



October 30, 2023

Mayor and Board of Trustees  
Village of Fairport, New York  
31 South Main Street  
Fairport, New York 14450

Dear Mayor and Board Members:

We are pleased to present this report related to our audit of the basic financial statements of the Village of Fairport, New York (Village) as of and for the year ended May 31, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Village's financial reporting process.

This report is intended solely for the information and use of the Mayor, Board of Trustees, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Village.

Very truly yours,

BST & Co. CPAs, LLP

A handwritten signature in black ink that reads "Brendan K. Kennedy".

Brendan K. Kennedy, Partner

BKK/ldb

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## REQUIRED COMMUNICATIONS

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

### **Our Responsibilities With Regard to the Financial Statement Audit**

Our responsibilities under auditing standards generally accepted in the United States of America and the standards applicable to financial audits contains in *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated July 26, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

### **Overview of the Planned Scope and Timing of the Financial Statement Audit**

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

### **Accounting Policies and Practices**

#### **Preferability of Accounting Policies and Practices**

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

#### **Adoption of Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Village. The Village adopted the provisions of GASB Statement 87, *Leases* (GASB 87). The primary objective of this statement is to enhance the relevance of and consistency of information about government leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use-asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of GASB 87 resulted in the recording of a lease receivable and deferred inflow of resources of \$3,818,304 as of June 1, 2022.

#### **Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.



## **REQUIRED COMMUNICATIONS - CONTINUED**

### **Management's Judgments and Accounting Estimates**

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the Summary of Significant Accounting Estimates.

### **Audit Adjustments and Uncorrected Misstatements**

There were no audit adjustments proposed by us that we considered to be errors. We did assist management with the preparation of the financial statements in accordance with U.S. GAAP. All financial statement preparation entries were based on audit documentation prepared by Village personnel.

There are no uncorrected misstatements.

### **Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

### **Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### **Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

### **Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management during the audit.

### **Significant Written Communications Between Management and Our Firm**

Copies of certain written communications between our firm and the management of the Village, including the representation letter provided to us by management, are attached as Exhibit A.



## SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Village's May 31, 2021 financial statements:

### Significant Accounting Estimates

#### Allowance for Uncollectible Accounts

<b>Accounting Policy</b>	Electric Fund receivables are reduced to their net realizable amount on a periodic basis.
<b>Management's Estimation Process</b>	Management calculates the allowance for the utility billings receivables based on historic experience and by using 100% of account balances over 120 days and 50% of account balances in the 60-120 day category.

#### Compensated Absences

<b>Accounting Policy</b>	The Village recognizes the estimated liability for unused vacation and compensated time.
<b>Management's Estimation Process</b>	Unused sick and compensated time is aggregated, any contractual caps on time accrued are considered, and current employee pay rates are applied to generate the extended liability.

#### Depreciation Expense

<b>Accounting Policy</b>	Depreciation is computed based on asset groups for the Electric Fund and using the straight-line method for governmental activities.
<b>Management's Estimation Process</b>	The estimated lives used in determining depreciation are based on recommendations of the Federal Energy Regulatory Commission and the historical experience of the Village.

#### Other Postemployment Benefits Liability

<b>Accounting Policy</b>	To recognize the Village's portion of the liability in long-term liabilities.
<b>Management's Estimation Process</b>	The estimate is developed by an actuarial firm using assumptions applied to census and plan information provided to them by the Village.

## SIGNIFICANT ACCOUNTING ESTIMATES

### Net Pension Liability

#### Accounting Policy

The Village recognizes its proportionate share of the New York State and Local Employees' Retirement System net pension liability, and the related deferred inflows and outflows of resources.

#### Management's Estimation Process

The Village's net pension liability is estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to, rate of return, mortality, and inflation. The Village's proportionate percentage of the liability is determined on an annual basis.

We have evaluated management's significant accounting estimates noted above as part of our audit and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

**EXHIBIT A**

**SIGNIFICANT WRITTEN COMMUNICATIONS**  
**BETWEEN MANAGEMENT AND OUR FIRM**

Representation Letter





October 30, 2023

BST & Co. CPAs, LLP  
10 British American Blvd  
Latham, NY 12110

This representation letter is provided in connection with your audit of the basic financial statements of the Village of Fairport, New York (the Village), as of and for the year ended May 31, 2023 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of October 30, 2023:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 26, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP Describe other basis of accounting. Types of related party transactions engaged in by the Village include:
  - a. Those with component units for which the Village is accountable.
  - b. Those with other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
  - c. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.



**Financial Statements - Continued**

6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. The Village followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
8. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.
9. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
11. Management has followed applicable laws and regulations in adopting, approving and amending budgets.
12. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.
13. Provisions for uncollectible receivables have been properly identified and recorded.
14. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
15. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
16. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
17. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
19. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
20. The Village's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.

### Financial Statements - Continued

21. The Village does not have any material tax abatement agreements that require disclosure in accordance with GASB Statement No. 77, *Tax Abatement Disclosures*.
22. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
23. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. We have disclosed all instances of identified or suspected noncompliance with laws, regulations, and provisions of contracts and grant agreements whose effects should be considered by management when preparing the financial statements. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
24. Excluding the adoption of GASB Statement No. 87, *Leases*, we have reviewed the GASB Statements effective for the fiscal year ending May 31, 2023, and concluded they did not have a material impact on the basic financial statements:
25. We believe the implementation of the GASB Statement listed below is appropriate:  
  
GASB Statement No. 87, *Leases* – the Village records the estimated net present value of future lessor payments under lease contracts with a maximum possible term of more than 12 months as a receivable in the financial statements. The Village also records a deferred inflow of resources at the amount of the initial measurement of the lease receivable, as adjusted for any lease payments received prior to the commencement of the lease. The estimated payments are discounted using the Village's estimated incremental borrowing rate. Lease receivables are subsequently reduced by the principal portion of the lease payments received. Deferred lease inflows are recognized as revenue over the lease term on a straight-line basis.
26. We have no knowledge of any uncorrected misstatements in the financial statements.

### Information Provided

27. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Village from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
28. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.

**Information Provided - Continued**

29. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
30. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
31. We have no knowledge of allegations of fraud or suspected fraud affecting the Village's basic financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the basic financial statements.
32. We have no knowledge of any allegations of fraud or suspected fraud affecting the Village's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
33. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
34. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
35. We have disclosed to you the identity of all of the Village's related parties and all the related-party relationships and transactions of which we are aware.
36. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Village's ability to record, process, summarize and report financial data.
37. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
38. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
39. We believe that the information obtained from the audited financial statements of and other participant information provided by New York State and Local Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.

**Information Provided - Continued**

40. In the audit engagement letter dated July 26, 2023, we requested that you perform the nonaudit service of financial statement preparation in connection with your audit. With respect to this service:
- a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
41. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

**Supplementary Information**

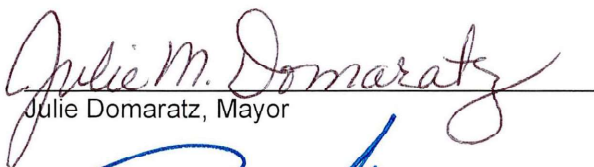
42. With respect to supplementary information presented in relation to the basic financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
43. With respect to Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Schedule of Other Postemployment Benefits Liability, Schedule of Proportionate Share of the Net Pension Asset/Liability, and the Schedule of Pension Contributions, presented as required by GASB to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

### Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

44. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
45. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
46. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
47. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
48. Acknowledges its responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
49. Has a process to track the status of audit findings and recommendations.
50. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
51. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
52. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Village of Fairport, New York

  
Julie Domaratz, Mayor

  
Bryan White, Village Manager

  
Megan Cook, Clerk-Treasurer



## **Village of Fairport, New York**

Financial Report

May 31, 2023

# Village of Fairport, New York

## Financial Report

May 31, 2023

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## **Independent Auditor's Report**

Mayor and Board of Trustees  
Village of Fairport, New York  
Fairport, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fairport, New York (Village), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2023, 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.

We did not audit the financial statements of the Village of Fairport Industrial Development Agency, the Village of Fairport Local Development Corporation, and the Village of Fairport Urban Renewal Agency, the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the discretely presented component units, are based solely on the reports of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 1s to the financial statements, the Village has adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, as of and for the year-ended May 31, 2023. Our opinions are not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 to 11, and the required supplementary information listed in the accompanying table of contents on pages 55 to 58, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Latham, New York  
October 30, 2023



# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2023

As management of the Village of Fairport, New York (the Village), we offer the readers of the Village's financial statements this narrative overview and analysis as of and for the year ended May 31, 2023. We encourage readers to consider the information presented here in conjunction with our financial statements, which can be found on pages 12 through 54 and our supplementary information which can be found on pages 55 through 60 of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the Governmental Activities of the Village exceeded liabilities and deferred inflows of resources on May 31, 2023 by \$22,537,102, representing net position. Of this amount, \$18,018,168 represents the Village's net investment in capital assets (capital assets, less long-term liabilities used to acquire capital assets), and \$4,383,208 is restricted for capital projects, insurance, workers compensation claims, cemetery operations and the asset forfeiture program. The remaining amount represents unrestricted net position of \$135,726. The Village's unrestricted net position is significantly impacted by noncurrent liabilities such as the net pension liability and other postemployment benefit obligations.
- The assets and deferred outflows of resources of the Business Type Activities of the Village exceeded liabilities on May 31, 2023 by \$27,334,099, representing net position. Of this amount, \$22,940,021 represents the Village's net investment in capital assets (capital assets, less long-term liabilities used to acquire capital assets), and \$1,022,716 is restricted for future capital improvements. The remaining amount, which represents an unrestricted surplus of net position, is \$3,371,362.
- At May 31, 2023, the Village's governmental funds reported a combined ending fund balance of \$8,087,213, of which \$120,636 of the fund balance was nonspendable (prepaid expenditures, \$4,383,208 was restricted for various purposes and \$1,012,031 was assigned for future appropriations, encumbered balances, sewer related activity and cemetery related activity. The remaining amount, which represents unassigned fund balance, is \$2,571,338.
- The Village adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. The present value of future lease payments to be received was \$3,710,957 as of May 31, 2023, which is offset by a deferred inflows of resources in the amount of \$3,674,909, representing future revenues to be recognized.

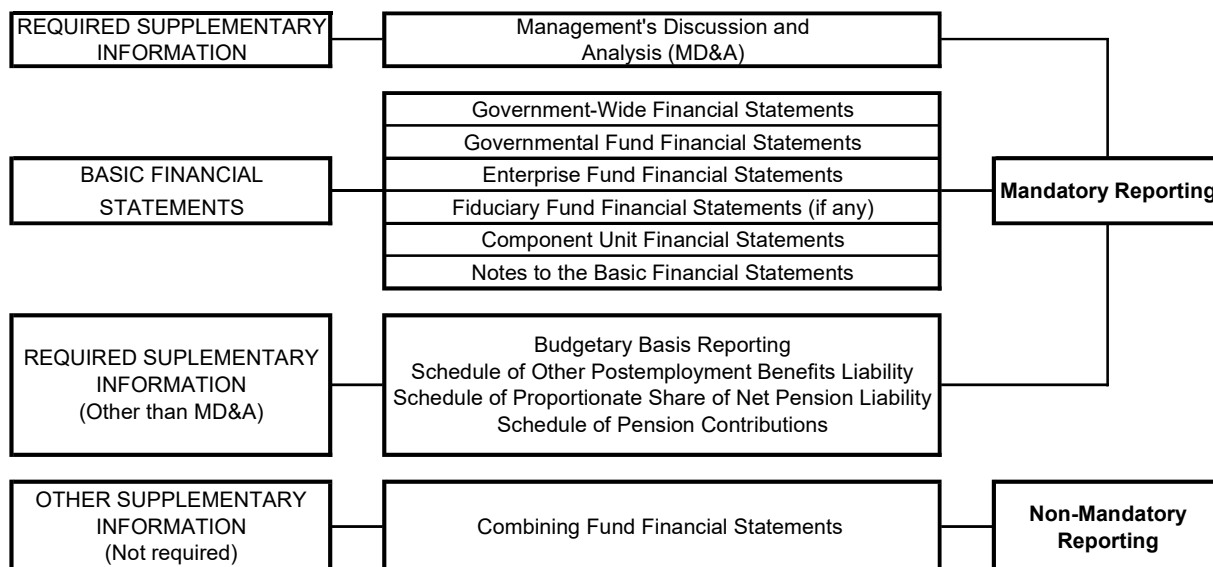
### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village's financial statements. The Village's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The following diagram illustrates the minimum financial reporting requirements of the Village under accounting principles generally accepted in the United States of America (U.S. GAAP):

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2023

### Overview of the Financial Statements - Continued



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

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

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

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government support, public safety transportation, economic opportunity and development, culture and recreation, and home and community services. The business-type activities of the Village include electric services.

