VILLAGE OF ELMIRA HEIGHTS

ELMIRA HEIGHTS, NEW YORK

FINANCIAL STATEMENTS

MAY 31, 2015

VILLAGE OF ELMIRA HEIGHTS

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and the Trustees of
the Village Board of the
Village of Elmira Heights
Elmira Heights, New York

I have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Elmira Heights, New York as of and for the year ended May 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note-2 to the financial statements, management has not recorded certain postemployment benefits other than pensions in governmental activities and, accordingly, has not recorded expenses related to those costs. Accounting principles generally accepted in the United States of America require that these postemployment costs be recorded as liabilities and the related costs be expensed, which would increase liabilities, decrease net assets, and increase expenses. The amount by which this departure would affect the liabilities, net assets and expenses of the governmental activities is not reasonably determinable.

Qualified Opinion

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Village of Elmira Heights, as of May 31, 2015, and the respective changes in the financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unqualified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Village of Elmira Heights, as of May 31, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United Sates of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary information on pages 3-7 and 28-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental accounting Standards Board, who considers it to be an essential part of reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Elmira Heights, New York's basic financial statements. The combining individual special revenue fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining special revenue fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining individual special revenue fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

October 16, 2015

Richard McNeilly, CPA

VILLAGE OF ELMIRA HEIGHTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended May 31, 2015

Our discussion and analysis of the Village of Elmira Heights, New York's financial performance provides an overview of the Village's financial activities for the year ended May 31, 2015. This document should be read in conjunction with the Village's financial statements.

FINANCIAL HIGHLIGHTS

The Village's net assets decreased $(235,398) as a result of this year's activity.

The assets of the Village exceeded its liabilities by $836,845 (net assets) at the end of May 31, 2015. Of this amount, $85,174 is unrestricted net assets.

No new debt was issued during the year and capital assets of $74,379 were purchased.

At the end of the year unrestricted fund balance of the general fund was $161,188, of which $-0- was appropriated for the 2015/2016 fiscal year budget.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than government-wide statements by providing information about activities for which the Village acts as a trustee or agent for the benefit of those outside of the government.

REPORTING THE VILLAGE AS A WHOLE

The Statement of Net Position and the Statement of Activities

Our analysis of the Village as a whole begins on page 8. The statement of net position and the statement of activities report information about the Village as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Village's net position and changes in them. You can think of the Village's net position - the difference between assets and liabilities - as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Village's property tax base and the condition of the Village's roads and infrastructure, to assess the overall health of the Village. In the statement of net assets and statement of activities, the Village's only activities relate to governmental activities:

Governmental activities - Most of the Village's basic services are reported here, including public safety, public works, economic assistance, culture and recreation, home and community service and general administration. Property taxes, sales taxes, franchise fees, usage fees and state and federal grants finance most of these activities.

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our analysis of the Village's major funds begins on page 11, and provides detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by state law and by covenants. However, the Village board may establish other funds to help it control and manage money for particular purposes. The Village's only type of funds is governmental.

Governmental Funds - Most of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial resources that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in reconciliations on pages 13 and 16.

THE VILLAGE AS TRUSTEE

Reporting the Village's Fiduciary Responsibilities

The Village is the trustee, or fiduciary, for its employees' deferred compensation plan. It is also responsible for other assets that - because of a trust arrangement - can only be used for the trust beneficiaries. All of the Village's fiduciary activities are reported in a separate statement of fiduciary net assets on page 17. We exclude these activities from the Village's other financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE VILLAGE AS A WHOLE

The Village's combined net assets decreased from $1,081,496 to $836,845.

Village of Elmira Heights's Net Position

	Governmental Activities	
	2015	2014
Current Assets	$ 674,495	$ 713,681
Capital Assets	903,865	943,702
Restricted Cash	191,937	245,682
Notes Receivable	100,045	169,630
Total Assets	$ 1,870,342	$ 2,072,695
Current Liabilities	368,497	281,199
Long-Term Liabilities	665,000	710,000
Total Liabilities	$ 1,033,497	$ 991,199
Invested in Capital Assets, Net of Related Debt	193,865	188,702
Restricted	557,806	245,682
Unrestricted	85,174	647,112
Total Net Assets	$ 836,845	$ 1,081,496

At the end of the current fiscal year, the Village is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

