VILLAGE OF MENANDS, NEW YORK

FINANCIAL STATEMENTS

MAY 31, 2014

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)

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To The Mayor and Members of
The Board of Trustees
Village of Menands, New York
Menands, New York

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Menands, New York, as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Menands, New York, as of May 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 3 through 6 and Schedules I and II be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Teal, Becker & Chiaramonte, CPAs PC

Albany, New York
September 22, 2014

Management's Discussion and Analysis

As management of the Village of Menands, New York (the Village), we offer readers of the Village's financial statements this narrative discussion, overview, and analysis of the financial activities of the Village for the fiscal year ended May 31, 2014.

The Village of Menands, New York is wholly located within the Town of Colonie, in the County of Albany. The Village borders the City of Albany to the south, the Town of Colonie to the West and North, and the Hudson River on the East. Operation of the Municipality is overseen by the Mayor and four Trustees which comprise the Board of Trustees (the Board).

The Village has completed the following major rehabilitation projects: the S. Lyons, Kenmar Rd and Upland Avenue utility and road improvement project; the Sage Hill, Sky Hollow water system upgrade project; the Village also replaced two motors and pumps in the Wards Pump Station that were over 80 years old; also the relining and rehabilitation project of the Sanitary Sewer Line on Clifford Road which eliminated unwanted infiltration and the inflow of clean water (which increases fees to the County). The Board has approved a Storm Sewer rehabilitation and road paving project for Scott Drive.

The Board has also requested engineering proposals on a Sanitary Sewer Reline project; a Pump Station Rehabilitation project; and a Water Line Improvement project. As it continues its review of the Village's infrastructure, the Village budgets between $100,000 and $200,000 for paving each year.

The Village provides its residents and businesses with 24 hour police protection. Fire protection is provided by volunteers. The Village's Department of Public Works is charged with maintenance of the water, sanitary sewer, and storm sewer systems, the Village's parks and Village streets (patching, paving, snow plowing), as well as garbage collection, and leaf and brush pick-up for residents only.

Overview Of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Overview Of The Financial Statements (Continued)

The *Statement of Net Position* presents information on all of the assets and liabilities of the Village, with the difference between the two 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 net position of the Village 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 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).

Fund financial statements - A *fund* is a group 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.

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 the Village'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 Village's near-term financing decisions. Both governmental fund balance sheets 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 Reports The Following Major Governmental Funds

General Fund - This is the Village's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund. This is where the vast majority of the day-to-day operations of the Village are reported.

The Village Reports The Following Major Governmental Funds (Continued)

Special Revenue Funds - These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Special revenue sources and related expenditures such as water and sewer charges are reported here.

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Fiduciary Fund - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the Village acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Village and are not available to be used.

Financial Highlights For 2013 - 2014 Fiscal Year

- The Village's net position decreased by approximately $294,000 (7.65%) during the fiscal year. The total net position at May 31, 2014 equaled approximately $3,548,000.

- The Village's total assets were approximately $7,331,000, of which approximately $4,306,000 were current assets and approximately $3,025,000 were capital assets. Total liabilities were approximately $3,783,000, of which approximately $313,000 were current liabilities and approximately $3,470,000 were related to noncurrent liabilities. Total general revenues were approximately $4,090,000 and total program revenues were approximately $1,626,000. Total expenses of the Village were approximately $6,010,000.

A large portion of the Village's net position (85%) reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment), less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The Village uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Capital Assets And Debt Administration

Capital assets - The Capital Fund is used to account for the costs incurred in acquiring and improving sites, and in constructing and remodeling facilities.

Capital Assets And Debt Administration (Continued)

Debt administration - In the current year, the Village paid $25,000 on the two Bond Anticipation Notes (BANs) and converted the remaining balance of $2,775,000 to permanent bond financing, due in annual installments through June 2033 at interest rates ranging between 3% and 4%.

General Fund Budgetary Highlights

- For 2013 - 2014, the total General Fund revenues were approximately $4,053,000 or approximately $144,000 more than total budgeted revenues. For 2012 - 2013, the total General Fund revenues were approximately $4,064,000 or approximately $258,000 more than total budgeted revenues.

- At the end of the fiscal year, the Village had an unassigned fund balance in the General Fund of approximately $1,051,000, as compared to $982,000 in the prior year. This represents an increase of approximately $69,000, and the Village has also assigned $500,000 towards the budget next year, as compared to $550,000 in the prior year, and restricted approximately $256,000 for future equipment purchases, as compared to $476,000 in the prior year.

- Village revenue sources are principally property taxes of approximately $2,103,000 or 37% and sales taxes of approximately $1,486,000 or 26%. In the prior year, property taxes approximated $2,038,000 or 37%, and sales taxes approximated $1,467,000 or 26%.

- Salaries and benefits are the largest expenditures of the Village. In the fiscal year ended May 31, 2014, they totaled approximately $2,998,000 or 50% of expenditures of all funds. In the prior year, they totaled approximately $2,908,000 or 42% of expenditures of all funds.

