INCORPORATED VILLAGE OF NORTHPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED
FEBRUARY 28, 2017
TOGETHER WITH AUDITOR'S REPORTS

INCORPORATED VILLAGE OF NORTHPORT
TABLE OF CONTENTS

	PAGE(S)
Independent Auditor's Report	1-2
Required Supplementary Information:	
Management's Discussion And Analysis ("MD&A")	3-14
Financial Statements:	
Village-Wide Financial Statements -	
Statement Of Net Position	15
Statement Of Activities	16
Fund Financial Statements -	
Balance Sheet - Governmental Funds	17
Reconciliation Of The Governmental Funds Balance Sheet To The Statement Of Net Position	18
Fund Financial Statements -	
Statement Of Revenues, Expenditures And Changes In Fund Balance (Deficit) - Governmental Funds	19
Reconciliation Of Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balance To The Statement of Activities	20
Fund Financial Statements -	
Statement Of Assets and Liabilities - Fiduciary Funds	21
Notes To Financial Statements	22-47
Required Supplementary Information Other Than MD&A:	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - General Fund	48
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual - Sewer Fund	49
Schedule Of Funding Progress For The Retiree Health Plan	50
Schedule Of Village's Proportionate Share Of The Net Pension Liability - NYSERS	51
Schedule Of Village's Proportionate Share Of The Net Pension Liability - NYSPFRS	52
Schedule Of Village Pension Contributions - NYSERS	53
Schedule Of Village Pension Contributions - NYSPFRS	54
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*	55-56

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Incorporated Village of Northport:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Northport (the "Village"), as of and for the year ended February 28, 2017, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of 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, 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, each major fund and the fiduciary funds of the Incorporated Village of Northport, as of February 28, 2017, and the respective changes in financial position, thereof for the year then ended in conformity 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, budgetary comparison information, schedule of funding progress for the retiree health plan, and pension schedules on pages 3-14 and 48-54, respectively, 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 ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 23, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Melville, New York
June 23, 2017

Nawrocki Smith LLP

INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2017

The following is a discussion and analysis of the Incorporated Village of Northport's (the "Village") financial performance for the fiscal year ended February 28, 2017. This section is a summary of the Village's financial activities based on currently known facts, decisions or conditions. It is also based on both the Village-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Village's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The Village's governmental activities total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $10,612,228 (total net position). This consists of $14,058,331 invested in capital assets, net of related debt, $137,117 restricted for capital assets and a deficit unrestricted portion of $3,583,220.

- The Village's net position increased $3,418,330 compared to $1,638,113 in 2016.

- The Village's total outstanding bonded indebtedness decreased $593,900 as a result of current year debt service payments and amortization of the applicable premium.

- Total Village revenues from governmental activities increased $3,558,168 (mainly related to capital grants) and expenses increased $1,777,951 (related to increase in pension expense recognized of $637,804 as a result of GASB 68).

- The Village's General Fund fund balance increased $913,656, compared to an increase of $394,952 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: required supplementary information including management's discussion and analysis (this section) and the basic financial statements. The financial statements include two kinds of financial statements that present different views of the Village:

- The first two financial statements are *Village-wide financial statements* that provide both *short-term* and *long-term* information about the Village's *overall* financial status.

- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Village, reporting the Village's operations in *more detail* than the Village-wide financial statements.

  - The *fund financial statements* tell how programs were financed in the *short-term* as well as what remains for future spending.

  - *Fiduciary fund financial statements* provide information about the financial relationships in which the Village acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Village's budget for the year.

Table A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the financial statements.

Table A-1: Major Features of the Village-Wide and Fund Financial Statements

	Village-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Village (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary	Instances in which the Village administers resources on behalf of someone else
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)	• Statement of Assets and Liabilities
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Village-Wide Financial Statements

The Village-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Village-wide financial statements report the Village's net position and how they have changed. Net position - the difference between the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the Village's financial health or *position.*

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the Village's overall health, you need to consider additional non-financial factors such as availability of Federal funding and the condition of buildings and other facilities.

In the Village-wide financial statements, the Village's activities are shown as *governmental activities*; most of the Village's basic services are included here. Property taxes, charges for services, operating grants and capital grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, focusing on its most significant or "major" funds - not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The Village establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues (such as Federal grants).

