over expenditures	(32,306)	(64,152)	193,954	258,106
<b>OTHER FINANCING USES:</b>				
Interfund transfers out	(55,000)	-	-	-
Total other financing uses	(55,000)	-	-	-
Net change in fund balance *	(87,306)	(64,152)	193,954	258,106
Fund balance - beginning	1,532,596	1,532,596	1,532,596	-
Fund balance - ending	<u>\$ 1,445,290</u>	<u>\$ 1,468,444</u>	<u>\$ 1,726,550</u>	<u>\$ 258,106</u>

\* The net change in fund balances was included in the budget as an appropriation (i.e., spenddown) of fund balance.

**VILLAGE OF WEBSTER, NEW YORK  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**NOTE 1 - BUDGETARY INFORMATION**

**BUDGETARY BASIS OF ACCOUNTING**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. The Sewer Fund has a budget that is utilized for cost control purposes.

The appropriated budget is prepared by fund, function, and department. The Village's department heads may make transfers within a department. Transfers of appropriations between departments require the approval of the Village Board or, in certain limited circumstances the Village Treasurer. The legal level of budgetary control (e.g., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e, purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

**NOTE 2 - FACTORS AFFECTING TRENDS IN RETIREMENT SYSTEM PENSION**

The Village's proportionate share of the net pension (asset)/liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. The discount rate in effect at each measurement date is as follows:

	<u>ERS</u>
<u>Year ended March 31:</u>	
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%

**NOTE 3 - FACTORS AFFECTING TRENDS IN RETIREE HEALTH PLAN (OPEB)**

The Village's retiree health plans most significant factors and assumptions affecting the total OPEB liability are as follows:

	<u>Long-Term Bond Rate</u>	<u>Salary Scale</u>	<u>Single Discount Rate</u>	<u>Ultimate Healthcare Cost Trend Rate</u>
<u>Year Ended May 31:</u>				
2020	1.81%	3.22%	1.81%	4.18%
2019	3.70%	3.36%	3.70%	4.32%
2018	3.72%	3.37%	3.72%	4.23%

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## **SUPPLEMENTARY INFORMATION**

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**VILLAGE OF WEBSTER, NEW YORK  
 COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
 MAY 31, 2020**

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	<u>Capital Projects</u>	<u>Parks and Recreation</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 100	\$ -	\$ 100
Cash and cash equivalents - restricted	-	121,878	121,878
Due from other funds	-	28,800	28,800
Total assets	<u>\$ 100</u>	<u>\$ 150,678</u>	<u>\$ 150,778</u>
<b>FUND BALANCES</b>			
Restricted	\$ -	\$ 150,678	\$ 150,678
Assigned	100	-	100
Total fund balances	<u>\$ 100</u>	<u>\$ 150,678</u>	<u>\$ 150,778</u>

**VILLAGE OF WEBSTER, NEW YORK  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED MAY 31, 2020**

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	<u>Capital Projects</u>	<u>Parks and Recreation</u>	<u>Total</u>
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 96	\$ 96
Miscellaneous local sources	-	28,800	28,800
	<u>-</u>	<u>28,800</u>	<u>28,800</u>
Total revenues	-	28,896	28,896
	<u>-</u>	<u>28,896</u>	<u>28,896</u>
Net change in fund balances	-	28,896	28,896
Fund balances - beginning	100	121,782	121,882
	<u>100</u>	<u>121,782</u>	<u>121,882</u>
Fund balances - ending	\$ 100	\$ 150,678	\$ 150,778
	<u>\$ 100</u>	<u>\$ 150,678</u>	<u>\$ 150,778</u>

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