- Of ongoing concern to the Village of Menands, New York is the continued high cost of benefits. The Village's billed contribution to the State Retirement System, $380,428 in 2013 - 2014 and $334,219 in 2012 - 2013, has been estimated for approximately $430,000 in 2014 - 2015 ($388,000 in 2013 - 2014). In the fiscal year ended May 31, 2014, the Village's cost for health and dental insurance benefits was $418,564, as compared to $404,367 in the prior year. There is every indication that these high benefit costs will continue for the next several years.

- Beginning in 2012, non-unionized employees are required to contribute to their health and dental insurance premium at a rate of 15% of the monthly cost. Non-Medicare and Medicare retirees contribute to their health insurance premium at a rate of 15% of the amount. Unionized employees receive health benefits per their respective contracts.

VILLAGE OF MENANDS, NEW YORK

Statement Of Net Position

May 31, 2014

ASSETS	
Cash and cash equivalents	
Unrestricted	$ 2,749,706
Restricted	256,209
Receivables	
Taxes receivable - net	1,295,979
Due from other funds	3,933
Capital assets, net	3,024,845
Total Assets	$ 7,330,672
LIABILITIES	
Payables	
Accounts payable	$ 62,710
Accrued liabilities	70,750
Due to other governments	77,427
Long-term liabilities	
Due and payable within one year	
Bonds payable	102,269
Compensated absences	79,586
Due and payable after one year	
Bonds payable	2,715,945
Other post-employment benefit obligation	674,057
Total Liabilities	$ 3,782,744
NET POSITION	
Net investment in capital assets	$ 3,024,845
Reserved for restricted purposes	256,209
Unrestricted	266,874
Total Net Position	$ 3,547,928

See accompanying notes to the basic financial statements

VILLAGE OF MENANDS, NEW YORK

Statement Of Activities And Changes In Net Position

For The Year Ended May 31, 2014

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges For Services	Program Revenues: Operating Grants	Net (Expenses) Revenues And Changes In Net Position
Functions/Programs:					
General government support	$ 676,120	$ 484,839	$ -	$ -	$ (1,160,959)
Public safety	1,286,187	626,543	-	-	(1,912,730)
Transportation	712,507	137,958	-	-	(850,465)
Culture and recreation	112,763	71,739	-	-	(184,502)
Home and community service	1,682,443	125,654	1,625,797	-	(182,300)
Employee benefits	1,289,041	(1,289,041)	-	-	-
Debt service	92,888	-	-	-	(92,888)
Depreciation	157,692	(157,692)	-	-	-
Total functions/ programs	$ 6,009,641	$ -	$ 1,625,797	$ -	(4,383,844)
General Revenues:					
Real property taxes					2,102,855
Nonproperty tax items					1,486,454
Intergovernmental charges					63,713
Use of money and property					3,629
Fines and forfeitures					264,111
Miscellaneous local sources					16,677
State aid					152,887
Total general revenues					4,090,326
Changes in net position					(293,518)
Total net position - beginning of year					3,841,446
Total Net Position - End Of Year					$ 3,547,928

See accompanying notes to the basic financial statements

VILLAGE OF MENANDS, NEW YORK

Balance Sheet - Governmental Funds

May 31, 2014

Assets

	General	Special Revenue Water	Special Revenue Sewer	Capital Projects	Total Governmental Funds
Assets:					
Cash and cash equivalents - unrestricted	$ 1,858,870	$ 573,203	$ 310,431	$ 7,202	$ 2,749,706
Cash and cash equivalents - restricted	256,209	-	-	-	256,209
Taxes receivable - net	312,509	629,205	354,265	-	1,295,979
Due from other funds	-	228,483	238,391	-	466,874
Total Assets	$ 2,427,588	$ 1,430,891	$ 903,087	$ 7,202	$ 4,768,768

Liabilities And Fund Balances

	General	Special Revenue Water	Special Revenue Sewer	Capital Projects	Total Governmental Funds
Liabilities:					
Accounts payable	$ 55,380	$ 6,674	$ 656	$ -	$ 62,710
Due to other funds	462,941	-	-	-	462,941
Accrued liabilities	24,209	292	57	-	24,558
Due to other governments	77,427	-	-	-	77,427
Total liabilities	619,957	6,966	713	-	627,636
Deferred Inflows of Resources:					
Unavailable revenue	-	69,361	38,191	-	107,552
Fund balances:					
Restricted	256,209	-	-	-	256,209
Assigned	500,000	277,447	25,617	-	803,064
Unassigned	1,051,422	1,077,117	838,566	7,202	2,974,307
Total fund balances	1,807,631	1,354,564	864,183	7,202	4,033,580
Total Liabilities, Deferred Inflows Of Resources, And Fund Balances	$ 2,427,588	$ 1,430,891	$ 903,087	$ 7,202	$ 4,768,768