Village of Elmira Heights's Statement of Activities

	Governmental Activities 2015	2014
Program Revenues:		
Charges for Services	$ 346,527	$ 328,125
Operating and Capital Grants	393,883	875,687
General Revenues:		
Property Taxes	1,664,778	1,612,129
Sales Taxes	551,466	568,437
Other Taxes	118,926	108,949
Investment Earnings	8,994	12,113
Gain of Sale of Assets	1,226	-0-
Insurance Recoveries	1,388	39,106
Total Revenue	3,087,188	3,544,546
Expenses:		
General Government	518,717	472,432
Public Safety	999,293	1,017,280
Transportation	499,756	515,254
Economic Assistance	168,036	175,591
Culture and Recreation	34,623	27,349
Home and community Service	170,054	567,873
Employee Benefits	900,504	978,007
Interest on Debt	31,603	33,474
Total Expenses	3,322,586	3,787,260
INCREASE (DECREASE) IN NET ASSETS	(235,398)	(242,714)
Net Position, Beginning of Year	1,081,496	1,324,210
Prior Period Adjustment	(9,253)	-0-
Net Position, End of Year	$ 836,845	$ 1,081,496

THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds (as presented in the balance sheet on pages (11-12) reported a combined fund balance of $ 718,994.

GENERAL FUND BUDGETARY HIGHLIGHTS

The significant variances between the originally adopted budget for the year ended May 31, 2015 and the final actual results were caused as follows:

Differences in revenue between the original budget and the actual are minimal.

Differences in expenditures between the original budget and actual were the results of increased emphasis on minimizing increases in expenditures and reduced employee benefit costs. Budget overruns were caused by increased payroll costs in the police department.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Village's elected and appointed officials considered many factors when setting the fiscal year 2015-2016 budget. The budget appropriations were $2,902,120 a decrease of 3.5% over the prior year's appropriations. The tax levy had a 2.2% increase and -0- of the unappropriated fund balance was used to balance the budget. Such decision was made in order to keep property taxes at the lowest level as possible for services provided by the Village. Note that the Village will be subject to lower sales tax revenues over the next five years do to the county taking a larger share. Village officials are addressing this shortfall to minimize the affect on future tax levies.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, creditors and other users with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the mayor, the chief fiscal officer of the Village of Elmira Heights at 215 Elmwood Avenue, Elmira Heights, NY 14903.

VILLAGE OF ELMIRA HEIGHTS
STATEMENT OF NET POSITION
MAY 31, 2015

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash/ cash equivalents	$ 611,414
Notes receivable - current	17,775
Taxes Receivable (Net)	-0-
Due From Other Governments	-0-
Inventory	4,875
Prepaid items	40,431
Total Current Assets	674,495
Noncurrent Assets	
Cash/ cash equivalents-restricted	191,937
Capital assets-depreciable (net)	881,865
Capital assets-land	22,000
Construction in progress	-0-
Notes receivable	100,045
Total Noncurrent Assets	1,195,847
TOTAL ASSETS	$ 1,870,342
LIABILITIES	
Current Liabilities	
Accounts payable & accrued expenses	$ 16,380
Interest payable	14,115
Deferred revenue	19,469
Compensated absences	187,543
Pension obligation	70,705
Due to other governments	15,285
Notes payable - current portion	45,000
General obligation bonds	-0-
Total Current Liabilities	368,497
Noncurrent Liabilities	
Notes payable	665,000
Total Noncurrent Liabilities	665,000
TOTAL LIABILITIES	$ 1,033,497
NET POSITION	
Investment in capital assets, net of related debt	$ 193,865
Restricted net assets	557,806
Unrestricted net assets	85,174
TOTAL NET ASSETS	$ 836,845

See Notes to Financial Statements.

VILLAGE OF ELMIRA HEIGHTS
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2015

FUNCTIONS	Expenses	Program Charges for Services
Primary Government		
Governmental Activities:		
General Government	$ 518,717	$ 92,178
Education		
Public Safety	999,293	162,689
Health		
Transportation	499,756	
Economic Assistance and Opportunity	168,036	
Culture and Recreation	34,623	1,545
Home and Community Service	170,054	90,115
Employee Benefits - Unallocated	900,504	
Interest on Debt	31,603	
Total Governmental Activities	3,322,586	346,527

General Revenues:
Property Taxes
Sales Taxes
Other Taxes
Investment Earnings
Gain on Sale of Assets
Insurance Recoveries
Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Prior Period Adjustment

Net Position, End of Year

See Notes to Financial Statements.