The Village includes three (3) separate legal entities in its report consisting of the Village of Fairport Industrial Development Agency, Village of Fairport Local Development Corporation and Village of Fairport Urban Renewal Agency. Although legally separate, these "component units" are important because the Village is financially accountable for them and may be affected by their financial well-being.

The government-wide financial statements can be found on pages 12 and 13 of this report.

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2023

### Overview of the Financial Statements - Continued

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The Village maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Sewer Fund, and Capital Projects Fund; and in the aggregate, the non-major funds consisting of the Debt Service Fund, and two permanent funds, (Greenville Cemetery Fund and Mount Pleasant Cemetery Fund). The Village adopts an annual appropriated budget for its General Fund, Capital Projects Fund, and Sewer Fund. A budgetary comparison statement has been provided for the General Fund that demonstrates compliance with this budget.

The governmental fund financial statements can be found on pages 14 through 17 of this report.

**Proprietary Funds.** The Village maintains proprietary funds to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric operations, which is considered to be a major fund of the Village. The Village adopts an annual appropriated budget for the Electric Fund.

The proprietary fund financial statements can be found on pages 18 through 20 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties other than the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village-owned programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Village did not have any fiduciary funds as of or for the year ended May 31, 2023.

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2023

### Overview of the Financial Statements - Continued

**Aggregate Discretely Presented Component Units.** The Village has created three public benefit corporations. The financial position and activities of the public benefit corporations that provide services directly to citizens have been presented in the Statement of Net Position and the Statement of Activities under the component units column and also in more detail in the Combining Statement of Net Position and the Combining Statement of Activities for the component units. These components units have been discretely presented in the Village's financial statements because their nature and significance to the Village cause them to have an effect on the fiscal condition of the Village and the Village is accountable for them. Combining statements of the discretely presented component units can be found on pages 21 and 22.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 54 of this report.

**Table 1 – Condensed Statement Net Position as of May 31, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current assets	\$ 8,524,351	\$ 7,339,567	\$ 9,275,355	\$ 8,360,595	\$ 17,799,706	\$ 15,700,162
Noncurrent assets	23,344,342	20,321,269	29,621,192	30,635,207	52,965,534	50,956,476
Total assets	31,868,693	27,660,836	38,896,547	38,995,802	70,765,240	66,656,638
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	1,904,100	2,286,458	2,513,382	2,876,289	4,417,482	5,162,747
<b>LIABILITIES</b>						
Current liabilities	642,283	554,917	3,259,905	2,837,117	3,902,188	3,392,034
Noncurrent liabilities	5,726,171	4,478,547	9,646,953	8,151,544	15,373,124	12,630,091
Total liabilities	6,368,454	5,033,464	12,906,858	10,988,661	19,275,312	16,022,125
<b>DEFERRED INFLOWS OF RESOURCES</b>	4,867,237	3,492,369	1,168,972	3,838,185	6,036,209	7,330,554
<b>NET POSITION</b>						
Net investment in capital assets	18,018,168	18,356,269	22,940,021	22,402,950	40,958,189	40,759,219
Restricted	4,383,208	3,797,425	1,022,716	990,155	5,405,924	4,787,580
Unrestricted (deficit)	135,726	(732,233)	3,371,362	3,652,140	3,507,088	2,919,907
<b>Total net position</b>	<u>\$ 22,537,102</u>	<u>\$ 21,421,461</u>	<u>\$ 27,334,099</u>	<u>\$ 27,045,245</u>	<u>\$ 49,871,201</u>	<u>\$ 48,466,706</u>

In total, the Village experienced an increase in net position during 2023 totaling \$1.4 million. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49.9 million at May 31, 2023. Governmental Activity total assets increased by \$4.2 million, of which \$3.7 million represents lease receivables, while the remainder is driven by fund balance surpluses. The Village invested approximately \$1.7 million in various capital assets, of which approximately \$1 million was funded by State grants.

By far, the largest portion, \$40,958,189, of the Village's net position (82%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, and machinery and equipment) less accumulated depreciation and any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2023

### Overview of the Financial Statements - Continued

### Government-Wide Financial Analysis - Continued

**Table 2 - Changes in Net Position for the Fiscal Years Ended May 31, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program revenues						
Charges for services	\$ 1,559,561	\$ 1,565,422	\$ 22,974,941	\$ 24,866,563	\$ 24,534,502	\$ 26,431,985
Operating grants and contributions	274,918	288,579	-	-	274,918	288,579
Capital grants and contributions	973,310	202,573	-	-	973,310	202,573
General Revenues						
Real property taxes and items	3,292,228	3,284,690	-	-	3,292,228	3,284,690
Nonproperty taxes	2,135,423	2,063,536	-	-	2,135,423	2,063,536
Other revenues	936,124	818,858	615,343	813,764	1,551,467	1,632,622
Capital contributions	-	-	84,078	-	84,078	-
Total revenues	<u>9,171,564</u>	<u>8,223,658</u>	<u>23,674,362</u>	<u>25,680,327</u>	<u>32,845,926</u>	<u>33,903,985</u>
<b>EXPENSES</b>						
General government support	1,324,773	1,108,096	-	-	1,324,773	1,108,096
Public safety	2,583,406	2,023,210	-	-	2,583,406	2,023,210
Transportation	2,194,197	1,961,625	-	-	2,194,197	1,961,625
Economic opportunity and assistance	13,532	17,872	-	-	13,532	17,872
Culture and recreation	293,584	375,171	-	-	293,584	375,171
Home and community services	1,605,218	1,338,944	23,173,884	24,122,474	24,779,102	25,461,418
Interest on long-term debt	41,213	42,582	211,624	221,532	252,837	264,114
Total expenses	<u>8,055,923</u>	<u>6,867,500</u>	<u>23,385,508</u>	<u>24,344,006</u>	<u>31,441,431</u>	<u>31,211,506</u>
<b>CHANGES IN NET POSITION</b>	1,115,641	1,356,158	288,854	1,336,321	1,404,495	2,692,479
<b>NET POSITION, beginning of year</b>	<u>21,421,461</u>	<u>20,065,303</u>	<u>27,045,245</u>	<u>25,708,924</u>	<u>48,466,706</u>	<u>45,774,227</u>
<b>NET POSITION, end of year</b>	<u>\$ 22,537,102</u>	<u>\$ 21,421,461</u>	<u>\$ 27,334,099</u>	<u>\$ 27,045,245</u>	<u>\$ 49,871,201</u>	<u>\$ 48,466,706</u>

**Governmental Activities.** Governmental activities increased the Village's net position by \$1,115,641. Total revenues increased by \$948 thousand or 11.5%. Virtually all revenue sources experienced an increase from the prior year. Total expenses increased by \$1.2 million or 17.3%. Of this increase, \$769,308 is related to the recognition of OPEB and net pension liability on the accrual basis of accounting. Excluding the changes in OPEB and the net pension liability, total expenses increased approximately \$420 thousand, or 6%.

**Business-type Activities.** Business-type activities consisting of the Electric Fund, increased the Village's net position by \$289 thousand. Total revenues and expenses can vary significantly from year to year depending upon customer demand for electricity and incremental purchase power costs.

### Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported a combined ending fund balance of \$8,087,213 an increase of \$1,043,871 from the prior year, primarily caused by surpluses in the General and Sewer funds, offset by a small deficit in the Capital Projects fund and Other Governmental funds.

# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2023

### Financial Analysis of the Village's Funds - Continued

#### Governmental Funds - Continued

Out of the total fund balance, \$120,636 is in non-spendable form and, therefore, is not available for new spending, \$2,773,199 is restricted under the Capital Plan for General Capital Improvements, \$1,176,299 is restricted under the Capital Plan for Fire Department Vehicles, \$144,961 is restricted under the Capital Plan for Fire Department equipment purchases, \$14,996 is restricted under the Asset Forfeiture program, \$24,308 is restricted for permanent cemetery improvements, \$30,927 is reserved for insurance claims, and \$218,518 is reserved for workers' compensation claims. \$1,012,031 of the Village's total fund balance is assigned, \$129,338 was appropriated to balance the 2023-2024 General fund budget, \$107,778 is encumbered for ongoing 2023-2024 General fund contracts and the remaining \$774,915 is assigned for sewer and cemetery related activities. The remaining amount, which represents unassigned fund balances, is \$2,571,338.

The General Fund is the chief operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,571,338, while total fund balance was \$7,287,990. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 37% of total General Fund expenditures and other financing uses, while total fund balance represents approximately 105% of that same amount. The overall fund balance of the Village's General Fund increased by \$943,046 during the current fiscal year, primarily due to budgetary savings, and revenue streams exceeding projections.

General Fund revenues were higher than the modified budget by \$833,660. This favorable budget variance is due to (1) higher than anticipated interest and earnings noting the rates increased significantly throughout the year, (2) higher than anticipated miscellaneous sources noting the Village received a large premium refund from the workers compensation, and (3) unbudgeted Federal Aid from the American Rescue Plan Act (ARPA). General Fund expenditures were lower than the modified budget by \$306,668 of which \$107,778.21 was encumbered for the next year. This favorable budget variance is due to (1) a milder winter than expected causing lower than anticipated snow removal costs, (2) personnel turnover in the DPW department as well as budgeted overtime for public restroom maintenance that did not occur, (3) budgeted code revision costs of \$115,000 that did not occur during the year, and (4) an unanticipated decrease in workers' compensation premium rates.

#### Capital Asset and Debt Administration

**Table 3 - Capital Assets as of May 31, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Buildings	\$ 3,671,266	\$ 3,025,687	\$ 5,625,173	\$ 5,625,173	\$ 9,296,439	\$ 8,650,860
Machinery and equipment	6,707,937	6,460,594	4,854,272	4,729,887	11,562,209	11,190,481
Infrastructure	51,682,823	50,951,083	48,154,348	46,683,225	99,837,171	97,634,308
Accumulated depreciation	(43,147,832)	(41,428,650)	(29,728,806)	(27,988,312)	(72,876,638)	(69,416,962)
Total depreciable assets	18,914,194	19,008,714	28,904,987	29,049,973	47,819,181	48,058,687
Land	702,357	702,357	600,069	600,069	1,302,426	1,302,426
Construction-in-progress	106,617	147,995	116,136	141,710	222,753	289,705
Total non-depreciable assets	808,974	850,352	716,205	741,779	1,525,179	1,592,131
Total capital assets, net	\$ 19,723,168	\$ 19,859,066	\$ 29,621,192	\$ 29,791,752	\$ 49,344,360	\$ 49,650,818



# Village of Fairport, New York

## Management's Discussion and Analysis May 31, 2023

### Capital Asset and Debt Administration - Continued

The Village's investment in capital assets for its governmental and business-type activities as of May 31, 2023, amounts to \$49,344,360 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure assets, such as roads, streets, electrical, and sewer systems. Additional information on the Village's capital assets can be found in Note 1k on page 30 and Note 3 on page 34 of this report.

**Table 4 - Long-Term Debt as of May 31, 2023 and 2022**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds						
Principal	\$ 1,705,000	\$ 1,965,000	\$ 6,225,000	\$ 6,814,000	\$ 7,930,000	\$ 8,779,000
Unamortized premiums	-	-	110,400	117,345	110,400	117,345
Total	1,705,000	1,965,000	6,335,400	6,931,345	8,040,400	8,896,345
Notes Payable						
New York Power Authority	-	-	345,771	457,457	345,771	457,457
Total long-term debt	\$ 1,705,000	\$ 1,965,000	\$ 6,681,171	\$ 7,388,802	\$ 8,386,171	\$ 9,353,802

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$7,930,000. This entire amount comprises debt backed by the full faith and credit of the Village. Additionally, the Village is obligated under loans payable with the New York Power Authority, totaling \$345,711 as of May 31, 2023. Bond premiums are amortized over the life of the corresponding bonds. Premium amortization is recorded as a reduction in interest expense.

### Future Economic Factors

The Fairport community is one that is proud and desires to have a high quality of life associated with its Village. The Village strives to meet the expectations and standards set forth by its residents to ensure Fairport is represented proudly by our residents and visitors. Fairport is one of the few upstate Village's that provide a full array of services which include, police, fire, public works, refuse collections, leaf pickup, canal services and an electric utility. As we continue to progress forward and enhance the services and vibrancy of our community, continuous maintenance and investment must be at the forefront of our fiscal strategy to ensure a long-term and desirable presence where residents are ambassadors for the Village and call it home. The 2023-2024 budget provides the insight utilized to determine this direction as well as opportunities we can capitalize on to continue progressing Fairport forward.