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Funds.	3,024,845
Water and sewer revenue portions are measurable but not available, therefore, are not reported in the Funds.	107,552
Permanent bond financing is not due and payable in the current period and, therefore, is not reported in the Funds.	(2,818,214)
The other post-employment benefit obligation liability is not due and payable in the current period and, therefore, is not reported in the Funds.	(674,057)
Long-term liabilities, including compensated absences and accrued interest, are not due and payable in the current period and, therefore, are not reported in the Funds.	(125,778)
Net Position Of Governmental Activities	$ 3,547,928

VILLAGE OF MENANDS, NEW YORK

Statement Of Revenues, Expenditures,
And Changes In Fund Balances - Governmental Funds

For The Year Ended May 31, 2014

	General	Special Revenue Water	Special Revenue Sewer	Capital Projects	Total Governmental Funds
Revenues:					
Real property taxes	$ 2,102,855	$ -	$ -	$ -	$ 2,102,855
Nonproperty tax items	1,486,454	-	-	-	1,486,454
Departmental income	24,558	971,551	522,136	-	1,518,245
Intergovernmental charges	4,024	-	59,689	-	63,713
Use of money and property	3,051	421	30	127	3,629
Fines and forfeitures	264,111	-	-	-	264,111
Miscellaneous local sources	14,977	1,700	-	-	16,677
State aid	152,887	-	-	-	152,887
Total revenues	4,052,917	973,672	581,855	127	5,608,571
Expenditures:					
General government support	724,168	-	-	-	724,168
Public safety	1,311,856	-	-	-	1,311,856
Transportation	937,340	-	-	-	937,340
Culture and recreation	112,763	-	-	-	112,763
Home and community services	200,429	830,507	356,286	308,059	1,695,281
Employee benefits	950,577	78,542	66,185	-	1,095,304
Debt service - principal and interest	52,684	11,004	1,995	10,193	75,876
Total expenditures	4,289,817	920,053	424,466	318,252	5,952,588
Other financing sources (uses):					
Proceeds from debt	-	-	-	2,820,389	2,820,389
Operating transfers out	-	(4,978)	(1,865)	(30,276)	(37,119)
Operating transfers in	37,119	-	-	-	37,119
Total other financing sources (uses)	37,119	(4,978)	(1,865)	2,790,113	2,820,389
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(199,781)	48,641	155,524	2,471,988	2,476,372
Fund balances - beginning	2,007,412	1,305,923	708,659	(2,464,786)	1,557,208
Fund Balances - Ending	$ 1,807,631	$ 1,354,564	$ 864,183	$ 7,202	$ 4,033,580

VILLAGE OF MENANDS, NEW YORK

Statement Of Fiduciary Net Position - Fiduciary Funds

For The Year Ended May 31, 2014

	Trust & Agency
Assets	
Cash	$ 48,171
Total Assets	$ 48,171
Liabilities	
Due to other funds	$ 3,933
Other liabilities	44,238
Total Liabilities	$ 48,171

See accompanying notes to the basic financial statements

VILLAGE OF MENANDS, NEW YORK

Reconciliation Of Governmental Funds Balance Sheet
To The Statement Of Net Position

May 31, 2014

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications And Eliminations	Statement Of Net Position Totals
Assets:				
Cash and cash equivalents - unrestricted	$ 2,749,706	$ -	$ -	$ 2,749,706
Cash and cash equivalents - restricted	256,209	-	-	256,209
Taxes receivable - net	1,295,979	-	-	1,295,979
Due from other funds	466,874	-	(462,941)	3,933
Capital assets, net	-	3,024,845	-	3,024,845
Total Assets	$ 4,768,768	$ 3,024,845	$ (462,941)	$ 7,330,672
Liabilities:				
Accounts payable	$ 62,710	$ -	$ -	$ 62,710
Due to other funds	462,941	-	(462,941)	-
Accrued liabilities	24,558	46,192	-	70,750
Other post-employment benefit obligation	-	674,057	-	674,057
Compensated absences	-	79,586	-	79,586
Due to other governments	77,427	-	-	77,427
Bond payable	-	2,818,214	-	2,818,214
Total liabilities	627,636	3,618,049	(462,941)	3,782,744
Deferred Inflows of Resources	107,552	(107,552)	-	-
Fund Balance/Net Position:				
Net investment in capital assets	-	3,024,845	-	3,024,845
Reserved for restricted purposes	256,209	-	-	256,209
Unrestricted	3,777,371	(3,510,497)	-	266,874
Total fund balance/net position	4,033,580	(485,652)	-	3,547,928
Total Liabilities, Deferred Inflows Of Resources, And Fund Balance/Net Position	$ 4,768,768	$ 3,024,845	$ (462,941)	$ 7,330,672

See accompanying notes to the basic financial statements

VILLAGE OF MENANDS, NEW YORK

Reconciliation Of Governmental Funds Revenues, Expenditures,
And Changes In Fund Balances To The Statement Of Activities