Net (Expense) Revenue
and Changes in Net Assets
Primary Government

Revenues		
Operating Grants	Capital Grants	Governmental Activities
$ 75,775	$	$ (350,764)
5,000	18,000	(813,604)
	127,072	(372,684)
168,036		-0-
		(33,078)
		(79,939)
		(900,504)
		(31,603)
248,811	145,072	(2,582,176)

1,664,778
551,466
118,926
8,994
1,226
1,388
2,346,778
(235,398)
1,081,496
(9,253)
$ 836,845

VILLAGE OF ELMIRA HEIGHTS
BALANCE SHEET - GOVERNMENTAL FUNDS
MAY 31, 2015

ASSETS	General	Special Revenue
Cash	$ 237,549	$ 373,865
Cash - Restricted	191,937	
Taxes Receivable (Net)		
State and Federal Receivables		
Other Receivables		
Due from Other Funds		117,820
Due from Other Governments		
Prepaid Expenses		
Investments - Land and Improvements	36,831	3,600
TOTAL ASSETS	$ 466,317	$ 495,285

LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$	$ 2,539
Accrued Liabilities	13,841	
Notes Payable		
Due to Other Funds		
Due to Other Governments		
Due to Employees' Retirement System	6,228	9,057
Deferred Revenue		
Compensated Absences	19,469	117,820
Total Liabilities	73,654	
	113,192	129,416
Fund Balances		
Restricted		
Assigned	191,937	365 869
Unassigned		
Total Fund Balances	161,188	
	353,125	365,869
TOTAL LIABILITIES AND FUND BALANCES	$ 466,317	$ 495,285

See Notes to Financial Statements.

Capitol Projects Fund	Total Governmental Funds
$	$ 611,414
	191,937
	117,820
	40,431
$ -0-	$ 961,602

$	$ 2,539
	13,841
	15,285
	137,289
	73,654
	242,608
	557,806
	161,188
	718,994
$ -0-	$ 961,602

VILLAGE OF ELMIRA HEIGHTS
RECONCILIATION OF FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION
MAY 31, 2015

Fund Balances of Governmental Funds	$	718,994
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		903,865
Other prepaid assets including pension prepayments and ongoing inventories are not available to pay for current period expenditures and, therefore, are not deferred in governmental funds.		4,875
Deferred revenue on notes receivable are not applicable to the full accrual basis of accounting and, therefore, are not deferred in net assets		117,820
Certain short-term liabilities do not require current financial resources. Therefore, these liabilities are not reported as a liability in the governmental funds.		(198,709)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		(710,000)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$	836,845

See Notes to Financial Statements.

VILLAGE OF ELMIRA HEIGHTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED MAY 31, 2015

	General	Special Revenue
REVENUES AND OTHER SOURCES		
Revenues		
Real Property Tax	$ 1,664,778	$
Real Property Tax Items	35,074	
Non-Property Tax Items	625,318	
Departmental Income	136,630	
Intergovernmental Charges	139,640	
Use of Money and Property	1,283	52,926
Licenses and Permits	9,436	
Fines and Forfeitures	47,936	
Sale of Property and Compensation for Loss	2,614	
Miscellaneous Local Sources	18,085	
Interfund Revenues	4,800	
State Aid	186,714	
Federal Aid	23,000	184,169
TOTAL REVENUES	2,895,308	237,095
EXPENDITURES AND OTHER USES		
Expenditures		
General Government Support	457,019	61,546
Education		
Public Safety	944,504	
Health		
Transportation	478,141	
Economic Assistance & Opportunity		168,036
Culture and Recreation	34,623	
Home and Community Services	168,292	1,762
Employee Benefits	831,689	
Debt Service (Principal and Interest)	77,468	
TOTAL EXPENDITURES	2,991,736	231,344
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(96,428)	5,751
Fund Equity and Surplus, Beginning of Year	449,553	369,371
Adjustments:		
Prior Period Adjustments		
Fund Equity Transfers		(9,253)
Fund Equity and Surplus, End of Year	$ 353,125	$ 365,869

See Notes to Financial Statements.