The Village of Fairport adopted the 2023-2024 budget of \$7,270,753. The Village of Fairport continued its efforts to be fiscally conservative in adopting a total budget increase of only 3.38% or \$238,013 over the prior year budget. Due to the Village's ability to control spending, budget appropriately, and increased revenue from other sources, the Tax Levy (revenue raised by taxes) only increased by 1%

The Village of Fairport is committed to long-term planning through the adoption of a 10-year capital plan. Capital projects and infrastructure improvements are the cornerstone of why government exists and the most basic demand we have from our constituency. Capital planning should be comprehensive and sustain itself, both financially and politically. Infrastructure does not care who is in office or what the political structure is. It requires consistent attention and foresight at all times. The Village authorized a total of \$663,255 to be invested into the local financing of future capital costs. Such costs have been restricted and placed into reserve funds to support the future funding of capital projects. The Village is proposed to spend \$2,431,759 on general projects, including continued enhancements to Liftbridge Lane, Main Street streetscape design, as well as the annual street resurfacing, sidewalk replacement, and equipment replacement. Additionally, the Village is proposed to spend \$940,500 on fire equipment in 2023-2024.

# **Village of Fairport, New York**

## **Management's Discussion and Analysis May 31, 2023**

### **Future Economic Factors - Continued**

The sanitary sewer fund was implemented with adoption of the 19-20 budget. In 2023-2024 there will be no increase to the sanitary sewer rent which is currently \$175 per parcel based on the engineer's recommendation and known liabilities associated with this operation. Staff reviewed a modified rate structure based on several factors including flow usage. The Village is fairly equitable with respect to usage when comparing residential and commercial properties. In FY 23-24, the sanitary sewer expenses are \$509,522. \$50 thousand will be utilized to continue our efforts to investigate, televise and document the sewer mains. \$230 thousand worth of sewer main lining and repairs should be completed this year. We are making significant investments in our infrastructure and the lining is extending the life of the mains indefinitely. We continue to prioritize our efforts on the oldest infrastructure first and work forward thereafter.

The Village also continues to be successful in realizing CDBG grants and funding to assist in our infrastructure upgrades.

The Electric fund of the Village, commonly known as Fairport Municipal Commission, continues to provide quality electric service to its customers at some of the best rates in the country. In 2023-2024, the Electric Fund is proposed to spend \$27,629,720 which is a decrease of \$574,900 or 2.0% from the 2022-2023 budget. Our revenues are projected to be down by \$500k next year. This is due to the normalization of weather for our rates and having three years in a row of less than average kWh sales. Due to the costs associated with running the distribution system, personnel demands and weather changes, we will be seeking a rate case where we will request an increase in our base electric utility rates. Should we be successful in this process, we would not see a rate increase until June 2024. A notable revenue loss we experienced this year and are continuing to realize is mutual aid reimbursement from other municipal and investor-owned utilities as well as make ready work for outside contractors and companies doing business in our right-of-way. These revenues consist of hundreds of thousands of dollars each year that we have become reliant on. As previously stated, the warmer winters over the last three years have started to normalize our anticipated electric sales downward. As you are aware, so much of our revenues are unpredictable and out of the control of our organization. Fairport Electric continues to invest in its distribution system regardless of fiscal capacity. We consistently replace old poles at a robust rate, and we are replacing transformers and other related systems in an effort to keep our system as reliable as possible. We will also be designing in this budget upgrades to the Lawler substation that will hopefully translate to an additional 20 years of longevity.

### **Requests for Information**

This financial report is designed to provide a general overview of the Village's finances for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Village of Fairport  
Attention: Village Clerk-Treasurer  
31 S. Main Street  
Fairport, NY 14450

# Village of Fairport, New York

## Statement of Net Position

	May 31, 2023			
	Primary Government			Component
	Governmental	Business-type	Total	Units
	Activities	Activities		
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 2,794,435	\$ 4,789,676	\$ 7,584,111	\$ 2,306,023
Cash and cash equivalents, restricted	4,494,267	1,271,020	5,765,287	-
Investments	-	-	-	1,084,209
Receivables				
Accounts, net	29,102	1,219,773	1,248,875	101,513
Current portion of leases receivable	89,783	-	89,783	206,908
Due from other governments	383,284	-	383,284	-
State and federal receivables	727,392	-	727,392	-
Inventory	-	1,366,559	1,366,559	-
Prepaid expenses	120,636	513,779	634,415	24,526
Internal balances	(114,548)	114,548	-	-
Total current assets	<u>8,524,351</u>	<u>9,275,355</u>	<u>17,799,706</u>	<u>3,723,179</u>
<b>NONCURRENT ASSETS</b>				
Leases receivable, net of current portion	3,621,174	-	3,621,174	780,177
Net pension asset	-	-	-	732,325
Capital assets				
Land and construction in progress	808,974	716,205	1,525,179	-
Buildings, machinery, equipment, and infrastructure, net	18,914,194	28,904,987	47,819,181	3,468,792
Total noncurrent assets	<u>23,344,342</u>	<u>29,621,192</u>	<u>52,965,534</u>	<u>4,981,294</u>
Total assets	<u>31,868,693</u>	<u>38,896,547</u>	<u>70,765,240</u>	<u>8,704,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	<u>1,904,100</u>	<u>2,513,382</u>	<u>4,417,482</u>	<u>185,933</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and other current liabilities	301,854	1,057,747	1,359,601	44,923
Due to other governments	80,429	93,890	174,319	19,480
Interest payable	-	1,323	1,323	-
Advanced billings and payments	-	1,327,036	1,327,036	-
Unearned revenues	-	-	-	89,187
Customer deposits	-	246,981	246,981	-
Current maturities of bonds payable	260,000	375,000	635,000	-
Current maturities of notes payable	-	157,928	157,928	-
Total current liabilities	<u>642,283</u>	<u>3,259,905</u>	<u>3,902,188</u>	<u>153,590</u>
<b>NONCURRENT LIABILITIES</b>				
Bonds payable	1,445,000	5,960,400	7,405,400	-
Notes payable	-	187,843	187,843	-
Compensated absences	28,917	27,963	56,880	29,584
Net pension liability	2,439,957	2,248,660	4,688,617	-
Other postemployment benefits	1,812,297	1,222,087	3,034,384	55,519
Total noncurrent liabilities	<u>5,726,171</u>	<u>9,646,953</u>	<u>15,373,124</u>	<u>85,103</u>
Total liabilities	<u>6,368,454</u>	<u>12,906,858</u>	<u>19,275,312</u>	<u>238,693</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	<u>4,867,237</u>	<u>1,168,972</u>	<u>6,036,209</u>	<u>3,734,859</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,018,168	22,940,021	40,958,189	667,850
Restricted for				
Capital improvements	4,094,459	1,022,716	5,117,175	-
Section 8	-	-	-	112,276
Insurance and workers compensation	249,445	-	249,445	-
Other	39,304	-	39,304	-
Unrestricted	135,726	3,371,362	3,507,088	4,136,728
Total net position	<u>\$ 22,537,102</u>	<u>\$ 27,334,099</u>	<u>\$ 49,871,201</u>	<u>\$ 4,916,854</u>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Statement of Activities

		Year Ended May 31, 2023				
Functions/Programs		Program Revenue		Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary Government		Component Units
				Governmental Activities	Business-type Activities	
Expenses					Total	
<b>GOVERNMENTAL ACTIVITIES</b>						
General government support	\$ 1,324,773	\$ 275,768	\$ 272,050	\$ (376,955)	\$ (376,955)	\$ -
Public safety	2,583,406	735,190	2,868	(1,845,348)	(1,845,348)	-
Transportation	2,194,197			(1,713,079)	(1,713,079)	-
Economic opportunity and assistance	13,532			13,860	13,860	-
Culture and recreation	293,584	56,433		(237,151)	(237,151)	-
Home and community services	1,605,218	492,170		(1,048,248)	(1,048,248)	-
Interest on long-term debt	41,213			(41,213)	(41,213)	-
Total governmental activities	8,055,923	1,559,561	274,918	(5,248,134)	(5,248,134)	-
<b>BUSINESS-TYPE ACTIVITIES</b>						
Electric	23,385,508	22,974,941	-	-	(410,567)	-
Total primary government	\$ 31,441,431	\$ 24,534,502	\$ 274,918	(5,248,134)	(5,658,701)	-
Total component units - September 30, 2022	\$ 3,340,747	\$ 454,613	\$ 2,864,440			(21,694)
<b>GENERAL REVENUES</b>						
Real property tax and related tax items				3,292,228	-	225,792
Non-property taxes				2,135,423	-	-
Other general revenue items				9,166	427,486	-
Miscellaneous local sources				260,946	-	-
Sale of property and compensation for loss				23,276	-	3,950
Use of money and property				412,793	187,857	115,835
Unrestricted state aid				229,943	-	-
Total general revenues				6,363,775	615,343	345,577
<b>CAPITAL CONTRIBUTIONS</b>						
				-	84,078	-
<b>CHANGES IN NET POSITION</b>						
				1,115,641	288,854	323,883
NET POSITION, beginning of year				21,421,461	27,045,245	4,592,971
NET POSITION, end of year				\$ 22,537,102	\$ 27,334,099	\$ 4,916,854

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Balance Sheet - Governmental Funds

		May 31, 2023				
		Major Funds				
		General	Sewer District	Capital Projects	Other Governmental	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,858,181	\$ 801,186	\$ -	\$ 135,068	\$ -	\$ 2,794,435
Cash and cash equivalents, restricted	4,494,267	-	-	-	-	4,494,267
Accounts receivable	29,102	-	-	-	-	29,102
Leases receivable	3,710,957	-	-	-	-	3,710,957
Due from other governments	349,078	34,206	-	-	-	383,284
Due from other funds	931,401	-	138,883	-	(1,070,284)	-
Due from state and federal governments	-	-	727,392	-	-	727,392
Prepaid expenses	120,636	-	-	-	-	120,636
<b>Total assets</b>	<b>\$ 11,493,622</b>	<b>\$ 835,392</b>	<b>\$ 866,275</b>	<b>\$ 135,068</b>	<b>\$ (1,070,284)</b>	<b>\$ 12,260,073</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 254,231	\$ 12,875	\$ 29,267	\$ 5,481	\$ -	\$ 301,854
Due to other governments	80,429	-	-	-	-	80,429
Due to other funds	194,943	152,881	837,008	-	(1,070,284)	114,548
	529,603	165,756	866,275	5,481	(1,070,284)	496,831
<b>DEFERRED INFLOWS OF RESOURCES</b>	3,676,029	-	-	-	-	3,676,029
<b>FUND BALANCES</b>						
Nonspendable	120,636	-	-	-	-	120,636
Restricted	4,358,900	-	-	24,308	-	4,383,208
Assigned	237,116	669,636	-	105,279	-	1,012,031
Unassigned	2,571,338	-	-	-	-	2,571,338
Total fund balances	7,287,990	669,636	-	129,587	-	8,087,213
<b>Total liabilities and fund balances</b>	<b>\$ 11,493,622</b>	<b>\$ 835,392</b>	<b>\$ 866,275</b>	<b>\$ 135,068</b>	<b>\$ (1,070,284)</b>	<b>\$ 12,260,073</b>

# Village of Fairport, New York

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

	<u>May 31, 2023</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 8,087,213
This amount differs from the amount of net position shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	19,723,168
Deferred outflows and inflows of resources associated with long-term pension and OPEB liabilities are excluded from the governmental funds.	
Deferred outflows of resources - pension	1,860,278
Deferred inflows of resources - pension	(592,032)
Deferred outflows of resources - OPEB	43,822
Deferred inflows of resources - OPEB	(600,296)
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(1,705,000)
Compensated absences	(28,917)
Net pension liability	(2,439,957)
Other postemployment benefits liability	<u>(1,812,297)</u> (5,986,171)
Receivable balances not collected within the Village's availability period are reported as deferred inflows of resources in the fund financial statements.	<u>1,120</u>
<b>Total net position, end of year</b>	<b><u>\$ 22,537,102</u></b>

# Village of Fairport, New York

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

	Year Ended May 31, 2023				
	Major Funds				
	General	Sewer District	Capital Projects	Other Governmental	Total
<b>REVENUES</b>					
Real property taxes	\$ 3,059,716	\$ -	\$ -	\$ -	\$ 3,059,716
Real property tax items	232,512	-	-	-	232,512
Non-property tax items	2,135,423	-	-	-	2,135,423
Departmental revenues	105,589	375,025	-	-	480,614
Intergovernmental charges	733,994	34,206	-	-	768,200
Use of money and property	411,026	-	-	1,767	412,793
Fines and forfeitures	9,166	-	-	-	9,166
Licenses and permits	38,873	-	-	-	38,873
Sale of property and compensation for loss	29,896	-	-	7,000	36,896
Miscellaneous local sources	258,624	-	-	2,510	261,134
Interfund revenues	269,101	-	-	-	269,101
State aid	232,808	-	908,510	-	1,141,318
Federal aid	274,826	-	64,800	-	339,626
Total revenues	<u>7,791,554</u>	<u>409,231</u>	<u>973,310</u>	<u>11,277</u>	<u>9,185,372</u>
<b>EXPENDITURES</b>					
General government support	1,024,258	-	519,307	8,475	1,552,040
Public safety	1,743,325	-	263,670	-	2,006,995
Transportation	1,222,788	-	752,368	-	1,975,156
Economic opportunity and assistance	9,262	-	-	-	9,262
Culture and recreation	51,500	-	2,750	-	54,250
Home and community services	407,586	293,244	123,295	16,145	840,270
Employee benefits	1,402,315	-	-	-	1,402,315
Debt service					
Principal	-	-	-	260,000	260,000
Interest	-	-	-	41,213	41,213
Total expenditures	<u>5,861,034</u>	<u>293,244</u>	<u>1,661,390</u>	<u>325,833</u>	<u>8,141,501</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,930,520</u>	<u>115,987</u>	<u>(688,080)</u>	<u>(314,556)</u>	<u>1,043,871</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	113,579	534	790,936	309,583	1,214,632
Operating transfers out	(1,101,053)	-	(113,579)	-	(1,214,632)
	<u>(987,474)</u>	<u>534</u>	<u>677,357</u>	<u>309,583</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>943,046</u>	<u>116,521</u>	<u>(10,723)</u>	<u>(4,973)</u>	<u>1,043,871</u>
<b>FUND BALANCES, beginning of year</b>	<u>6,344,944</u>	<u>553,115</u>	<u>10,723</u>	<u>134,560</u>	<u>7,043,342</u>
<b>FUND BALANCES, end of year</b>	<u>\$ 7,287,990</u>	<u>\$ 669,636</u>	<u>\$ -</u>	<u>\$ 129,587</u>	<u>\$ 8,087,213</u>

See accompanying Notes to Financial Statements.