For The Year Ended May 31, 2014

	Total Governmental Funds	Capital Related Items	Long-Term Debt Transactions	Long-Term Revenue, Expenses	Statement Of Activities Totals
Revenues:					
Real property taxes	$ 2,102,855	$ -	$ -	$ -	$ 2,102,855
Nonproperty tax items	1,486,454	-	-	-	1,486,454
Departmental income	1,518,245	-	-	107,552	1,625,797
Intergovernmental charges	63,713	-	-	-	63,713
Use of money and property	3,629	-	-	-	3,629
Fines and forfeitures	264,111	-	-	-	264,111
Miscellaneous local sources	16,677	-	-	-	16,677
State aid	152,887	-	-	-	152,887
Total revenues	5,608,571	-	-	107,552	5,716,123
Expenditures:					
General government support	724,168	(48,048)	-	-	676,120
Public safety	1,311,856	(25,669)	-	-	1,286,187
Transportation	937,340	(224,833)	-	-	712,507
Culture and recreation	112,763	-	-	-	112,763
Home and community services	1,695,281	(12,838)	-	-	1,682,443
Employee benefits	1,095,304	-	193,737	-	1,289,041
Debt service - principal and interest	75,876	-	17,012	- -	92,888
Depreciation expense	-	157,692	-	-	157,692
Total expenditures	5,952,588	(153,696)	210,749	-	6,009,641
Other financing sources (uses):					
Proceeds from debt	2,820,389	-	(2,820,389)	-	-
Operating transfers out	(37,119)	-	-	-	(37,119)
Operating transfers in	37,119	-	-	-	37,119
Total other financing sources (uses)	2,820,389	-	(2,820,389)	-	-
Net Changes For The Year	$ 2,476,372	$ 153,696	$ (3,031,138)	$ 107,552	$ (293,518)

Note 1: Summary Of Significant Accounting Policies

The financial statements of the Village of Menands, New York (the Village) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village's accounting policies are described below:

Financial reporting entity - The Village of Menands, New York which was established in 1924, is governed by its charter, general laws of the State of New York, and various local laws. The Village Board is the legislative body responsible for overall operations. The Mayor serves as both chief executive officer and as chief fiscal officer. The Village provides the following services: public safety, highways and streets, sanitation, home and community services, culture and recreation, public improvements, planning and zoning, and general administrative services.

Basis of presentation - Government-wide statements

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about the Village's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column would reflect capital-specific grants.

The Statement of Activities and Changes in Net Position presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for these areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund financial statements - The fund statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Note 1: Summary Of Significant Accounting Policies (Continued)

The Village reports the following major governmental funds:

General Fund - This is the Village's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds - These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Fiduciary Fund - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the Village acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Village, and are not available to be used.

Measurement focus and basis of accounting - The government-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Note 1: Summary Of Significant Accounting Policies (Continued)

Property taxes - The Village levies property taxes on June 1. The taxes are due on or before July 1. Unpaid Village taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year-end are re-levied as county taxes in the subsequent year.

Interfund transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow and is related to timing differences between the reimbursements of amounts due. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

Budgetary data

Budget policies - The budget policies are as follows:

No later than April 1, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

After public hearings are conducted to obtain taxpayer comments, the Board of Trustees adopts the budget.

All modifications of the budget must be approved by the Board of Trustees.

Budget basis of accounting - Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Note 1: Summary Of Significant Accounting Policies (Continued)

Capital assets - Capital assets are reported at actual cost for acquisitions subsequent to May 31, 2004. For assets acquired prior to May 31, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received. General infrastructure assets prior to May 31, 2004 have not been reported.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 10,000	Straight-line	30-60 years
Building improvements	$ 10,000	Straight-line	20-60 years
Site improvements	$ 10,000	Straight-line	10-50 years
Furniture, vehicles, and equipment	$ 500	Straight-line	5-10 years
Infrastructure	$500,000	Straight-line	15-30 years

Compensatory absences - Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of twenty days a year, but may accumulate in total no more than a maximum of thirty days. Upon separation from service, employees are paid up to thirty days.

Employees accrue sick and personal leave at the rate of ten days per year. There is no payment for unused sick time and personal time at the time of termination, but unused accumulated sick leave will add to service credit at the time of retirement with the New York State Employee Retirement System.

Post-employment benefits - Accounting principles generally accepted in the United States of America establish the uniform standards of reporting for other post-employment benefits (OPEB) for governmental entities. OPEB refers to benefits provided to retirees other than pensions, which includes healthcare benefits. Accounting principles generally accepted in the United States of America set standards for financial reporting of the Plan and disclosure of actuarial information about the funded status of the Plan and the progress toward funding the post-employment liability.

Accounting principles generally accepted in the United States of America also establish standards for the accrual basis measurement and recognition of OPEB costs over a period that relates to when the service is provided to the employer, rather than recognizing those costs on a pay-as-you-go basis.

Note 1: Summary Of Significant Accounting Policies (Continued)

Equity classifications

Village-wide statements - In the Village-wide statements there are three classes of net positions:

Invested in capital assets, net of related debt - Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets.