Capital Projects Fund	Total Governmental Funds
$	$ 1,664,778
	35,074
	625,318
	136,630
	139,640
	54,209
	9,436
	47,936
	2,614
	18,085
	4,800
	186,714
	207,169
	3,132,403
	518,565
	944,504
	478,141
	168,036
	34,623
	170,054
	831,689
	77,468
	3,223,080
	(90,677)
	818,924
	(9,253)
	$ 718,994

VILLAGE OF ELMIRA HEIGHTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2015

Net change in fund balances - total governmental funds	$ (90,677)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures however, they are capitalized and depreciated in the statement of activities	74,379
The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities	45,000
Some revenues in the statement of revenues and expenditures were not reported on the full accrual basis and are not reported as revenues in the statement of activities.	(82,560)
Some other sources in the statement of revenues and expenditures were not reported as sources on the statement of activity, namely proceeds of debt	-0-
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(181,540)
Changes in Net Assets of Governmental Activities	$ (235,398)

See Notes to Financial Statements.

VILLAGE OF ELMIRA HEIGHTS
STATEMENT OF NET ASSETS
AGENCY FUND
MAY 31, 2015

Assets	
Cash and cash equivalents	$ 8,351
Due from governmental funds	-0-
Total Assets	$ 8,351
Liabilities	
Agency liabilities	$ 8,351
Due to governmental funds	-0-
Total Liabilities	$ 8,351

See Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Village of Elmira Heights, New York have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1989 the GASB issued Statement 34 "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments" and Statement 35 "Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities". These statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in prior years is affected.

The accompanying financial statements present the financial position of the Village and the various funds and fund types, the results of operations of the Village and the various funds and fund types. The financial statements are presented as of May 31, 2015, and for the year then ended. The financial statements include the various agencies and any other organizations governed by the Elmira Heights Trustees.

A. Financial Reporting Entity.

The Village of Elmira Heights New York, which was established in 1896, is governed by its Charter and other general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for the overall operation of the Village. The Mayor serves as chief executive officer and as chief fiscal officer of the Village.

The Village provides the following basic services: law enforcement, economic assistance, maintenance of Village roads and parks, building codes, fire safety and trash removal. All government activities and functions performed for the Village of Elmira Heights 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 of Elmira Heights, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 14.

The decision to include a potential component unit in the Village of Elmira Heights's reporting entity is based on several criteria set forth in GASB 14 including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Elmira Heights Urban Renewal Agency is included in the reporting entity and is blended into the Village's financial statements. It administers federal grants under the U.S. Department of Housing and Urban Development. The year end for the Agency is June 30, 2015. Complete financial statements of this Agency can be obtained from its administrative office located in the Village of Elmira Heights.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position
and the statement of activities) report information of all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these government-wide financial 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 activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a specific function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The Village does not allocate general government (indirect) to other functions.

Separate financial statements are provided for governmental funds.

C. Measurement Focus, Basis of Accounting
and Financial Statement Presentation

Government-Wide Financial Statements - The governmental-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements - The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered to be susceptible to accrual include federal grants, state grants, and sales and property taxes. Other revenues have been accrued in accordance with generally accepted accounting principles since they have been earned and are expected to be collected within 60 days of the end of the period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at May 31, 2015, has been reported in the governmental funds for the portion estimated to be used in the following year and in the government-wide financial statements for the long-term liability.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a reservation of fund balances.
- Debt service expenditures and claims and judgements are recorded only when payment is due.

D. Fund Accounting

The accounts of the Village are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, and where appropriate, fund balance/retained earnings, revenues and expenditures/expenses which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds are summarized by type in the financial statements. The following fund types:

1. Governmental Funds

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

a. General Fund - The general fund is the principal fund and includes all operations not required to be recorded in other funds.

b. Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds of the Village include the Elmira Heights Urban Renewal Agency and the activity of the Village's Comuunity Development Block Grant.

2. Fiduciary Fund Type

Trust and Agency Funds - used to account for funds held in trust and subsequent distributions, transmittal or release to other governments, individuals or to other funds.

3. Financial Statement Reporting Periods

The accompanying financial statements of the Village are presented as of May 31, 2015, and for the year then ended. The Elmira Heights Urban Renewal Agency's fiscal year end is June 30, 2015.

E. Property Taxes

Village real property taxes are levied annually no later than June 1 and become a lien on January 1. Taxes are collected during the period June 1st to no later than November 1st. Unpaid Village taxes are turned over to the county for enforcement. Any such taxes remaining unpaid at year end are relevied as county taxes in the subsequent year.