## Village of Fairport, New York

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

	<b>Year Ended May 31, 2023</b>	
Net change in fund balances shown for total governmental funds	\$	1,043,871
This amount differs from the change in net position shown in the statement of activities because of the following:		
Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which expenditures for acquisition of capital assets exceeded depreciation expense for the period.		
Capital asset additions	1,689,398	
Loss on disposal	(13,620)	
Depreciation expense	<u>(1,811,676)</u>	(135,898)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the net effect of proceeds and repayments:		
		260,000
Deferred inflows of resources related to Village revenues collected after year-end, but not soon enough to pay for current period expenditures are deferred in the funds.		
		(188)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences	(7,352)	
Net pension liability, net of deferred amounts	(314,623)	
OPEB, net of deferred amounts	<u>269,831</u>	(52,144)
<b>Change in net position of governmental activities shown in the statement of activities</b>	<b>\$</b>	<b><u>1,115,641</u></b>



# Village of Fairport, New York

## Statement of Net Position - Enterprise Fund

	<u>May 31, 2023</u>
	<u>Electric</u>
	<u>Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 4,789,676
Cash and cash equivalents, restricted	1,271,020
Accounts receivable, net	1,219,773
Due from other funds	165,677
Inventory	1,366,559
Prepaid expenses	513,779
Total current assets	<u>9,326,484</u>
<b>NONCURRENT ASSETS</b>	
Capital assets, net	29,621,192
Total assets	<u>38,947,676</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension resources	2,108,360
Other postemployment benefits	59,251
Other	345,771
Total deferred outflows of resources	<u>2,513,382</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	1,057,747
Interest payable	1,323
Customer deposits	246,981
Due to other funds	51,129
Due to other governments	93,890
Advanced billings and payments	1,327,036
Current maturities of bonds payable	375,000
Current maturities of notes payable	157,928
Total current liabilities	<u>3,311,034</u>
<b>NONCURRENT LIABILITIES</b>	
Bonds payable	5,960,400
Notes payable	187,843
Compensated absences	27,963
Net pension liability	2,248,660
Other postemployment benefits	1,222,087
Total noncurrent liabilities	<u>9,646,953</u>
Total liabilities	<u>12,957,987</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension resources	900,197
OPEB resources	268,775
Total deferred inflows of resources	<u>1,168,972</u>
<b>NET POSITION</b>	
Net investment in capital assets	22,940,021
Restricted	1,022,716
Unrestricted	3,371,362
<b>Total net position</b>	<u><u>\$ 27,334,099</u></u>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Fund

	<b>Year Ended May 31, 2023</b>
	<b>Electric Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	<u>\$ 22,974,941</u>
<b>OPERATING EXPENSES</b>	
Purchased power	13,695,293
Transmission	72,633
Maintenance, poles, towers, fixtures and conduits	22,354
Distribution	3,289,640
Street lighting	47,005
Customer accounting and collection	509,334
Administrative and general	1,808,535
Depreciation expense	2,100,323
Contractual appropriations of income	728,077
Bad debts expense	41,872
Taxes	816,295
Total operating expenses	<u>23,131,361</u>
<b>Operating loss</b>	<u><b>(156,420)</b></u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	38,076
Other revenue	427,486
Other expense	(42,523)
Rental revenue	149,781
Interest expense	(211,624)
Total nonoperating revenues (expenses)	<u>361,196</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u><b>84,078</b></u>
<b>Change in net position</b>	<b>288,854</b>
<b>NET POSITION, <i>beginning of year</i></b>	<u>27,045,245</u>
<b>NET POSITION, <i>end of year</i></b>	<u><u><b>\$ 27,334,099</b></u></u>

# Village of Fairport, New York

## Statement of Cash Flows - Enterprise Fund

	<b>Year Ended May 31, 2023 Electric Fund</b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Cash received from providing services	\$ 24,263,891
Cash payments for contractual expenses	(16,761,515)
Cash payments for personal services	(3,227,591)
Cash payments for employee benefits	(856,691)
	<b>3,418,094</b>
<b>NET CASH PROVIDED BY NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Other revenue	384,963
Rental revenue	149,781
	<b>534,744</b>
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal payments on bonds and notes	(700,686)
Interest paid	(218,802)
Acquisition of capital assets	(1,963,371)
	<b>(2,882,859)</b>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	
Interest income	<b>38,076</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,108,055</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>4,952,641</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 6,060,696</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating loss	\$ (156,420)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation	2,166,306
Loss on disposition of capital assets	51,703
Change in assets and liabilities	
Prepaid expenses	(9,260)
Accounts receivable	379,749
Inventory	(167,073)
Deferred outflows of resources	362,907
Accounts payable and accrued expenses	(159,084)
Accrued other postemployment benefits	(287,717)
Advances to/from other Village funds	(10,121)
Customer deposits	(69,405)
Advanced billings and payments	909,201
Due to other governments	(5,855)
Net pension liability	3,092,115
Compensated absences	(9,739)
Deferred inflows of resources	(2,669,213)
	<b>\$ 3,418,094</b>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Combining Statement of Net Position - Discretely Presented Component Units

	September 30, 2022			
	Industrial Development Agency	Local Development Corporation	Urban Renewal Agency	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 385,433	\$ 655,149	\$ 1,265,441	\$ 2,306,023
Investments	1,084,209	-	-	1,084,209
Receivables				
Accounts	79,103		231	79,334
Due from related party	-	-	22,179	22,179
Current portion of notes, loans and leases receivable	115,535	50,591	40,782	206,908
Prepaid expenses	6,700	1,972	15,854	24,526
	<u>1,670,980</u>	<u>707,712</u>	<u>1,344,487</u>	<u>3,723,179</u>
<b>NONCURRENT ASSETS</b>				
Notes, loans and leases receivable, net of current portion	-	260,149	520,028	780,177
Net pension asset	664,408	-	67,917	732,325
Capital assets, net	3,465,350	-	3,442	3,468,792
Total noncurrent assets	<u>4,129,758</u>	<u>260,149</u>	<u>591,387</u>	<u>4,981,294</u>
<b>Total assets</b>	<u>5,800,738</u>	<u>967,861</u>	<u>1,935,874</u>	<u>8,704,473</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources - pension	-	-	169,116	169,116
Deferred outflows of resources - OPEB	-	-	16,817	16,817
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>185,933</u>	<u>185,933</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and other current liabilities	612	1,818	18,785	21,215
FSS - escrow	-	-	1,529	1,529
Unearned revenue	75,039	14,148	-	89,187
Due to other governments	-	-	19,480	19,480
Due to related party	22,179	-	-	22,179
Total current liabilities	<u>97,830</u>	<u>15,966</u>	<u>39,794</u>	<u>153,590</u>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences	-	-	29,584	29,584
Other postemployment benefit obligation	-	-	55,519	55,519
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>85,103</u>	<u>85,103</u>
<b>Total liabilities</b>	<u>97,830</u>	<u>15,966</u>	<u>124,897</u>	<u>238,693</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - pension	-	-	244,074	244,074
Deferred inflows of resources - OPEB	-	-	76,311	76,311
Deferred inflows of resources - leases	3,414,474	-	-	3,414,474
Total deferred inflows of resources	<u>3,414,474</u>	<u>-</u>	<u>320,385</u>	<u>3,734,859</u>
<b>NET POSITION</b>				
Net investment in capital assets	664,408	-	3,442	667,850
Restricted	-	-	112,276	112,276
Unrestricted	1,624,026	951,895	1,560,807	4,136,728
<b>Total net position</b>	<u>\$ 2,288,434</u>	<u>\$ 951,895</u>	<u>\$ 1,676,525</u>	<u>\$ 4,916,854</u>

See accompanying Notes to Financial Statements.

# Village of Fairport, New York

## Combining Statement of Activities - Discretely Presented Component Units

	September 30, 2022			
	Industrial Development Agency	Local Development Corporation	Urban Renewal Agency	Total
<b>REVENUES</b>				
HUD grant revenue	\$ -	\$ -	\$ 2,812,357	\$ 2,812,357
Management services agreement	-	-	320,000	320,000
PILOT Payments	225,792	-	-	225,792
Rental of real property	106,000	9,835	-	115,835
Contract income	-	82,151	-	82,151
State grant	52,083	-	-	52,083
Program income (notes, loans)	4,422	22,962	25,078	52,462
Miscellaneous revenue	2,155	-	1,795	3,950
Total revenues	<u>390,452</u>	<u>114,948</u>	<u>3,159,230</u>	<u>3,664,630</u>
<b>OPERATING EXPENSES</b>				
Housing assistance payments	-	-	2,269,933	2,269,933
Personal services	-	-	348,218	348,218
Management services agreement	295,000	25,000	-	320,000
Liftbridge initiative	-	6,460	-	6,460
Pandemic initiative	-	63,716	-	63,716
Employee benefits	-	-	58,034	58,034
Professional fees	25,326	5,690	22,228	53,244
Depreciation	23,225	-	2,722	25,947
Community support	-	15,500	-	15,500
Insurance	9,344	-	-	9,344
Miscellaneous expenses	-	-	-	-
Office supplies and postage	-	-	49,587	49,587
Grant payments	-	-	14,190	14,190
Other	15,336	23,207	14,822	53,365
Total operating expenses	<u>368,231</u>	<u>139,573</u>	<u>2,779,734</u>	<u>3,287,538</u>
Operating income (loss)	<b>22,221</b>	<b>(24,625)</b>	<b>379,496</b>	<b>377,092</b>
<b>NON-OPERATING REVENUE (LOSS)</b>				
Net investment income (loss)	<u>(55,253)</u>	<u>1,148</u>	<u>896</u>	<u>(53,209)</u>
<b>CHANGE IN NET POSITION</b>	<b>(33,032)</b>	<b>(23,477)</b>	<b>380,392</b>	<b>323,883</b>
<b>NET POSITION, beginning of year</b>	<u>2,321,466</u>	<u>975,372</u>	<u>1,296,133</u>	<u>4,592,971</u>
<b>NET POSITION, end of year</b>	<u><b>\$ 2,288,434</b></u>	<u><b>\$ 951,895</b></u>	<u><b>\$ 1,676,525</b></u>	<u><b>\$ 4,916,854</b></u>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### **Note 1 - Organization and Summary of Significant Accounting Policies**

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

The basic financial statements have been prepared primarily from accounts maintained by the Village Treasurer. Additional data has been derived from reports prescribed by the Village Treasurer and other Village departments.

#### *a. Financial Reporting Entity*

The Village was incorporated in 1867 and is governed by Village Law, other general laws of the State of New York, and various local laws. The Board of Trustees is the legislative body responsible for overall operations. The Mayor serves as Chief Executive Officer, and the Village Treasurer serves as the Chief Fiscal Officer.

The following basic services are provided: police, fire, sanitary and storm sewers, street maintenance, snow removal, sidewalks, garbage and refuse collection, and electric.