Restricted net position - Reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - Reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

Funds statements:

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

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The Village has established and is currently using the following restricted fund balances:

Capital Reserve

According to General Municipal Law §6-c, the Capital Reserve must be used to pay the cost of construction, reconstruction, or acquisition of capital improvements or equipment. The Board of Trustees without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

<u>Note 1: Summary Of Significant Accounting Policies (Continued)</u>

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

General Fund:	
Capital Reserve	$ 256,209
Total Restricted Funds	$ 256,209

Committed fund balance - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority, i.e., the Board of Trustees. The Village has no committed fund balances as of May 31, 2014.

Assigned fund balance - Includes amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to $-0-.

Unassigned fund balance - Includes all other General Fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the Village.

Order of Use of Fund Balance:

The Village's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative assigned fund balance.

Note 1: Summary Of Significant Accounting Policies (Continued)

Deferred inflows of resources

In addition to liabilities, the Governmental Fund Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents unearned revenues that do not meet both the measurable and available criteria for recognition in the current year. The Village Water and Sewer Fund have items that qualify for reporting in this category. It is the unavailable revenue reported in the Governmental Fund Balance Sheet. Unavailable revenue results from the water and sewer billings through the month of April that are not expected to be collected within 60 days after the end of the fiscal year. The total amount is reported as revenue within the government- wide financial statements as the total amount has been earned. This is accounted for within the reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Village periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary. Significant estimates made by the Village in the accompanying financial statements include computation of encumbrances, compensated absences, deferred inflows of resources, and useful lives of long-lived assets.

Future changes in accounting standards

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27,* effective for the year ending May 31, 2015.

GASB has issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68,* effective for the year ending May 31, 2015.

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

Note 2: Explanation Of Certain Differences Between Governmental Fund Statements And Government-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

Total fund balances of governmental funds vs. net position of governmental activities - Total fund balances of the Village's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities - Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities generally fall into one of three broad categories. The amounts shown below represent:

Long-term revenue differences - Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities and Changes in Net Position reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities and Changes in Net Position.

Capital related differences - Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term debt transaction differences - Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Note 2: Explanation Of Certain Differences Between Governmental Fund Statements And Government-Wide Statements (Continued)

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	$	6,696,429
Accumulated Depreciation	$	3,671,584

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable	$	2,775,000
Bond Premium	$	43,214
Other Post-Employment Benefit Obligation	$	674,057
Compensated Absences Payable	$	79,586

In the Statement of Activities and Changes in Net Position, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences (vacations used) decreased by $1,367 in the current year.

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities and Changes in Net Position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of $157,692 did not exceed capital expenditures of $311,389 in the current year.

Repayment of bond principal of $-0- is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities and Changes in Net Position.

Note 2: Explanation Of Certain Differences Between Governmental Fund Statements And Government-Wide Statements (Continued)

Interest on long-term debt in the Statement of Activities and Changes in Net Position differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities and Changes in Net Position, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the Statement of Activities and Changes in Net Position is the result of two factors. First, accrued interest on BANs, and bonds increased by $19,188.

GASB Statement 45 requires recognition of a portion of the unfunded actuarial accrued liability as the Net OPEB obligation in the Statement of Net Position, but not in the governmental funds. The Net OPEB obligation is $674,057 as of May 31, 2014. OPEB related expense in the Statement of Activities and Changes in Net Position differs from the amount reported in the governmental funds because only the actual contributions paid by the Village are recognized in the governmental funds. In the Statement of Activities and Changes in Net Position, however, a portion of the unfunded actuarial accrued liability is amortized and recognized as expense each year. OPEB expense reported in the Statement of Activities and Changes in Net Position was $195,104 higher than the amount reported in the governmental funds as a result of the amortization of the unfunded actuarial accrued liability.

Note 3: Cash And Investments

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

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

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% of the cost of the repurchase agreement.

Cash equivalents are defined as all highly liquid investments that are purchased with a maturity of three months or less.

Note 3: Cash And Investments (Continued)

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the Village of Menands, New York's custodial bank in the Village's name (see below). All deposits including certificates of deposit are carried at cost plus interest.

Fund	Bank Balance	Carrying Amount	FDIC/Insured Collateralized
General	$ 2,121,549	$ 2,115,079	$ 2,121,549
Water	573,203	573,203	573,203
Sewer	310,431	310,431	310,431
Trust & Agency	59,955	48,171	59,955
Capital Projects	7,204	7,202	7,204
Total	$ 3,072,342	$ 3,054,086	$ 3,072,342

Note 4: Retirement Systems

Plan description - The Village participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the 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 found at http://www.osc.state.ny.us/retire or obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Funding policy - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for their first ten years of membership and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) who generally contribute 3% of their salary for the entire length of service. Employees who joined on or after April 1, 2012 contribute 3% to 6% depending on salary and these employees are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressed used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Note 4: Retirement Systems (Continued)

The Village is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	ERS	PFRS
2014	$ 205,565	$ 187,955
2013	$ 164,298	$ 180,815
2012	$ 148,460	$ 157,507

The Village's contributions made to the Systems were equal to 100% of the contributions required for each year.

Note 5: Short-Term Debt

Bond Anticipation Notes (BANs) - Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Refer to Note 6.