F. General Budget Policies

1. The Village employs the following budgetary procedures:

a. No later than March 15, the budget office submits a tentative budget to the board of Trustees the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing them. The budget is prepared on a departments basis.

b. After public hearings are conducted to obtain taxpayer comments, but no later than May 20, the trustees adopt the annual budget.

c. All revisions that alter appropriations of any department or fund must be approved by the trustees.

d. Budgetary controls are established for the capital projects funds through resolutions authorizing individual projects.

e. No budgets are approved for the special revenue fund.

2. Budget Basis of Accounting

Except as indicated below, budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year, if any.

Budgetary control for the special grant fund is established in accordance with the applicable grant agreement which covers a period other than the Village's fiscal year.

G. Inventories

Inventories of materials and supplies are determined by physical counts. Inventories are valued at cost on the first-in first-out basis.

H. Compensatory Absences

Compensated vacation and sick leave absences are recorded as expenditures and as a liability in governmental funds as funds are accumulated. The government wide financial statements present the cost of accumulated vacation and sick leave as a liability. The liability for compensated absences increased by $43,389 to $187,543 at year end.

I. Capital Assets

Capital assets , which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements. Capital assets of the primary and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress.

J. Post Employment Benefits

In addition to providing pension benefits , the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village's employees become eligible for these benefits if they reach normal retirement age while working for the Village. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. Note that the Village has not adopted the provisions of Governmental Accounting Standards Board's Statement Number 45, "Accounting and Reporting by Employers' for Post Retirement Benefits Other Than Pensions".

K. Subsequent Events

The Village has conducted an evaluation of potential subsequent events occurring after the statement of net assets date through October 16, 2015, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted.

Note 2 - Departure From Generally Accepted Accounting Principles

The Village's financial statements do not include the provisions of Governmental Accounting Standards Board's Statement Number 45, "Accounting and Reporting by Employers' for Post Retirement Benefits Other Than Pensions". Such statement requires the reporting of a liability and annual expenses related to the costs of retirees' health insurance benefits similar to the method used to record pensions. The statement of net assets and the statement of activity for governmental activities do not include these provisions. The effect on the financial statements for the liability and associated expenses is not reasonably determinable.

Note 3 - Detail Notes on All Funds

A. Assets

1. Cash and Credit Risk

The Village's investment policies are governed by state statutes. The Village's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. The Village's investment policy is in accordance with NYS statutes.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United State and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's custodial bank in the Village's name. They consisted of:

Deposits. All deposits including certificates of deposit are carried at cost.

Fund	Bank Balance	Carrying Amount	
General	$ 250,000	$ 250,000	Insured (FDIC)
Trust & Agency	8,351	10,000	Collateral Held
General	179,486	200,000	Collateral Held
Special Revenue	250,000	250,000	Insured (FDIC)
Special Revenue	123,865	140,000	Collateral Held

2. Restricted Cash

Restricted cash in the general fund of $191,937 consists of cash set aside for repairs and capital reserves for equipment replacement, building improvements and street repairs and improvements.

3. Account Receivable

The Village participates in a variety of federal and state programs that enable it to receive grants to partially or fully finance activities of the Village which include issuing economic loans. The amounts due from businesses as of June 30, 2015 are summarized below:

Economic Loans	$ 117,820
Less: Allowance for Uncollectables	-0-
Net Notes Receivable	$ 117,820

During the year ended June 30, 2015, $20,853 of loans were written off by the agency as uncollectable. The current portion of the notes receivable is $17,775.

4. Capital Assets

Capital asset activity for the year ended May 31, 2015, was as follows:

	Balance Beginning of Year	Net Additions (Disposals)	Balance End of Year
Governmental activities			
Nondepreciable assets:			
Land	$ 22,000	$ -0-	$ 22,000
Construction in progress	-0-	-0-	-0-
Total nondepreciable assets	22,000	-0-	22,000
Depreciable assets:			
Buildings and improvements	1,740,496	44,803	1,785,299
Machinery and equipment	2,473,234	29,576	2,502,810
Infrastructure	182,748	-0-	182,748
Total depreciable assets	4,396,478	74,379	4,470,857
Less accumulated depreciation:			
Buildings and improvements	1,716,200	3,033	1,719,233
Equipment	1,660,495	99,001	1,759,496
Infrastructure	98,081	12,182	110,263
Total accumulated depreciation	3,474,776	114,216	3,588,992
Governmental activities capital assets, net	$ 943,702	$ (39,837)	$ 903,865

Current period depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government support	$ 7,610
Public safety	84,365
Transportation	22,241
Total depreciation expense - governmental activities	$ 114,216

B. Liabilities

1. Pension Plan

The Village of Elmira Heights participates in the New York State Employees' Retirement System (NYSRSSL). This is a cost sharing multiple public employer retirement system. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee, and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith Office Building, Albany, NY 12244.