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

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

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

The Village of Fairport Industrial Development Agency (the IDA) was created under the provision of the laws of New York State for the purpose of encouraging economic growth in the Village of Fairport, New York. The sole member of the IDA is the Village acting by and through its Mayor, ex officio. The IDA is managed by a Board of Directors consisting of five Directors that serve at the pleasure of the sole member. For these reasons, the Village is considered able to impose its will on the IDA. Since the IDA does not have a governing body that is substantively the same as the Village and does not provide services entirely or almost entirely to the Village, the IDA has been reflected as a discretely presented component unit.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *a. Financial Reporting Entity - Continued*

The Village of Fairport Local Development Corporation (the LDC) is a local development corporation of the State of New York authorized under Section 1411 of the Not-for-Profit Corporation Law. The LDC was created through a Local Law enacted in 2012 by the Village of Fairport Board of Trustees. The LDC commits its resources, expertise, and energies to create a local economy that is healthy and vibrant while actively promoting the Village of Fairport as a great place to live, work, and invest. The sole member of the LDC is the Village acting by and through its Mayor, ex officio. The LDC is managed by a Board of Directors consisting of five Directors that serve at the pleasure of the sole member. For these reasons, the Village is considered able to impose its will on the LDC. Since the LDC does not have a governing body that is substantively the same as the Village and does not provide services entirely or almost entirely to the Village, the LDC has been reflected as a discretely presented component unit.

The Village of Fairport Urban Renewal Agency (the URA) was created to develop and oversee the Village's urban renewal efforts. As part of that effort, the URA administers the Rehabilitation Loan Fund to benefit entities within the Village. The URA also operates the Section 8 Housing Assistance Payments Program which covers the eastern part of Monroe County. The sole member of the URA is the Village acting by and through its Mayor, ex officio. The URA is managed by a Board of Directors consisting of five Directors that serve at the pleasure of the sole member. For these reasons, the Village is considered able to impose its will on the URA. Since the URA does not have a governing body that is substantively the same as the Village and does not provide services entirely or almost entirely to the Village, the URA has been reflected as a discretely presented component unit.

Complete financial statements of the IDA, URA, and LDC can be obtained from its Administrative Office at the address indicated below:

Village of Fairport  
Office of Community and Economic Development  
31 S. Main Street  
Fairport, NY 14450

#### *b. Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental and business-type activities has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *b. Government-Wide Financial Statements - Continued*

Separate statements are provided for governmental funds, the enterprise fund, the component units, and fiduciary funds (if any), even though the latter is excluded from the government-wide financial statements.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, depreciation costs, and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

#### *c. Fund Financial Statements*

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, expenditures/expenses, other financing sources (uses) and capital contributions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. At times, the Village may maintain fiduciary funds, which are used to account for assets held in an agency capacity.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

The Village's resources are reflected in the fund financial statements in three broad fund categories in accordance with U.S. GAAP, as follows:

Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds:

- General Fund - constitutes the principal operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- Sewer District - accounts for the Village's sanitary sewer operations. Customers are charged a flat per parcel fee, which is used to fund necessary sanitary sewer system improvements.
- Capital Projects Fund - accounts for financial resources to be used for the acquisition or construction of major capital facilities, machinery, equipment, and infrastructure.



# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *c. Fund Financial Statements - Continued*

The Village's non-major funds include the Permanent, Debt Service, and Permanent - Cemetery.

Proprietary Funds - Proprietary funds reported by the Village are enterprise fund types. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. Enterprise funds are used to account for those operations that provide services to the public. The following is the Village's proprietary fund:

- Electric Fund - is self-supporting through charges to customers in the Village's franchise area based on electric usage. The Electric Fund is subject to regulation by the State of New York Public Service Commission (PSC) with respect to wholesale power purchased, rate structure, accounting, and other matters.
- Fiduciary Funds - Fiduciary funds are used to account for assets held by the Village in an agency capacity on behalf of others. The Village did not have any fiduciary funds as of or for the year ended May 31, 2023.

#### *d. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or collected within 120 days of the end of the current fiscal period. Receivables not expected to be collected within the next 120 days are offset by a deferred inflow of resources. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next twelve months, with the exception of items covered by GASB Interpretation No. 6 (GASBI 6), *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. GASBI 6 requires that expenditures and liabilities, such as debt service, compensated absences, and claims and judgments be recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies are recognized as revenues when all requirements of the grant and/or subsidy have been satisfied.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *d. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued*

In addition, PSC regulations require that the records for the Electric Fund be maintained in accordance with the *Uniform System of Accounts for Municipal Electric Utilities*. The financial statements of the Electric Fund are presented in a form prescribed by the Federal Energy Regulatory Commission (FERC) and the PSC. Operating revenues of the Electric Fund are determined based on customer usage and demand charged at base rates for each consumer class approved by the PSC. Purchased power costs incurred in excess of those costs included in the base rate calculation are passed on to the consumer at no profit or loss to the Electric Fund by means of a "Purchased Power Adjustment" (PPA) factor applied to the consumers' monthly billing.

#### *e. Estimates*

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

#### *f. Budgets*

Budgets are adopted on the modified accrual basis for governmental funds as required by the State of New York. Annual appropriated budgets are adopted for the General Fund, which employs a budgetary process based on the constraints of grant budgets.

The Village employs the following budgetary procedures:

- i. No later than March 15, the budget officer submits a tentative budget to the Village Clerk for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all operating funds for the Village.
- ii. After a public hearing is conducted to obtain taxpayer comments, but no later than May 15, the Village adopts the budget.
- iii. All revisions that alter appropriations of any department or fund must be approved by the Village Board. Unencumbered budgetary appropriations lapse at the close of each fiscal year, with the exception of capital projects.
- iv. Budgetary appropriations are established for individual capital projects through resolutions authorizing the corresponding Capital Projects Fund to be established which remain in effect for the life of the project.

#### *g. Cash and Cash Equivalents*

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

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *g. Cash and Cash Equivalents - Continued*

The Village's investment policies are governed by State statutes and various resolutions of the Board of Trustees. Village monies must be maintained in demand accounts or certificates of deposit in a Federal Deposit Insurance Corporation (FDIC) insured commercial bank or trust company authorized to do business in New York State. Other permissible investments include obligations of the U.S. Treasury, U.S. Agencies, and New York State or its localities.

The Village is required to collateralize its cash deposits in excess of the FDIC limit. This collateral is in the form of government and government agencies' securities pledged by the bank, under a third-party trust agreement. As of May 31, 2023, the collateral was sufficient to secure the Village's deposits.

Restricted cash and cash equivalents are reserved for purposes stipulated by external parties and purposes established by the Board in accordance with General Municipal Law.

Restricted cash and cash equivalents are held by the Electric Fund for the following purposes:

- *Depreciation Fund* - Transfers to this fund may be made up to, but not in excess of, the prior year's depreciation expense and are used for replacements of the utility plant. The balance in the Depreciation Fund was \$1,022,716 at May 31, 2023.
- *Customer Deposits Fund* - The Electric Fund requires deposits from certain customers prior to providing service. Unused deposits are returned to customers when service is terminated. The balance of the Customer Deposits Fund was \$248,304, at May 31, 2023.

Restricted cash and cash equivalents are held by the General Fund for the following purposes:

- *Capital Reserve* - The Village has established three capital reserves consisting of the General Capital Reserve, Fire Equipment Reserve and Fire Rolling Stock Reserve. The respective balances of these capital reserves at May 31, 2023 are \$2,874,880, \$178,647, and \$1,176,299.
- *Insurance Reserve* - This reserve was established to cover the deductibles of the Village's various insurance plans in the case of an emergency. The balance of the Insurance Reserve was \$30,927 at May 31, 2023.
- *Asset Forfeiture* - Consists of assets seized by law enforcement during regular and special operations, until such time that it is determined the Village may retain the property. The balance of the Asset Forfeiture was \$14,996 at May 31, 2023.
- *Workers' Compensation Reserve* - Reserve to pay out workers' compensation claims. The balance at May 31, 2023 was \$218,518.

#### *h. Short-Term Interfund Receivables/Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *i. Accounts Receivable*

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts in the Electric Fund at May 31, 2023 was \$29,013.

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable of the Electric Fund is considered to be past due if any portion of the receivable balance is outstanding for more than twenty days. Interest is charged on accounts receivable that are outstanding for more than one month at .125% per month and is recognized as it is charged. Interest continues to accrue while an account remains active. Once service is terminated and a final bill is issued, interest charges are suspended.

#### *j. Inventory*

Inventory of the Electric Fund is valued at the lower of cost or market with cost determined using a rolling average unit cost method. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices. Each year, the inventory is reviewed for obsolescence, and an adjustment is made, if necessary, to record the affected inventory item at its fair value. There were no obsolete inventory items identified in the Electric Fund as of May 31, 2023.

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

#### *k. Capital Assets*

##### *Governmental Activities*

Capital assets in governmental activities consist of land, buildings, machinery and equipment, and infrastructure and are used to carry out day-to-day government services. Capital assets are valued at historical cost or at an estimated historical cost where no historical records exist. Depreciation of capital assets for governmental funds is computed using the straight-line method over useful lives of the asset, as the following schedule indicates:

Buildings	40 years
Machinery and Equipment	5-40 years
Infrastructure	20-100 years

##### *Electric Fund*

Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, operating property is recorded at cost, including capitalized labor and overhead. Overhead costs include fringe benefits, warehouse, and truck costs. Operating property constructed with capital fees received from customers or other parties is included in utility plant. When operating property is retired, the book cost, together with the cost of removal, is charged to accumulated depreciation.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### k. Capital Assets - Continued

##### *Electric Fund - Continued*

The provision for depreciation has been computed, based on asset groups, under the straight-line method utilizing rates approved by the Electric Fund. These rates range from 1.7% to 12.5% per annum and are within the ranges recommended by the Federal Energy Regulatory Commission (FERC) and the PSC.

##### *Repairs and Maintenance Costs and Impairment of Long-lived Assets*

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Improvements are capitalized and depreciated over the remaining useful lives of the operating property using the applicable depreciation methods.

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified during the year ended May 31, 2023.

#### l. Deferred Outflows and Inflows of Resources

The Village reports certain financial transactions that do not meet the definition of an asset or liability as a deferred outflow or deferred inflow of resources. Deferred outflows and deferred inflows of resources are reported in separate sections following assets and liabilities, respectively.

The Electric Fund has reported other deferred outflows of resources in the amount of \$345,771 that represent specific costs for vehicles that the PSC permits the Electric Fund to defer. These costs will be recovered by the Electric Fund through charges to its customers via the PPA process in future billing periods.

Pension and other postemployment benefit related deferred outflows of resources and deferred inflows of resources are reported in the governmental and business-type activities, and the respective enterprise funds.

A summary of deferred outflows and inflows of resources is as follows:

	Governmental Activities		General Fund		Business-Type Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Pensions	\$ 1,860,278	\$ 592,032	-	-	\$ 2,108,360	\$ 900,197
Other postemployment benefits	43,822	600,296	-	-	59,251	268,775
Leases	-	3,674,909	-	3,674,909	-	-
Unavailable revenues	-	-	-	1,120	-	-
Regulatory deferral - NYPA loan	-	-	-	-	345,771	-
	<u>\$ 1,904,100</u>	<u>\$ 4,867,237</u>	<u>\$ -</u>	<u>\$ 3,676,029</u>	<u>\$ 2,513,382</u>	<u>\$ 1,168,972</u>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *m. Leases*

The Village is the lessor for various noncancelable leases. For leases with a maximum possible term of 12 months or less at commencement, the Village recognizes revenue based on the provisions of the lease contract. For all other leases, the Village initially recognizes a lease receivable at the present value of lease payments expected to be received during the lease term. It also recognizes a deferred inflow of resources at the amount of the initial measurement of the lease receivable, adjusted for any lease payment received prior to the commencement of the lease term.

Estimated lease payments are discounted using the Village's estimated incremental borrowing rate. Lease receivables are reduced by the principal portion of the lease payments received. Deferred lease inflows are recognized as revenue over the lease term on a straight-line basis. Deferred inflows of resources at May 31, 2023 were \$3,674,909.

The Village recognized lease revenue and related interest revenue on noncancelable leases of \$140,395 and 45,838 respectively, for the year ended May 31, 2023. These amounts are included in use of money and property in the financial statements. Future lease payments under these leases are as follows:

May 31,	Principal	Interest	Total
2024	\$ 89,783	\$ 44,951	\$ 134,734
2025	77,855	43,950	121,805
2026	80,867	42,988	123,855
2027	83,967	41,989	125,956
2028	77,187	40,951	118,138
2029 - 2033	407,412	190,173	597,585
2034 - 2038	469,670	163,778	633,448
2039 - 2043	550,389	132,856	683,245
2044 - 2048	575,258	97,029	672,287
2049 - 2053	314,482	71,277	385,759
2054 - 2058	358,854	50,922	409,776
2059 - 2063	408,576	27,716	436,292
2063 - 2065	216,657	4,734	221,391
	<u>\$ 3,710,957</u>	<u>\$ 953,314</u>	<u>\$ 4,664,271</u>

#### *n. Unearned revenue*

Advanced billings and payments represent the cumulative over collection of the Purchase Power Adjustment (PPA) that will be applied to customers future invoices. The total amount applied to future customer invoices at May 31, 2023 was \$1,327,036.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *o. Compensated Absences*

Pursuant to a resolution of the Village Board and contractual agreements, Village employees are entitled to accrue a maximum of 200 days of sick leave and 5 days of vacation leave. Employees with at least 60 days of sick leave may be paid for a maximum of 8 days, and employees with at least 180 days of sick leave may be paid for a maximum of 14 days of sick leave at the rate of \$200 per day paid in the first pay period of June; but accumulated sick leave for purposes of these payments may not fall below 60 days. An individual who leaves the employment of the Village is entitled to be paid only for unused vacation leave. No payments are made for unused personal or sick leave. Members of the Village Police Department may accrue a maximum of 175 days of sick leave and 5 days of vacation leave. Police may be paid for a maximum of 8 days of personal, and/or vacation leave at straight time in the paycheck of the pay period containing the employee's anniversary date. The Village records the value of governmental fund type compensated absences in the governmental activities. The payment of compensated absences is dependent on many factors, and therefore, cannot be reasonably estimated as to future timing of payment. The annual budgets of the operating funds provide for such amounts as they become payable.