The Village has two kinds of funds:

- *Governmental funds*: Most of the Village's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the Village-wide financial statements, reconciliations of the Village-wide and fund financial statements are provided which explain the relationship (or differences) between them.

- *Fiduciary funds*: The Village is the trustee or fiduciary, for assets that belong to others. The Village is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Village excludes these activities from the Village-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Financial Highlights:

Net position:

The Village's total assets and deferred outflows of resources on February 28, 2017 were approximately $30.4 million, an increase of $4.5 million over the prior year. Total liabilities and deferred inflows of resources were approximately $19.8 million, an increase of $1.1 million over the prior year. The result is a net position of $10.6 million, an increase of $3.4 million over the prior year.

- Working capital of $3.8 million as of February 28, 2017 compared with February 29, 2016 working capital of $3.2 million. The increase in working capital is mainly the result of the increase in current assets being greater than the increase in current liabilities by approximately $596,000.
- Net position increased $3,418,330 for the year ended February 28, 2017. Unrestricted net deficit increased $340,836, as a result of current year revenues exceeding expenses by $3,418,330 offset by the increase in net investment in capital assets of $3,853,259, primarily as a result of the Village reducing their outstanding bonds payable and EFC debt payable by $593,900 and $2,865,600, respectively.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	2/28/17	2/29/16	$ Change	% Change
Current assets	$ 6,597,580	$ 5,885,551	$ 712,029	12.1
Capital assets, net	19,052,470	18,577,876	474,594	2.6
Total assets	$ 25,650,050	$ 24,463,427	$ 1,186,623	4.9
Deferred outflows of resources	$ 4,733,272	$ 1,410,988	$ 3,322,284	235.5
Current liabilities	$ 2,777,090	$ 2,661,106	$ 115,984	4.4
Noncurrent liabilities	16,504,769	16,019,411	485,358	3.0
Total liabilities	$ 19,281,859	$ 18,680,517	$ 601,342	3.2
Deferred inflows of resources	$ 489,235	$ -	$ 489,235	100.0
Net position:				
Net investment in capital assets	$ 14,058,331	$ 10,205,072	$ 3,853,259	37.8
Restricted	137,117	231,210	(94,093)	(40.7)
Unrestricted	(3,583,220)	(3,242,384)	(340,836)	(10.5)
Total net position	$ 10,612,228	$ 7,193,898	$ 3,418,330	47.5

Change in Net Position

The Village's program revenues for the year ended February 28, 2017 were $6.1 million, an increase of $2.7 million from 2016, which is related to an increase in capital grants. General revenues of $13.4 million is an increase of approximately $1.0 million over last year. Total revenues were $19.5 million, which is an increase of $3.6 million. Expenses increased approximately $1.8 million as a result of increases in most expense categories with the exception of health, economic opportunity and assistance, and home and community services. This resulted in an increase in net position for the year ended February 28, 2017 of approximately $3.4 million. The table below outlines a comparison of revenues and expenses for the Village for the years ended February 28, 2017 and February 29, 2016.

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	2/28/17	2/29/16	$ Change	% Change
Revenues				
Program revenues:				
Charges for services, fees, fines and forfeitures	$ 2,417,176	$ 2,442,042	$ (24,866)	(1.0)
Operating grants	141,236	253,638	(112,402)	(44.3)
Capital grants	3,554,513	757,821	2,796,692	369.0
General revenues:				
Real property taxes	11,670,195	11,289,344	380,851	3.4
Other tax items	28,151	25,634	2,517	9.8
Non-property tax items	1,194,419	769,137	425,282	55.3
Use of money and property	44,393	36,062	8,331	23.1
Sale of property and compensation for loss	206,816	71,143	135,673	190.7
Mortgage tax	139,896	129,367	10,529	8.1
Other state aid	58,532	58,512	20	0.0
Miscellaneous	9,941	74,400	(64,459)	(86.6)
Total revenues	19,465,268	15,907,100	3,558,168	22.4
Expenses				
General government	2,570,057	2,162,295	407,762	18.9
Public safety	8,809,761	7,660,941	1,148,820	15.0
Health	1,217	2,140	(923)	(43.1)
Transportation	1,726,156	1,574,703	151,453	9.6
Economic opportunity and assistance	1,680	3,948	(2,268)	(57.4)
Culture and recreation	662,266	597,164	65,102	10.9
Home and community services	2,118,523	2,105,232	13,291	0.6
Interest on debt	157,278	162,564	(5,286)	(3.3)
Total expenses	16,046,938	14,268,987	1,777,951	12.5
Increase in net position	$ 3,418,330	$ 1,638,113	$ 1,780,217	108.7

Significant elements of the changes in Village-wide revenues and expenses were as follows:

- Charges for services decreased $24,866 primarily due to decreases in sewer charges revenue of $34,000, offset by an increase in parking meter fees of $10,000.