Funding Policy

Membership benefits and employer and employee obligations to contribute are described in the NYSRSSL using the tier concept. Pension legislation established tier membership by the date a member last joined the System. They are as follows:

Tier 1 - Those persons who last became members of the system 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, 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.

Tier 5 - Those persons who last became members of the system on or after January 1, 2010.

Tier 6 - Those persons who last became members of the system on or after April 1, 2012.

The System is noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, employees in the System contribute 3% of their salary throughout their active membership. The Comptroller certifies the rates as expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. Employees who joined on or after April 1, 2012, contribute 3% of their reportable salary.

The System cannot be diminished or impaired. Benefits can be reduced for future membership only by an act of the New York State Legislature. The Village contributed 100% of the required contributions for the current year and two preceding years as follows:

	ERS & P&F
2015	$ 282,820
2014	$ 271,674
2013	$ 263,403

2. Deferred Revenues

In the special revenue fund deferred revenues consist of notes receivable not available to pay current liabilities at year end of $117,820. In the general fund deferred revenue consists of unearned grant reenue of $19,469.

3. Long Term Debt

Changes in long term debt for the year ended May 31, 2015 are as follows:

Balance May 31, 2014	$ 755,000
Principal Paid	(45,000)
New Debt Issued	-0-
Balance May 31, 2015	$ 710,000

Outstanding debt at May 31, 2015 is as follows:

Description	Date	Interest	Original Amount	Outstanding May 31, 2015
Public Imp. Bond	6/15/08	4.375%	840,000	670,000
Statutory Inst. Bond	6/6/08	3.65%	100,000	40,000
Total				$ 710,000

The following table summarizes the Village's future debt service requirement as of May 31, 2015:

Year Ending	Principal	Interest
2016	$ 45,000	$ 29,750
2017	50,000	27,836
2018	50,000	25,994
2019	50,000	24,154
20120	45,000	22,202
2021-25	235,000	81,016
2026-29	235,000	34,312

C. Fund Equity

Restriction of Fund Balances - General Fund

Fund balances are restricted for specific purposes at year end. The following are the specific restrictions at year end:

Repair Reserve	$ 68,405
Capital Reserve - Buildings	54,306
Capital Reserve - Equipment	39,176
Capital Reserve - Streets	30,050
Total Restricted Fund Balances	$ 191,937

Note 4 - Prior Period Adjustment

The fund balance in the special revenue fund was adjusted for prior differences between financial activity reported in the funds and reported in HUD reports. This adjustment amounted to $9,253.

Note 5 - Contingencies

The Village is the defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, the opinion of the Village's counsel that resolution of these matters will not have a material effect of the financial condition of the Village.

The Village also has federal grants in excess of $180,000 which are subject to audit by the awarding agencies. The results of any audits could result in material questioned costs although none are expected.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF ELMIRA HEIGHTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED MAY 31, 2015

	General Fund		
	Budgeted Amounts		
REVENUES AND OTHER SOURCES	Original	Final	Actual
Revenues			
Real Property Taxes	$ 1,664,778	$ 1,664,778	$ 1,664,778
Real Property Tax Items	22,500	22,500	35,074
Non-Property Tax Items	665,000	633,000	625,318
Departmental Income	225,254	162,254	136,630
Intergovernmental Charges	137,500	137,500	139,640
Use of Money and Property	3,046	3,046	1,283
Licenses and Permits	10,650	10,650	9,436
Fines and Forfeitures	65,000	65,000	47,936
Sale of Property and Compensation for Loss	1,000	1,000	2,614
Miscellaneous Local Sources	7,200	14,002	18,085
Interfund Revenues	4,800	4,800	4,800
State Aid	179,181	192,072	186,714
Federal Aid		18,000	23,000
TOTAL REVENUES	2,985,909	2,928,602	2,895,308
EXPENDITURES AND OTHER USES			
Expenditures			
General Government Support	470,501	493,398	457,019
Education			
Public Safety	904,356	934,356	944,504
Health			
Transportation	496,762	509,653	478,141
Economic Assistance & Opportunity			
Culture and Recreation	34,700	41,846	34,623
Home and Community Services	193,356	193,356	168,292
Employee Benefits-Unallocated	828,000	842,029	831,689
Debt Service (Principal & Int.)	78,234	78,234	77,468
TOTAL EXPENDITURES	3,005,909	3,092,872	2,991,736
Revenues & Other Sources Over (Under) Expenditures, Encumbrances and and Other Uses	$ (20,000)	$ (164,270)	(96,428)
Fund Equity - Beginning of Year			449,553
Prior Period Adjustments			
Fund Equity Transfers			
Fund Equity - End of Year			$ 353,125