The liability for compensated absences was as follows:

Governmental funds	\$ 28,917
Proprietary funds	<u>27,963</u>
	<u>\$ 56,880</u>

#### *p. Net Position*

Net position is reported as restricted when constraints placed on net position use are either:

- (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or
- (2) Imposed by law through constitutional provisions or enabling legislation.

The following terms are used in reporting net position:

- *Net Investment in Capital Assets* consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* consists of monies restricted for various purposes including capital improvements and insurance.
- *Unrestricted* is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not included in the determination of net investment in capital assets or restricted components of net position described above.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### q. *Fund Balance*

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

- *Nonspendable* - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.
- *Restricted* - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.
- *Assigned* - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- *Unassigned* - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

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

Note 7 provides further details regarding the Village's fund balance classifications.

#### r. *Property Taxes*

Real property taxes are levied no later than May 15 and become a lien on June 1. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax sales.

#### s. *Adoption of New Accounting Pronouncement*

Effective June 1, 2022, the Village implemented the provisions of GASB Statement No. 87, *Leases* (GASB 87). The primary objective of this statement is to enhance the relevance of and consistency of information about government leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are a financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use-asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of GASB 87 resulted in the recording of a lease receivable and deferred inflow of resources of \$3,818,304 as of June 1, 2022.



# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

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

#### *t. Subsequent Events*

The Village has evaluated subsequent events for potential recognition or disclosure through October 30, 2023 the date the financial statements were available to be issued.

### Note 2 - Stewardship, Compliance, and Accountability

Village administration prepares a proposed budget for approval by the Board of Trustees for the General Fund, Sewer Fund, Capital Projects Fund and Electric Fund. The budget is adopted annually on a basis consistent with U.S. GAAP. Appropriations are adopted at the program line item level. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year and any appropriated reserve funds. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

### Note 3 - Capital Assets

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

	Balance at June 1, 2022	Additions	Disposals/ Placed In Service	Balance at May 31, 2023
<i>Depreciable assets</i>				
Buildings	\$ 3,025,687	\$ 645,579	\$ -	\$ 3,671,266
Machinery and equipment	6,460,594	353,457	(106,114)	6,707,937
Infrastructure	50,951,083	731,740	-	51,682,823
Total capital assets	60,437,364	1,730,776	(106,114)	62,062,026
Accumulated depreciation	(41,428,650)	(1,811,676)	92,494	(43,147,832)
Total depreciable assets	19,008,714	(80,900)	(13,620)	18,914,194
<i>Non-depreciable assets</i>				
Land	702,357	-	-	702,357
Construction-in-progress	147,995	612,801	(654,179)	106,617
Total non-depreciable assets	850,352	612,801	(654,179)	808,974
Total capital assets, net	\$ 19,859,066	\$ 531,901	\$ (667,799)	\$ 19,723,168

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 3 - Capital Assets - Continued

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

	<u>May 31, 2023</u>
General government support	\$ 47,602
Public safety	243,376
Transportation	594,801
Economic opportunity and assistance	1,434
Culture and recreation	222,717
Home and community services	<u>701,746</u>
	<u><u>\$ 1,811,676</u></u>

The following is a summary of changes in the proprietary funds' capital assets during the year:

	<u>Balance at June 1, 2022</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Balance at May 31, 2023</u>
<i>Depreciable assets</i>				
Buildings	\$ 5,625,173	\$ -	\$ -	\$ 5,625,173
Machinery and equipment	4,729,887	376,855	(252,470)	4,854,272
Distribution, transmission, and other operational equipment	<u>46,683,225</u>	<u>1,696,168</u>	<u>(225,045)</u>	<u>48,154,348</u>
	57,038,285	2,073,023	(477,515)	58,633,793
Accumulated depreciation	<u>(27,988,312)</u>	<u>(2,166,306)</u>	<u>425,812</u>	<u>(29,728,806)</u>
Total depreciable assets, net	<u>29,049,973</u>	<u>(93,283)</u>	<u>(51,703)</u>	<u>28,904,987</u>
<i>Non-depreciable assets</i>				
Land	600,069	-	-	600,069
Construction in progress	<u>141,710</u>	<u>1,582,107</u>	<u>(1,607,681)</u>	<u>116,136</u>
Total non-depreciable assets	<u>741,779</u>	<u>1,582,107</u>	<u>(1,607,681)</u>	<u>716,205</u>
Total capital assets, net	<u><u>\$ 29,791,752</u></u>	<u><u>\$ 1,488,824</u></u>	<u><u>\$ (1,659,384)</u></u>	<u><u>\$ 29,621,192</u></u>

Depreciation expense on capital assets of the proprietary fund, other than transportation and shop equipment, was \$2,100,323 for the year ended May 31, 2023, and is reported in the statement of revenues, expenses, and changes in net position. Depreciation charges on transportation and shop equipment have been allocated to the various expenses or capital asset accounts via the Electric Fund's work order system. These depreciation charges totaled \$65,983 for the year ended May 31, 2023. Net costs associated with the retirement, removal, salvage, and proceeds upon the disposition of capital assets have been charged against accumulated depreciation. These costs totaled \$51,704 for the year ended May 31, 2023.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 4 - Noncurrent Liabilities

The following tables summarize changes in the Village's non-current liabilities:

Change in long-term liabilities - governmental activities:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 21,565	\$ 7,352	\$ -	\$ 28,917	\$ -
Net pension liability	140,693	2,729,416	(430,152)	2,439,957	-
Other postemployment benefits	2,611,289	159,593	(958,585)	1,812,297	-
Bonds payable	1,965,000	-	(260,000)	1,705,000	260,000
Total	<u>\$ 4,738,547</u>	<u>\$ 2,896,361</u>	<u>\$ (1,648,737)</u>	<u>\$ 5,986,171</u>	<u>\$ 260,000</u>

Change in long-term liabilities - business type activities:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds payable					
Principal	\$ 6,814,000	\$ -	\$ (589,000)	\$ 6,225,000	\$ 375,000
Unamortized premiums	117,345	-	(6,945)	110,400	-
Total bonds payable	6,931,345	-	(595,945)	6,335,400	375,000
Compensated absences	37,702		(9,739)	27,963	-
Net pension liability	-	2,582,667	(334,007)	2,248,660	-
Other postemployment benefits	1,509,804	84,322	(372,039)	1,222,087	-
Notes payable	457,457	84,078	(195,764)	345,771	157,928
Total	<u>\$ 8,936,308</u>	<u>\$ 2,751,067</u>	<u>\$ (1,507,494)</u>	<u>\$ 10,179,881</u>	<u>\$ 532,928</u>

Refer to Notes 5 and 6 for more information about the Village's net pension liability and other postemployment benefits, respectively.

#### a. Bond Indebtedness

A summary of the Village's bond issues at May 31, 2023 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
General Fund				
2016 Public Improvement Serial Bond	5/2017	5/2027	2.000%	\$ 450,000
2019 Public Improvement Serial Bond	6/2019	5/2034	2.650%	570,000
2021 Public Improvement Refunding Serial Bonds	2/2021	5/2030	0.771%	235,000
2021 Public Improvement Serial Bonds	5/2021	5/2031	1.221%	450,000
				<u>1,705,000</u>
Electric Fund				
2018 Public Improvement Serial Bond	5/2018	5/2046	3.000% - 3.500%	5,010,000
2021 Public Improvement Refunding Serial Bonds	2/2021	5/2030	0.771%	1,215,000
				<u>6,225,000</u>
Total bonds payable				<u>\$ 7,930,000</u>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 4 - Noncurrent Liabilities - Continued

#### a. Bond Indebtedness - Continued

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

	Governmental Activities		
	Principal	Interest	Total
For the year ending May 31,			
2024	260,000	36,738	296,738
2025	265,000	32,212	297,212
2026	280,000	27,575	307,575
2027	280,000	21,538	301,538
2028	170,000	15,500	185,500
2029 through 2033	415,000	28,331	443,331
2034	35,000	1,137	36,137
	<u>\$ 1,705,000</u>	<u>\$ 163,031</u>	<u>\$ 1,868,031</u>
	Business-type Activities		
	Principal	Interest	Total
For the year ending May 31,			
2024	\$ 375,000	\$ 208,238	\$ 583,238
2025	365,000	200,662	565,662
2026	375,000	192,975	567,975
2027	375,000	179,513	554,513
2028	380,000	166,050	546,050
2029 through 2033	1,495,000	642,225	2,137,225
2034 through 2038	1,225,000	407,750	1,632,750
2039 through 2043	970,000	220,850	1,190,850
2044 through 2046	665,000	47,075	712,075
	<u>\$ 6,225,000</u>	<u>\$ 2,265,338</u>	<u>\$ 8,490,338</u>

#### b. Notes Payable

A summary of the Village's outstanding notes payable at May 31, 2023 is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance
Electric Fund				
NYPA Loan 2019/20	6/2019	7/2023	0.000%	\$ 16,938
NYPA Loan 2022/23	4/2022	7/2025	0.000%	244,755
NYPA Loan 2023/24-2	3/2023	5/2026	0.000%	84,078
				<u>\$ 345,771</u>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 4 - Noncurrent Liabilities - Continued

#### *b. Notes Payable - Continued*

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

For the year ending May 31,	
2024	\$ 157,928
2025	140,990
2026	46,853
	<hr/>
	\$ 345,771

### Note 5 - New York State Retirement System

#### *a. Plan Description and Benefits Provided*

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as the New York State and Local Retirement System (the System). These are cost-sharing, multiple employer retirement systems. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan 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. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (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 benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street Albany, New York 12244.

#### *b. Plan Benefits*

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

#### ERS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 5 - New York State Retirement System - Continued

#### *b. Plan Benefits - Continued*

##### ERS - Continued

- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

##### PFRS

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

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

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### **Note 5 - New York State Retirement System - Continued**

#### *b. Plan Benefits - Continued*

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

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

#### *c. Funding Policy*

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

Participating employers are required under the NYSRSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS and PFRS for 2021 was approximately 14.6% and 24.4% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' year ending March 31.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 5 - New York State Retirement System - Continued

#### c. Funding Policy - Continued

The required contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

Year	ERS	PFRS
2023	\$ 507,764	\$ 256,395
2022	650,276	252,453
2021	581,830	203,996

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

At May 31, 2023, the Village reported a liability of \$3,418,455 for its proportionate share of the net pension liability of the ERS and a liability of \$1,270,162 for its proportionate share of the net pension liability of the PFRS. The net pension liability was measured as of March 31, 2023, and the total pension liability was determined by an actuarial valuation as of April 1, 2022. The Village's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At the March 31, 2023 measurement date, the Village's proportionate share in the ERS was .0159413% and the PFRS was .0230500%.