- Operating grants and contributions revenue decreased $112,402, due to the Village receiving funds from the New York State Department of Homeland Security for vouchers submitted in prior years relating to costs incurred for Superstorm Sandy cleanup during 2016.

- Capital grants increased $2,796,692 primarily due to the Village drawing down on the EFC infrastructure grant funding in the Sewer Fund in the amount of $2,865,000 during 2016-17.

- Revenues from property taxes and other tax items, primarily interest and fees, increased as a result of an increase in the budgeted tax levy for fiscal 2016-17. The tax rate increased slightly, and the assessed value of properties for the Village also increased year over year.

- Revenues from non-property tax items increased by $425,282 due to a budgeted increase of $57,300 in sales tax receipts from Suffolk County and unanticipated/previously unaccounted for monies being received in the cumulative amount of $314,355 related to prior fiscal years/periods.

- Revenues from the sale of property or compensation for loss increased $135,673 mainly due to Village receiving revenues related to insurance recoveries of $195,761 (compared to $49,757 in 2016, increase of $146,005), generally related to prior year workers compensation claims.

- Mortgage tax revenue increased $10,529. This revenue item will vary from year to year as it is dependent on the amount of real estate activity within the Village.

- General governmental and public safety expenses increased $1,556,582 year over year due to increases in expenses relating to professional services and contractual service expenses as well as due to the allocated increase in pension related expenses related to GASB 68.

- Transportation expenses increased $151,453 mainly due to increased spending due to the Village receiving $329,286 in NYS CHIPS funding during 2016-17, offset by various highway related equipment expenses that were capitalized and depreciated in 2016-17.

- Interest on debt decreased from $162,564 to $157,278, or $5,286. The Village's current debt service is estimated to decrease to $125,000 in 2018 and $87,000 in 2019 excluding any future projects financed with debt.