See Notes to Financial Statements.

Variance With Final Budget Positive (Negative)
$ -0-
12,574
(7,682)
(25,624)
2,140
(1,763)
(1,214)
(17,064)
1,614
4,083
-0-
(5,358)
5,000
(33,294)
36,379
(10,148)
31,512
7,223
25,064
10,340
766
101,136
$ 67,842

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF ELMIRA HEIGHTS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
MAY 31, 2015

ASSETS	CDBG	SECTION EIGHT
Cash	$	$ 21,012
Cash - Restricted		
Taxes Receivable (Net)		
State and Federal Receivables		
Other Receivables		
Due from Other Funds		
Due from Other Governments		
Prepaid Expenses		1,800
Investments - Land and Improvement		
TOTAL ASSETS	$	$ 22,812
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts Payable	$	$ 2,477
Accrued Liabilities		
Notes Payable		
Due to Other Funds		13,304
Due to Other Governments		9,057
Due to Employees' Retirement System		
Deferred Revenue		
Compensated Absences		
Total Liabilities		24,838
Fund Balances		
Restricted		(2,026)
Assigned		
Unassigned		(2,026)
Total Fund Balances		(2,026)
TOTAL LIABILITIES AND FUND BALANCES	$	$ 22,812

See Notes to Financial Statements.

REVOLVING LOAN	TOTAL SPECIAL REVENUE
$ 352,853	$ 373,865
117,820	117,820
13,304	13,304
1,800	3,600
$ 485,777	$ 508,589

$ 62	$ 2,539
	13,304
	9,057
117,820	117,820
117,882	142,720
367,895	365,869
367,895	365,869
$ 485,777	$ 508,589

VILLAGE OF ELMIRA HEIGHTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS
YEAR ENDED MAY 31, 2015

REVENUES AND OTHER SOURCES	CDBG	SECTION EIGHT
Revenues		
Real Property Tax	$	$
Real Property Tax Items		
Non-Property Tax Items		
Departmental Income		
Intergovernmental Charges		
Use of Money and Property		
Licenses and Permits		8
Fines and Forfeitures		
Sale of Property and Compensation for Loss		
Miscellaneous Local Sources		
Interfund Revenues		
State Aid		
Federal Aid		
Total Revenues		184,169
Other Sources		184,177
Operating Transfers		
Proceeds of Obligations		
TOTAL REVENUES AND OTHER SOURCES		184,177
EXPENDITURES AND OTHER USES		
Expenditures		
General Government Support		34,869
Education		
Public Safety		
Health		
Transportation		
Economic Assistance & Opportunity		168,036
Culture and Recreation		
Home and Community Services		
Employee Benefits		
Debt Service (Principal and Interest)		
Total Expenditures		202,905
Other Uses		
Operating Transfers		
TOTAL EXPENDITURES AND OTHER USES		202,905
Revenues and Other Sources Over (Under) Expenditures and Other Uses		(18,728)
Fund Equity and Surplus, Beginning of Year		30,474
Adjustments:		
Prior Period Adjustments		(13,772)
Fund Equity Transfers		
Fund Equity and Surplus, End of Year	$	$ (2,026)

See Notes to Financial Statements.

REVOLVING LOAN	TOTAL SPECIAL REVENUE
$	$
52,918	52,926
	184,169
52,918	237,095
52,918	237,095
26,677	61,546
	168,036
1,762	1,762
28,439	231,344
28,439	231,344
24,479	5,751
338,897	369,371
4,519	(9,253)
$ 367,895	$ 365,869