For the year ended May 31, 2023, the Village recognized pension expense of \$1,173,439 related to ERS and \$354,780 related to PFRS. At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 248,738	\$ 32,852
Changes of assumptions	1,187,074	6,279
Net differences between projected and actual investment earnings on pension plan investments	2,245	6,872
Changes in proportion and differences between employer contributions and proportionate share of contributions	422,221	546,029
Total	<u>\$ 1,860,278</u>	<u>\$ 592,032</u>



# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 5 - New York State Retirement System - Continued

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

	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 239,500	\$ 63,151
Changes of assumptions	1,092,094	12,070
Net differences between projected and actual investment earnings on pension plan investments	-	13,211
Changes in proportion and differences between employer contributions and proportionate share of contributions	776,766	811,765
Total	<u>\$ 2,108,360</u>	<u>\$ 900,197</u>

Amounts recognized as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized as follows:

	Governmental Activities	Business-Type Activities	Total
Year ending May 31,			
2024	\$ 250,267	\$ 279,704	\$ 529,971
2025	(129,292)	(137,237)	(266,529)
2026	588,391	456,497	1,044,888
2027	539,192	609,199	1,148,391
2028	19,688	-	19,688
Total	<u>\$ 1,268,246</u>	<u>\$ 1,208,163</u>	<u>\$ 2,476,409</u>

*e. Actuarial Assumptions*

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. Significant actuarial assumptions used in the valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.9 percent
Salary Scale	
ERS	4.4 percent, indexed by service
PFRS	6.2 percent, indexed by service
Investment rate of return, including inflation	5.9 percent, compounded annually, net of expenses
Cost of living adjustments	1.4 percent
Decrement	Based on FY 2015 - 2020 experience
Mortality improvement	Society of Actuaries Scale MP-2021

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 5 - New York State Retirement System - Continued

#### *e. Actuarial Assumptions - Continued*

Demographic assumptions used in the April 1, 2022 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

#### *f. Investment Asset Allocation*

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	4.30%
International equity	15.00%	6.85%
Private equity	10.00%	7.50%
Real estate	9.00%	4.60%
Opportunistic/Absolute return strategies	3.00%	5.38%
Credit	4.00%	5.43%
Real assets	3.00%	5.84%
Fixed income	23.00%	1.50%
Cash	1.00%	0.00%
	<u>100.00%</u>	

#### *g. Discount Rate*

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 5 - New York State Retirement System - Continued

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

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1.0% higher or lower than the current rate:

	1% Decrease (4.90%)	Current Discount (5.90%)	1% Increase (6.90%)
Village's proportionate share of the net pension liability (asset)			
ERS	\$ 8,260,940	\$ 3,418,455	\$ (628,004)
PFRS	2,647,711	1,270,162	129,468

#### *i. Pension Plan Fiduciary Net Position*

The components of the current-year net pension liability of the New York State and Local Employees' Retirement System as of March 31, 2023 were as follows:

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 232,627,259	\$ 43,835,333	\$ 276,462,592
Plan net position	(211,183,223)	(38,324,863)	(249,508,086)
Employers' net pension liability	<u>\$ 21,444,036</u>	<u>\$ 5,510,470</u>	<u>\$ 26,954,506</u>
Ratio of fiduciary net position to total pension liability	<u>90.78%</u>	<u>87.43%</u>	<u>90.25%</u>

### Note 6 - Other Postemployment Benefits (OPEB)

#### *a. Plan Overview*

The Village provides certain health benefits subsequent to employment for eligible retirees by administering a single-employer defined benefit healthcare plan.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

#### *b. Contributions*

##### *Non-Police Employees*

The Village contributes a fixed amount determined at retirement toward single or 2-person coverage for the later of 6 years, or until the retiree reaches age 65. For retirees, whose 6 years of coverage extend beyond age 65, the Village contributes only to a Medicare supplement plan. Increases in premiums subsequent to employment are paid by the retirees.

Employees hired prior to January 1, 2006 must have 10 years of service at the Village and be qualified to retire under ERS to be eligible. Employees hired on or after January 1, 2006 must have 15 years of service at the Village and be qualified to retire under ERS to be eligible.

The Village's contribution for employees is as follows:

Employees Hired Before February 1, 2023		Employees Hired After February 1, 2023	
<u>Years of Service</u>	<u>Village Pays</u>	<u>Years of Service</u>	<u>Village Pays</u>
10 - 14	50%	15 and age 55	100%
15 or more	100%	20 or more	100%

##### *Police Employees*

The Village contributes toward a base plan in effect at retirement until the retiree reaches age 65. Increases in premiums subsequent to employment are split equally between the retiree and the Village. Employees hired before February 1, 2023 must be eligible to retire under PFRS and have at least 15 years of service with the Village. Employees hired after February 1, 2023 must be eligible to retire under PFRS and have at least 20 years of service with the Village or attain 15 years of service with the Village and a minimum age of 55.

The Village's contributions for these employees is as follows:

Employees Hired Before January 1, 2006		Employees Hired After January 1, 2006	
<u>Years of Service</u>	<u>Village Pays</u>	<u>Years of Service</u>	<u>Village Pays</u>
10 - 14	50%	15-19	75%
15 or more	100%	20 or more	100%

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

#### *b. Contributions - Continued*

The Village recognizes OPEB expenses as the benefits are earned on the accrual basis of accounting in the Governmental Activities and Business-Type Activities. A summary of active employees and retired employees covered under the plan as of the June 1, 2022 valuation date is as follows:

	Governmental Activities	Business-type Activities	Total
Active not eligible to retire	22	29	51
Active eligible to retire	8	4	12
Retired and surviving spouses	11	3	14
Retired spouses covered	6	2	8
Total	47	38	85

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

#### *c. Funding Policy*

The contribution requirements of plan members and the Village are established and may be amended by the Village Board. The Village is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the year ended May 31, 2023, the Village paid approximately \$338,910 on behalf of the plan members.

#### *d. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB*

At May 31, 2023, the Village reported a liability of \$1,812,297 in the governmental activities and \$1,221,087 in the business-type activities for its OPEB liability. The OPEB liability was measured as of May 31, 2023 by an actuarial valuation as of June 1, 2022. For the year ended May 31, 2023, the Village recognized OPEB credit to expense of \$127,966 in the governmental activities and expenses of \$53,633 in the business-type activities.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

#### *d. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEB - Continued*

At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,198	\$ 313,306
Changes of assumptions or other inputs	1,629	286,990
Contribution subsequent to the measurement date	36,995	-
Total	<u>\$ 43,822</u>	<u>\$ 600,296</u>
	Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,179	\$ 100,467
Changes of assumptions or other inputs	2,619	168,308
Contribution subsequent to the measurement date	30,453	-
Total	<u>\$ 59,251</u>	<u>\$ 268,775</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-type Type-Activities
Year ending May 31,		
2024	\$ (110,878)	\$ (31,630)
2025	(117,705)	(38,823)
2026	(117,705)	(27,343)
2027	(117,705)	(27,343)
2028	(117,705)	(27,343)
Thereafter	(11,771)	(87,495)
Total	<u>\$ (593,469)</u>	<u>\$ (239,977)</u>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

#### *e. Actuarial Methods and Assumptions*

The total OPEB liability in the May 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Entry age normal - level percent of pay			
Measurement date	June 1, 2022			
Discount rate	Fidelity Municipal GO AA 20-Year Bond Rate			
Beginning of year	2.37%			
End of year	4.06%			
Salary scale				
Beginning of year	3.44%			
End of year	3.53%			
Inflation Rate	2.53%			
Mortality	Pub-2010 Public Retirement Plans Mortality Tables, Headcount Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2021			
Termination Rates	2003 Society of Actuaries small plan withdrawal, scaled 75% for police, unscaled for non-police.			
Retirement incidence		Police		Non-Police
	Under 59	45%	55	30%
	60+	100%	56-64	15%
			65-69	30%
			70+	100%
Marriage rate	70% of retirees assumed to be married at the time of retirement and elect coverage for a spouse. Actual spousal information was used for retirees when available.			
Health care cost trend rates	The short term trend rates were based on the National Health Expenditure Projections 2014-2030 and reflect the impact of legislative changes in 2022 and future years. Long-term trend rates were developed using the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2023_c(updated October 2022). CPI Inflation Rates are based on The Livingston Survey for June 2022, Long-Term (10-year) Forecast mean rates. Real GDP rates are based on median rates for OECD 2023-2060 GDP, published 2022.			
Inflation (CPI) for Years 2032+	2.53%			
Real GDP (per capita) for Year 2032+	1.43%			
Excess Medical Cost Growth Rate 2032+	0.80%			
Expected Health Share of GDP 2032	19.80%			
Share of GDP above which cost growth is assumed to meet resistance	19.00%			
Year after which medical costs are limited to rate of growth in GDP.	2075			

The discount rate used to measure the liability was 4.06%, based on the Fidelity Municipal GO AA 20-Year Bond rate as of the measurement date.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 6 - Other Postemployment Benefits (OPEB) - Continued

#### *e. Actuarial Methods and Assumptions - Continued*

#### *Changes in OPEB Liability*

Changes in the OPEB liability are as follows:

	Governmental Activities	Business-type Activities	Total
June 1, 2022	\$ 2,611,289	\$ 1,509,804	\$ 4,121,093
Charges for the year			
Service cost	98,832	50,205	149,037
Interest	60,761	34,117	94,878
Change in benefit terms	(94,213)	-	(94,213)
Difference in expected and actual experience	(374,739)	(82,588)	(457,327)
Changes in assumptions and other inputs	(343,262)	(168,965)	(512,227)
Benefit payments	(146,371)	(120,486)	(266,857)
Net changes	(798,992)	(287,717)	(1,086,709)
May 31, 2023	\$ 1,812,297	\$ 1,222,087	\$ 3,034,384

#### *Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates and Discount Rate*

The following presents the OPEB liability as of May 31, 2023, calculated using the discount rate of 4.06%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	3.06% 1% Decrease	4.06% Discount Rate	5.06% 1% Increase
OPEB plan liability			
Proprietary activities	\$ 1,323,731	\$ 1,222,087	\$ 1,130,296
Governmental activities	1,951,938	1,812,297	1,687,145
	<u>\$ 3,275,669</u>	<u>\$ 3,034,384</u>	<u>\$ 2,817,441</u>

The following presents the OPEB liability as of May 31, 2023 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower or 1% higher than the current rates:

	1% Decrease (4.50% to 3.00%)	Healthcare Cost Trend Rate (5.50% to 4.00%)	1% Increase (6.50% to 5.00%)
OPEB plan liability			
Proprietary activities	\$ 1,129,506	\$ 1,222,087	\$ 1,327,558
Governmental activities	1,722,916	1,812,297	1,912,480
	<u>\$ 2,852,422</u>	<u>\$ 3,034,384</u>	<u>\$ 3,240,038</u>



# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 7 - Fund Balance

A summary of fund balance classifications is as follows:

	General	Sewer	Capital	Nonmajor
Nonspendable				
Prepaid expenditures	\$ 120,636	\$ -	-	\$ -
Restricted for				
Insurance reserve	30,927	-	-	-
Workers' compensation reserve	218,518	-	-	-
General capital reserve	2,773,199	-	-	-
Fire rolling stock reserve	1,176,299	-	-	-
Fire equipment reserve	144,961	-	-	-
Asset forfeiture	14,996	-	-	-
Permanent fund	-	-	-	24,308
	<u>4,358,900</u>	<u>-</u>	<u>-</u>	<u>24,308</u>
Assigned for				
Appropriated	129,338	-	-	-
Encumbrances	107,778	-	-	-
Special revenue purposes	-	669,636	-	105,279
	<u>237,116</u>	<u>669,636</u>	<u>-</u>	<u>105,279</u>
Unassigned	<u>2,571,338</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 7,287,990</u>	<u>\$ 669,636</u>	<u>\$ -</u>	<u>\$ 129,587</u>

### Note 8 - Finger Lakes Health Insurance Trust

The Village participates in the Finger Lakes Health Insurance Trust, a consortium of local municipalities that competitively bids credible experience rated coverage for the members of the trust. The Village recognizes the cost of providing such benefits by recording its share of insurance premiums as an expenditure the year paid. During the year ended May 31, 2023, \$472,372 was paid by the governmental activities, and \$452,980 was paid by the Electric Fund on behalf of 58 employees and 21 retirees. The cost of providing benefits for retirees is not separable from the cost of providing benefits for active employees.

### Note 9 - Interfund Transactions

Interfund balances are as follows at May 31, 2023:

	Due To Other Funds				
Due From Other Funds	General	Sewer	Capital Projects	Electric	Total
General	\$ -	\$ 152,881	\$ 727,391	\$ 51,129	931,401
Capital Projects	138,883	-	-	-	138,883
Electric	56,060	-	109,617	-	165,677
	<u>\$ 194,943</u>	<u>\$ 152,881</u>	<u>\$ 837,008</u>	<u>\$ 51,129</u>	<u>\$ 1,235,961</u>

	Transfer In					
Transfer Out	General	Capital Projects	Sewer	Debt Service	Permanent	Total
General	-	\$ 790,936	\$ 534	\$ 301,213	\$ 8,370	\$ 1,101,053
Capital Projects	113,579	-	-	-	-	113,579
	<u>\$ 113,579</u>	<u>\$ 790,936</u>	<u>\$ 534</u>	<u>\$ 301,213</u>	<u>\$ 8,370</u>	<u>\$ 1,214,632</u>

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 10 - Commitments

#### *a. Power Supply and Transmission Contracts*

Electric power distributed by the Electric Fund is obtained from the New York Power Authority (NYPA) under a supply contract which expires during 2025. The Electric Fund is entitled to a specific amount of kilowatts of firm hydroelectric power and associated energy. Demand, energy, and transmission charges under this contract are subject to change and approval of regulatory authorities. There are no minimum capacity or other fixed charge components to this contract. Electric purchases under this contract totaled \$5,358,976 for the year ended May 31, 2023.

The Village's Electric Fund also purchases power in excess of that supplied by NYPA from the New York Municipal Power Agency (NYMPA), a not-for-profit joint action organization of which the Village is a member, and National Grid. Electric purchases and transmission charges, and other related charges under these agreements totaled \$4,452,634 and \$1,115,962, respectively, for the year ended May 31, 2023.