Table A-4: Sources of Revenues for Fiscal Year 2017

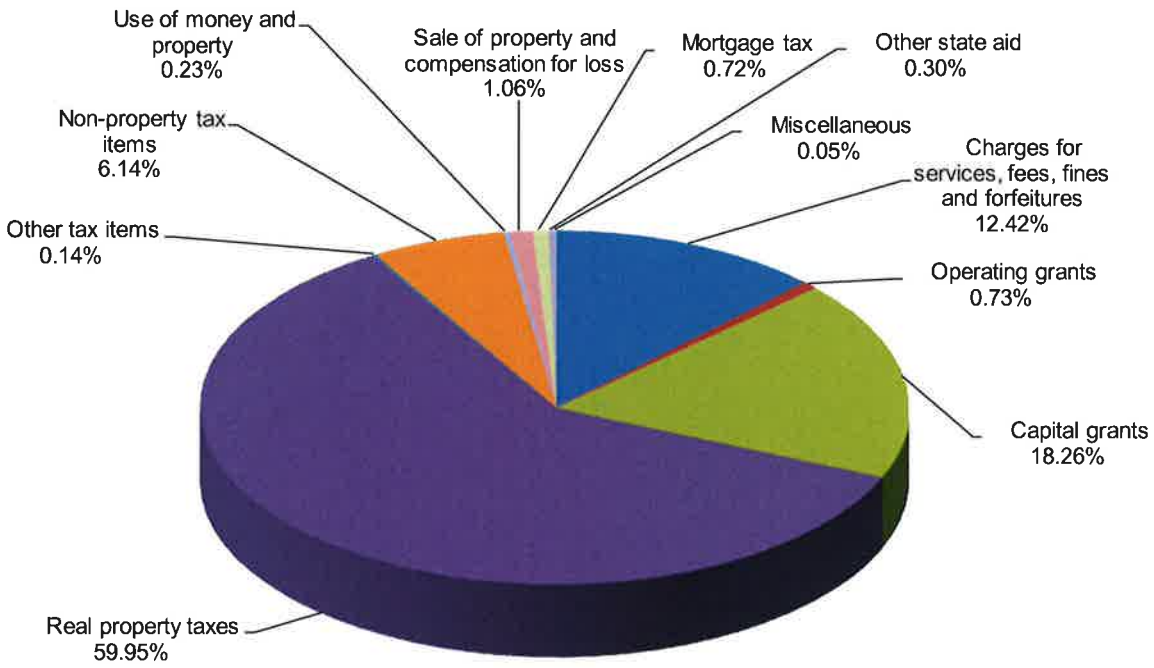


Table A-5: Sources of Revenues for Fiscal Year 2016

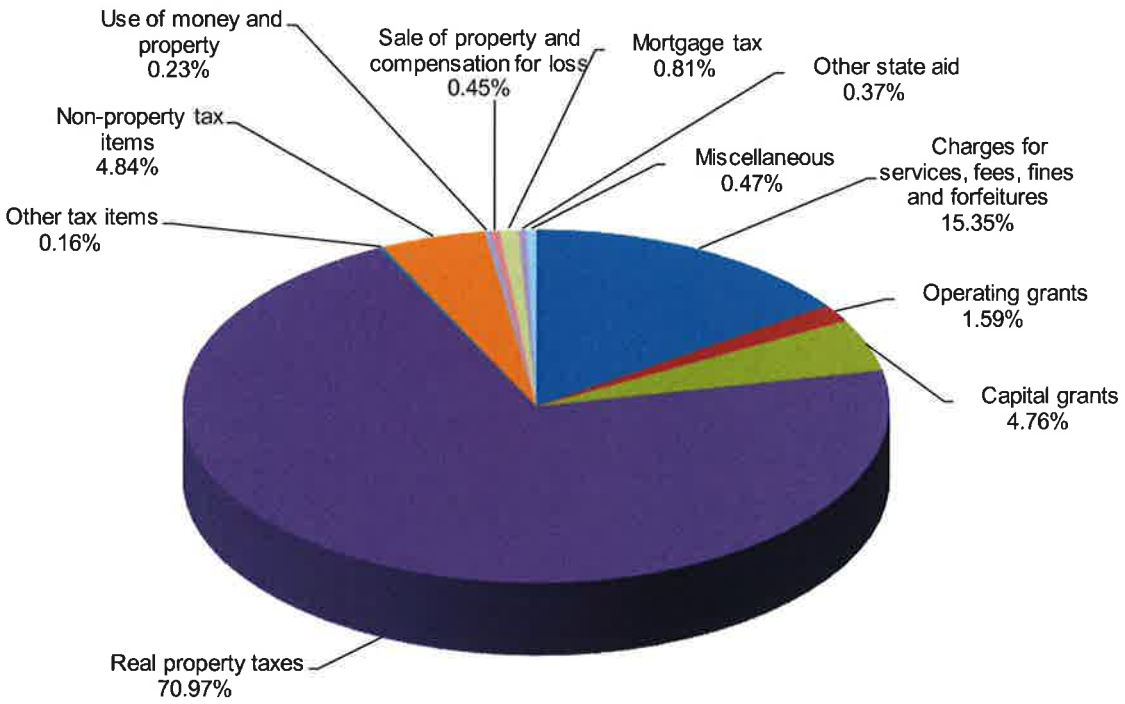