Transactions in short-term debt for the year are summarized below:

	Balance June 1, 2013	Additions	Deletions	Balance May 31, 2014
Bond Anticipation Notes	$ 2,800,000	$ -	$ (2,800,000)	$ -

Interest on short-term debt for the year was composed of:

Interest paid	$ 29,489
Less interest accrued in the prior year	(27,004)
Plus interest accrued in the current year	-
Total Expense	$ 2,485

Note 6: Long-Term Debt

During the current year, the Village converted two Bond Anticipation Notes within the Capital Fund to long-term financing through the issuance of Public Improvement Serial Bonds in the amount of $2,775,000. The bonds are scheduled to mature in June 2033 and will be paid back in annual principal installments ranging from $100,000 to $190,000 beginning in June 2014. The interest rate for bonds maturing is 3% between years 2014 to 2023 and 4% between years 2024 to 2033. Interest is due semi-annually in June and December of each year beginning in December 2013. Bonds maturing on or before June 15, 2023 shall not be subject to redemption prior to maturity. Bonds maturing on or after June 15, 2024 are subject to redemption, at the option date on or after June 15, 2023 at par, plus accrued interest to the redemption date.

Long-term liability balances and activity for the year ended May 31, 2014 are summarized below:

	Balance June 1, 2013	Additions	Reductions	Balance May 31, 2014	Amounts Due Within One Year
Government activities:					
Bonds payable	$ -	$ 2,775,000	$ -	$ 2,775,000	$ 100,000
Bond premium	-	45,389	(2,175)	43,214	2,269
Total Governmental activities - net bonds payable	-	2,820,389	(2,175)	2,818,214	102,269
Other liabilities:					
Compensated absences	80,953	-	(1,367)	79,586	79,586
Total Long-Term Liabilities	$ 80,953	$ 2,820,389	$ (3,542)	$ 2,897,800	$ 181,855

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

Note 6: Long-Term Debt (Continued)

The following is a summary of existing serial bond obligations:

Description Of Issue	Issue Date	Final Maturity	Interest Rate	Balance At May 31, 2014
Public Improvement Bonds 2013	6/27/2013	6/15/2033	3.00 - 4.00%	$ 2,775,000

	Principal	Interest	Total
Fiscal year ending May 31,			
2015	$ 100,000	$ 96,087	$ 196,087
2016	105,000	96,400	201,400
2017	105,000	93,250	198,250
2018	110,000	90,100	200,100
2019	115,000	86,800	201,800
5 subsequent years	625,000	380,150	1,005,150
5 subsequent years	725,000	267,000	992,000
5 subsequent years	890,000	109,400	999,400
Totals	2,775,000	1,219,187	3,994,187
Plus: bond premium	43,214	-	43,214
Net Bonds Payable	$ 2,818,214	$ 1,219,187	$ 4,037,401

Interest on long-term debt for the year was composed of:

Interest paid	$ 46,386
Less interest accrued in the prior year	-
Plus interest accrued in the current year	46,192
Total Expense	$ 92,578

Note 7: Capital Assets

Capital asset balances and activity for the year ended May 31, 2014, were as follows:

Governmental activities:	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	$ 2,142,100	$ -	$ -	$ 2,142,100
Capital assets that are depreciated:				
Vehicles	2,203,326	215,634	-	2,418,960
Furniture and equipment	1,149,076	48,781	-	1,197,857
Buildings and improvements	890,538	46,974	-	937,512
Total depreciable historical cost	4,242,940	311,389	-	4,554,329
Total capital assets	6,385,040	311,389	-	6,696,429
Less accumulated depreciation:				
Vehicles	1,998,430	80,429	-	2,078,859
Furniture and equipment	979,514	52,596	-	1,032,110
Buildings and improvements	535,948	24,667	-	560,615
Total accumulated depreciation	3,513,892	157,692	-	3,671,584
Net Historical Cost	$ 2,871,148	$ 153,697	$ -	$ 3,024,845

Depreciation expense charged to governmental expense for the year ended May 31, 2014 totaled $157,692.

Depreciation expense charged to governmental functions was as follows:

Public Safety	$ 64,858
Transportation	43,063
General Government Support	24,872
Home and Community	23,142
Culture And Recreation	1,757
Total	$ 157,692

Note 8: Commitments And Contingencies

Risk financing and related insurance - The Village is exposed to various risks of loss related to torts, theft, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Other item - The Village has received grants which may be subject to audit by agencies of the State. Such audits may result in disallowances and a request for a return of funds to the State governments. The local government administration believes disallowances, if any, will be immaterial.

Note 9: Deferred Compensation Plan

The Village offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Village employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies.

The Village funds all amounts of compensation deferred under the Plan, at the direction of the covered employee, through investments in mutual funds.

All amounts of compensation deferred under the Plan are held in trust for the exclusive benefit of plan participants and beneficiaries. Plan assets have not been used for any purpose other than payment of benefits.

Note 10: Service Award Program

The Village of Menands, New York's financial statements are for the year ended May 31, 2014. However, the information contained in this note is based on information for the Village of Menands, New York Service Award Program for the Program year ending on December 31, 2013, which is the most recent program year for which complete information is available.