#### *b. New York Independent System Operators (NYISO)*

NYISO is a not-for-profit corporation under the aegis of the Federal Electric Regulatory Commission, with responsibility to provide free access to the electric transmission facilities within New York State. All NYISO costs are billed to users of the electric transmission grid. Pricing is market based rather than cost based. NYISO charges totaled \$582,630 for the year ended May 31, 2023. These costs are included in electricity purchased.

#### *c. Clean Energy Standards*

Effective February 22, 2017, the PSC approved the Phase 1 Implementation Plan associated with PSC Case 15-E-0302, *Proceeding on Motion of the Commission to Implement a Large-Scale Renewable Program and a Clean Energy Standard (CES)*. Case 15-E-0302 requires the procurement of Renewable Energy Credits (RECs) and Zero-Emissions Credits (ZECs) by all load serving entities (LSE) in New York State.

To comply with the CES, NYMPA purchased the required RECs and ZECs for the Electric Fund (as well as other NYMPA members). The cost of these RECs and ZECs were billed by NYMPA to the Electric Fund on a monthly basis. The billings for the RECs and ZECs commenced in January and February 2017, respectively.

The cost of the RECs and ZECs to the Electric Fund were \$2,185,091 for the year ended May 31, 2023. The costs associated with the RECs and ZECs have been passed onto the Electric Fund's customers, in their entirety, through the CES surcharge applied to each customer's monthly bill. As such, the impact of the RECs and ZECs on the Electric Fund's statement of revenues, expenses, and changes in net position is revenue neutral.

#### *d. Operation of Water System*

The Village entered into an agreement for the operation of its water and distribution system with the Monroe County Water Authority on October 13, 2004. The forty (40) year operation agreement requires the Monroe County Water Authority to assume responsibility and cost for all repairs and replacements done to the system. The Village retains sole rights to revenues derived from antennae lease agreements in place prior to the operation agreement and will share in any additional agreement after that date. The Authority also assumes the responsibility for payment of the bond associated with the Fairport Municipal Commission Operations building allocated to the water operations prior to the operation agreement.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### **Note 10 - Commitments - Continued**

#### *e. Tax Abatements*

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. The Village's tax abatement programs are substantially covered by related Payment in Lieu of Taxes (PILOT) agreements. The Village does not have any material PILOT agreements.

### **Note 11 - Risks and Uncertainties**

The Electric Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions, weather, and natural disaster disruptions; collective bargaining labor disputes, and governmental regulation.

### **Note 12 - Accounting Pronouncements Issued But Not Yet Implemented**

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### Note 12 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

# Village of Fairport, New York

## Notes to Financial Statements May 31, 2023

### **Note 12 - Accounting Pronouncements Issued But Not Yet Implemented**

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

# Village of Fairport, New York

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

	Year Ended May 31, 2023			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real property taxes	\$ 3,051,635	\$ 3,051,635	\$ 3,059,716	\$ 8,081
Real property tax items	233,828	233,828	232,512	(1,316)
Non-property tax items	2,081,757	2,081,757	2,135,423	53,666
Departmental revenues	128,590	128,590	105,589	(23,001)
Intergovernmental charges	733,804	733,804	733,994	190
Use of money and property	209,120	209,120	411,026	201,906
Fines and forfeitures	10,000	10,000	9,166	(834)
Licenses and permits	25,600	25,600	38,873	13,273
Sale of property and compensation for loss	-	-	29,896	29,896
Miscellaneous local sources	500	500	258,624	258,124
Interfund revenues	264,925	264,925	269,101	4,176
State aid	218,135	218,135	232,808	14,673
Federal aid	-	-	274,826	274,826
Total revenues	<u>6,957,894</u>	<u>6,957,894</u>	<u>7,791,554</u>	<u>833,660</u>
<b>EXPENDITURES</b>				
General government support	1,006,038	1,054,790	1,024,258	30,532
Public safety	1,636,796	1,755,109	1,743,325	11,784
Transportation	1,349,096	1,227,495	1,222,788	4,707
Economic opportunity and assistance	14,450	11,282	9,262	2,020
Culture and recreation	44,473	65,837	51,500	14,337
Home and community services	573,730	621,801	407,586	214,215
Employee benefits	1,443,168	1,431,388	1,402,315	29,073
Total expenditures	<u>6,067,751</u>	<u>6,167,702</u>	<u>5,861,034</u>	<u>306,668</u>
<b>Excess of revenues over expenditures</b>	<u><b>890,143</b></u>	<u><b>790,192</b></u>	<u><b>1,930,520</b></u>	<u><b>1,140,328</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated interfund transfers in	-	-	113,579	113,579
Appropriated interfund transfer out	(309,108)	(309,583)	(1,101,053)	(791,470)
Budgetary provisions for other uses	(655,881)	(608,572)	-	608,572
Total other financing sources (uses)	<u>(964,989)</u>	<u>(918,155)</u>	<u>(987,474)</u>	<u>(69,319)</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u><b>\$ (74,846)</b></u>	<u><b>\$ (127,963)</b></u>	<u>943,046</u>	<u><b>\$ 1,071,009</b></u>
<b>FUND BALANCE, beginning of year</b>			<u>6,344,944</u>	
<b>FUND BALANCE, end of year</b>			<u><b>\$ 7,287,990</b></u>	

# Village of Fairport, New York

## Required Supplementary Information Schedule of Other Postemployment Benefits Liability

	Governmental Activities			
	2023	2022	2021	2020
Total OPEB liability - beginning	\$ 2,611,289	\$ 2,561,870	\$ 3,331,701	\$ 3,237,904
Charges for the year				
Service cost	98,832	98,862	133,764	141,178
Interest	60,761	62,413	58,957	117,765
Change in benefit terms	(94,213)	-	-	-
Difference in expected and actual experience	(374,739)	39,856	48,075	(623,176)
Changes in assumptions and other inputs	(343,262)	12,487	(802,464)	654,262
Benefit payments	(146,371)	(164,199)	(208,163)	(196,232)
Net changes	(798,992)	49,419	(769,831)	93,797
Total OPEB liability - ending	\$ 1,812,297	\$ 2,611,289	\$ 2,561,870	\$ 3,331,701
Covered payroll	\$ 2,392,294	\$ 2,363,805	\$ 2,285,194	\$ 2,271,720
OPEB liability as a percentage of covered payroll	75.76%	110.47%	112.77%	146.66%
				142.53%

	Business-Type Activities			
	2023	2022	2021	2020
Total OPEB liability - beginning	\$ 1,509,804	\$ 1,604,713	\$ 1,614,341	\$ 1,661,351
Charges for the year				
Service cost	50,205	55,361	56,540	54,215
Interest	34,117	38,038	27,876	58,453
Difference in expected and actual experience	(82,588)	(55,126)	113,440	(208,300)
Changes in assumptions and other inputs	(168,965)	5,375	(76,737)	184,366
Benefit payments	(120,486)	(138,557)	(130,747)	(135,744)
Net changes	(287,717)	(94,909)	(9,628)	(47,010)
Total OPEB liability - ending	\$ 1,222,087	\$ 1,509,804	\$ 1,604,713	\$ 1,614,341
Covered payroll	\$ 2,888,246	\$ 2,458,514	\$ 2,376,754	\$ 2,336,268
OPEB liability as a percentage of covered payroll	42.31%	61.41%	67.52%	69.10%
				71.11%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

# Village of Fairport, New York

## Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability

	May 31,							
	2023	2022	2021	2020	2019	2018	2017	2016
<b>New York State and Local Employees' Retirement System</b>								
Village's proportion of the net pension liability (asset)	0.0159413%	0.0159722%	0.0152068%	0.0158907%	0.0150366%	0.0154072%	0.0148313%	0.0148324%
Village's proportionate share of the net pension liability (asset)	\$ 3,418,455	\$ (1,305,658)	\$ 15,142	\$ 4,207,952	\$ 1,065,387	\$ 497,260	\$ 1,393,583	\$ 2,380,646
Village's covered-employee payroll	4,559,944	4,243,315	4,173,516	4,275,759	4,188,958	4,266,862	4,470,700	4,014,917
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	74.97%	-30.77%	0.36%	98.41%	25.43%	11.65%	31.17%	59.30%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.40%	96.30%	98.20%	94.70%	90.70%
<b>New York State and Local Police and Fire Retirement System</b>								
Village's proportion of the net pension liability	0.0230500%	0.0247680%	0.02570220%	0.0280864%	0.0254318%	0.0248661%	0.0249858%	0.0293650%
Village's proportionate share of the net pension liability	\$ 1,270,162	\$ 140,693	\$ 446,262	\$ 1,501,201	\$ 426,507	\$ 251,336	\$ 517,868	\$ 869,434
Village's covered-employee payroll	984,760	990,077	911,667	914,820	871,450	813,952	768,297	791,780
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.98%	14.21%	48.95%	164.10%	48.94%	30.88%	67.40%	109.81%
Plan fiduciary net position as a percentage of the total pension liability	87.43%	98.66%	95.8%	84.9%	95.1%	96.9%	93.5%	90.2%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*



# Village of Fairport, New York

## Required Supplementary Information Schedule of Pension Contributions

May 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	
<b>New York State and Local Employees' Retirement System</b>									
Contractually required contribution	\$ 507,764	\$ 650,276	\$ 581,830	\$ 592,286	\$ 603,821	\$ 644,879	\$ 617,750	\$ 714,150	
Contributions in relation to the contractually required contribution	507,764	650,276	581,830	592,286	603,821	644,879	617,750	714,150	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	
Village's covered-employee payroll	4,559,944	4,243,315	4,173,516	4,275,759	4,188,958	4,266,862	4,470,700	4,014,917	
Contribution as a percentage of covered-employee payroll	11.14%	15.32%	13.94%	13.85%	14.41%	15.11%	13.82%	17.79%	
<b>New York State and Local Police and Fire Retirement System</b>									
Contractually required contribution	\$ 256,395	\$ 252,453	\$ 203,996	\$ 188,186	\$ 174,389	\$ 187,748	\$ 180,984	\$ 190,584	
Contributions in relation to the contractually required contribution	256,395	252,453	203,996	188,186	174,389	187,748	180,984	190,584	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	
Village's covered-employee payroll	984,760	990,077	911,667	914,820	871,450	813,952	768,297	791,780	
Contribution as a percentage of covered-employee payroll	26.04%	25.50%	22.38%	20.57%	20.01%	23.07%	23.56%	24.07%	

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

# Village of Fairport, New York

## Supplementary Information Combining Balance Sheet - Non-Major Governmental Funds

	May 31, 2023		
	Permanent Fund	Permanent Fund - Cemetery	Total
<b>ASSETS</b>			
Cash and cash equivalents	<u>\$ 26,304</u>	<u>\$ 108,764</u>	<u>\$ 135,068</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	<u>1,996</u>	<u>3,485</u>	<u>5,481</u>
<b>FUND BALANCES</b>			
Restricted	24,308	-	24,308
Assigned	<u>-</u>	<u>105,279</u>	<u>105,279</u>
Total fund balances	<u>24,308</u>	<u>105,279</u>	<u>129,587</u>
	<u>\$ 26,304</u>	<u>\$ 108,764</u>	<u>\$ 135,068</u>

# Village of Fairport, New York

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

	Year Ended May 31, 2023			
	Debt Service	Permanent Fund	Permanent Fund - Cemetery	Total
<b>REVENUES</b>				
Use of money and property	\$ -	\$ 753	\$ 1,014	1,767
Sale of property and compensation for loss			7,000	7,000
Miscellaneous local sources	-	-	2,510	2,510
Total revenues	-	753	10,524	11,277
<b>EXPENDITURES</b>				
General government support	-	8,475	-	8,475
Home and community services	-	-	16,145	16,145
Debt service				
Principal	260,000	-	-	260,000
Interest	41,213	-	-	41,213
Total expenditures	301,213	8,475	16,145	325,833
<b>Deficiency of revenues over expenditures</b>	<b>(301,213)</b>	<b>(7,722)</b>	<b>(5,621)</b>	<b>(314,556)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	301,213	8,370	-	309,583
	301,213	8,370	-	309,583
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>-</b>	<b>648</b>	<b>(5,621)</b>	<b>(4,973)</b>
<b>FUND BALANCES, beginning of year</b>	<b>-</b>	<b>23,660</b>	<b>110,900</b>	<b>134,560</b>
<b>FUND BALANCES, end of year</b>	<b>\$ -</b>	<b>\$ 24,308</b>	<b>\$ 105,279</b>	<b>\$ 129,587</b>



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

Mayor and Board of Trustees  
Village of Fairport, New York  
Fairport, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Fairport, New York (Village), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 30, 2023. Our audit report includes a reference to other auditors who audited the financial statements of the Fairport Industrial Development Agency, Fairport Local Development Corporation, and Fairport Urban Renewal Agency, the aggregate discretely presented component units. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

BST+Co.CPAs, LLP

Latham, New York  
October 30, 2023