Length of Service Award Program - The Village established a defined contribution Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1994, for the active volunteer firefighter members of the Menands Fire Company No. 1. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the Program and the Program administrator.

Note 10: Service Award Program (Continued)

Program description

Participation, vesting, and service credit - In a defined contribution LOSAP, each participant has an individual program account. The Program account balance of a participating volunteer is credited with a "service award" contribution as of the end of each year during which the volunteer was active enough to earn a year of Service Award Program service credit. The participant is paid his or her account balance upon attainment of the "entitlement age". The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Village) earned by the Program assets and allocated to the participant's program account.

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the Program. Participants acquire a non-forfeitable right to be paid their program account balance after being credited with five years of firefighting service or upon attaining the Program's entitlement age while an active volunteer. The Program's entitlement age is sixty. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the Program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter member of the Menands Fire Company No. 1.

Benefits - A participant's benefit under the Program is his or her program account balance paid upon attainment of the entitlement age in a lump sum to the participant. The annual contribution paid by the Village and credited to the account of a participant who earned fifty points during a calendar year is currently $700. The maximum number of years of service credit a participant may earn is forty years under the Program. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards may commence to be paid when a participant attains the entitlement age. Volunteers who continue to be active after attaining the entitlement age continue to have the opportunity to earn program credit and to thereby increase their service award payments. The Program provides death and disability benefits equal to the participant's program account balance at the time of death or disablement. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self insured" and are paid from the Program Trust Fund.

Note 10: Service Award Program (Continued)

Fiduciary investment and control - After the end of each calendar year, the Fire Company prepares and certifies a list of names of all persons who were active volunteer members of the Fire Company during the year indicating which volunteers earned fifty points. The certified list is delivered to the Board of Trustees for the Board's review and approval. The Fire Company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Trustees.

The Board of Trustees has retained Penflex, Inc. to assist in the administration of the Program. Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Board of Trustees the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the Village then authorizes, in writing, the custodian of the Village of Menands, New York's LOSAP trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from the authorized representative of the Board of Trustees.

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. The Board of Trustees created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Village Clerk. The Board of Trustees is the Program Trustee.

Authority to invest the Program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule. Program assets are invested through Morgan Stanley Smith Barney.

Program financial condition

Assets And Liabilities

Certificates of deposit	$ 151,949
Cash and money market	65,164
Sponsor contributions receivable	12,561
Interest and dividends receivable	350
Less: liabilities	-
Total Net Assets Available For Benefits	$ 230,024
Unfunded Liability For Prior Service	$ -

Note 10: Service Award Program (Continued)

Receipts And Disbursements

Plan net assets - beginning of year	$	230,390
Changes during the year:		
Plan contributions		10,471
Investment income earned		872
Changes in fair market value of investments		(70)
Plan benefit withdrawals and adjustments		(11,639)
Plan Net Assets - End Of Year	$	230,024

Contributions

Amount Of Sponsor's Required Contribution	$	10,471
Amount Of Sponsor's Actual Contribution	$	10,471

Administration Fees

Fees Paid To Administrative/Actuarial Services Provider (Paid Directly By The Village)	$	3,317

Note 11: Fund Balance - Reserve For Restricted Purposes

General Fund - Consists of various legally segregated amounts for equipment purchases.

Capital Fund - Consists of current authorized capital projects for the reconstruction and improvements to various Village roads and the reconstruction of portions of the Water Distribution System within the Village. There were no restricted or encumbrance amounts at May 31, 2014.

Note 12: Other Post-Employment Benefits

In a previous year, the Village implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Post-Employment Benefits Other than Pensions* (OPEB), for certain post-employment health care benefits provided by the Village. The Village elected to implement this statement prospectively.

Plan description - The Village administers a single-employer defined benefit healthcare plan (the Plan) that provides medical insurance to its employees and their eligible dependents.

Employees and their dependents may elect to remain in the Plan upon retirement up to age 65. After age 65 the Village's insurance coverage becomes secondary to the retiree's Medicare insurance. The Plan has 17 retirees and spouses receiving benefits and has a total of 26 active participants and dependents. Of that total, 21 are not yet eligible to receive benefits.

Eligibility criteria for the Plan was established by NYS LRS and may only be amended by the Village. The Village has not established a trust or agency fund for the Plan. The Village does not issue stand alone financial statements for this Plan. All financial information related to the Plan is accounted for in the Village's basic financial statements.

During the year 2014, $95,173 was paid on behalf of seventeen retirees and was recorded as an expenditure in the General Fund.

Funding Policy - For the year ended May 31, 2014, the Village's contribution was $95,173, which includes both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as may be determined annually by the Board.

Annual OPEB cost and net OPEB obligation - The Village's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years.

Note 12: Other Post-Employment Benefits (Continued)

The following table shows the components of the Village's annual OPEB cost for the year ended May 31, 2014, the amount actually contributed to the Plan, and changes in the Village's net OPEB obligation to the Plan:

Annual required contribution	$ 295,623
Interest on net OPEB obligation	11,326
Adjustment to annual required contribution	(16,672)
Annual OPEB cost (expense)	290,277
Contributions made	(95,173)
Increase in net OPEB obligation	195,104
Net OPEB obligation - beginning of year	478,953
Net OPEB Obligation - End Of Year	$ 674,057

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal years ended May 31, 2012, 2013, and 2014, were as follows:

Year Ending	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
May 31, 2012	$ 156,281	42%	$ 283,141
May 31, 2013	$ 290,277	33%	$ 478,953
May 31, 2014	$ 290,277	33%	$ 674,057

Funded status and funding progress - Because the Plan has fewer than 200 members, the Village is required to obtain an actuarial valuation at least every three years. The most recent actuarial valuation was performed as of May 31, 2013. Accordingly, the Village will be required to obtain a subsequent actuarial valuation within three years of that date. As of May 31, 2013, the actuarial accrued liability for benefits was $3,161,400, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was $1,207,396, and the ratio of unfunded actuarial liability (UAAL) to the covered payroll was 262%.

Note 12: Other Post-Employment Benefits (Continued)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Village's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because fiscal year 2009 was the first year of implementation of GASB Statement No. 45 and the Village is required to obtain an actuarial valuation once every three years, only two years are presented in the schedule at this time. In future years, required trend data will be presented.

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

In the May 31, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.30% at fiscal year ending 2083. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The UAAL is being amortized using a level-dollar payment basis over an open period of 30 years remaining amortization period of 26 years.

SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)

Schedule I

VILLAGE OF MENANDS, NEW YORK

Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget (Non-GAAP Basis) And Actual - General And Special Revenue Fund Types

For The Year Ended May 31, 2014

	General Fund			
	Modified Budget	**Actual**	**Encumbrances**	**Variance Favorable (Unfavorable)**
Revenues:				
Real property taxes	$ 2,086,804	$ 2,102,855	$ -	$ 16,051
Nonproperty tax items	1,420,000	1,486,454	-	66,454
Departmental income	52,900	24,558	-	(28,342)
Intergovernmental charges	5,000	4,024	-	(976)
Use of money and property	4,000	3,051	-	(949)
Fines and forfeitures	200,000	264,111	-	64,111
Miscellaneous local sources	-	14,977	-	14,977
State aid	140,618	152,887	-	12,269
Total revenues	3,909,322	4,052,917	-	143,595
Expenditures:				
General government support	832,383	724,168	-	108,215
Public safety	1,348,123	1,311,856	-	36,267
Transportation	998,815	937,340	-	61,475
Culture and recreation	132,518	112,763	-	19,755
Home and community services	237,067	200,429	-	36,638
Employee benefits	1,058,904	950,577	-	108,327
Debt service - principal and interest	34,935	52,684	-	(17,749)
Total expenditures	4,642,745	4,289,817	-	352,928
Other financing sources (uses)	(50,000)	(37,119)	-	12,881
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	$ (683,423)	(199,781)	$ -	$ 496,523
Fund balances - beginning		2,007,412		
Fund Balances - Ending		$ 1,807,631		

VILLAGE OF MENANDS, NEW YORK

Schedule Of Revenues, Expenditures, And Changes In Fund Balance - Budget (Non-GAAP Basis) And Actual - General And Special Revenue Fund Types

For The Year Ended May 31, 2014

	Water Fund				**Sewer Fund**			
	Modified Budget	**Actual**	**Encumbrances**	**Variance Favorable (Unfavorable)**	**Modified Budget**	**Actual**	**Encumbrances**	**Variance Favorable (Unfavorable)**
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	-	-
	976,500	971,551	-	(4,949)	541,000	522,136	-	(18,864)
	-	-	-	-	60,000	59,689	-	(311)
	1,500	421	-	(1,079)	500	30	-	(470)
	-	-	-	-	-	-	-	-
	-	1,700	-	1,700	-	-	-	-
	-	-	-	-	-	-	-	-
	978,000	973,672	-	(4,328)	601,500	581,855	-	(19,645)
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	1,228,234	830,507	-	397,727	579,845	356,286	-	223,559
	104,650	78,542	-	26,108	66,950	66,185	-	765
	89,500	11,004	-	-	32,000	1,995	-	30,005
	1,422,384	920,053	-	423,835	678,795	424,466	-	254,329
	-	(4,978)	-	(4,978)	-	(1,865)	-	(1,865)
	$ (444,384)	48,641	$ -	$ 419,507	$ (77,295)	155,524	$ -	$ 234,684
		1,305,923				708,659		
		$ 1,354,564				$ 864,183		

VILLAGE OF MENANDS, NEW YORK

Schedule Of Funded Status And Funding Progress - Other Post-Employment Benefits

For The Year Ended May 31, 2014

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL)-- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
5/31/2013	$ -	$ 3,161,400	$ 3,161,400	0%	$ 1,207,396	262%
5/31/2010	$ -	$ 1,790,289	$ 1,790,289	0%	$ 1,342,614	133%