Table A-6: Expenses for Fiscal Year 2017

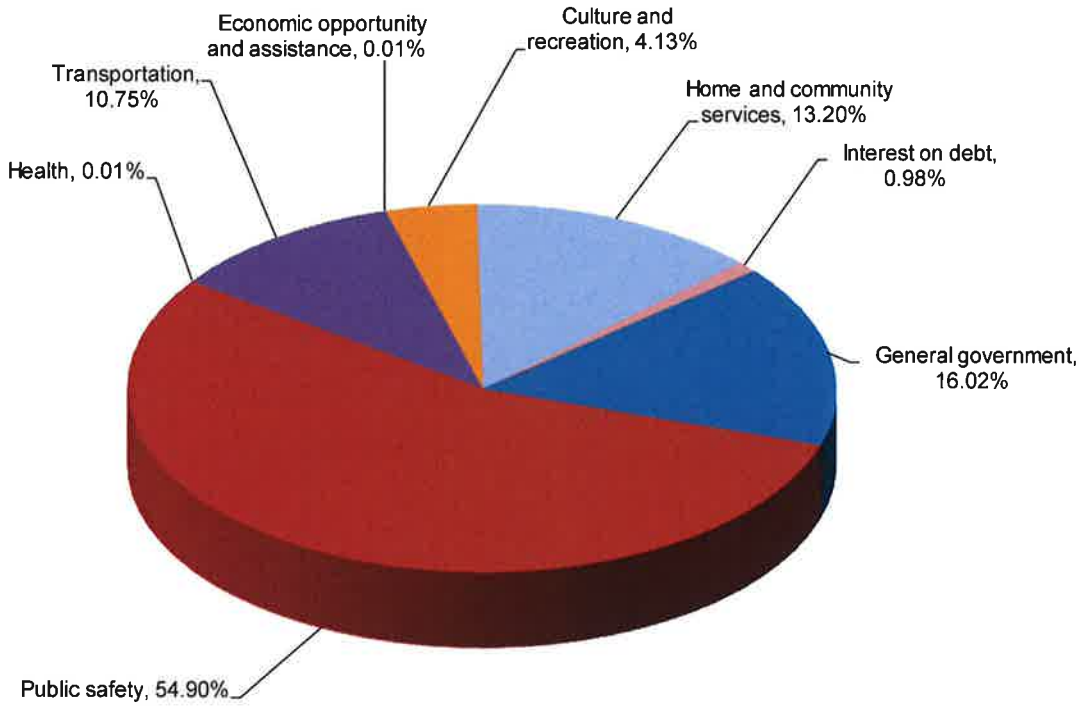
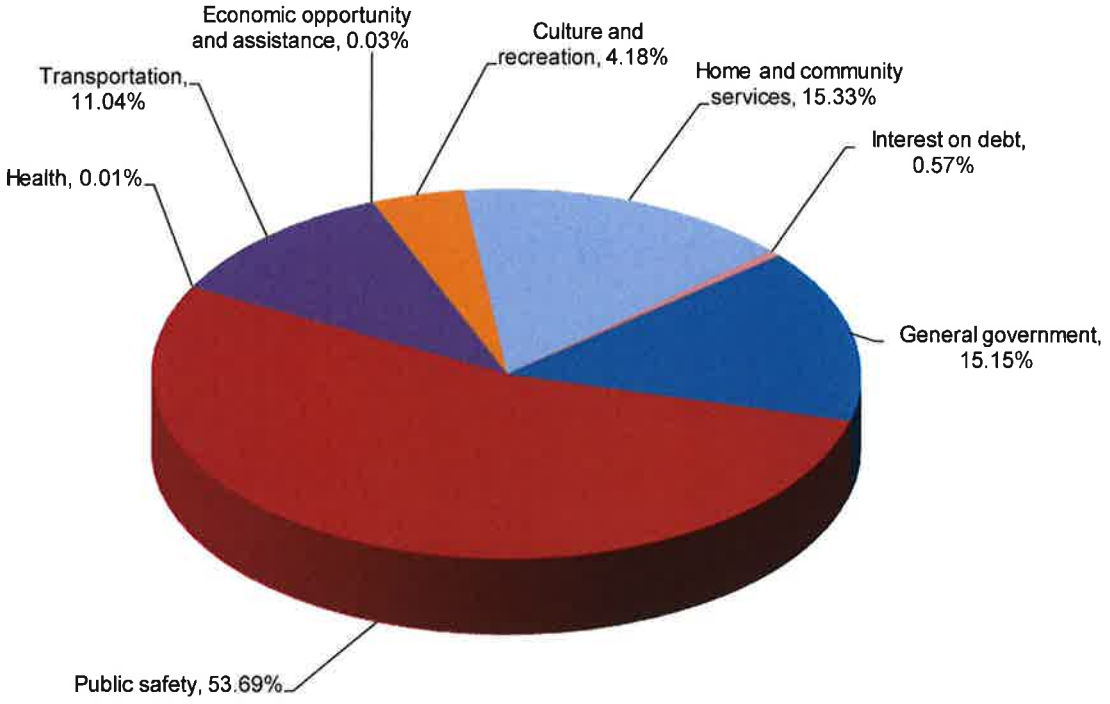


Table A-7: Expenses for Fiscal Year 2016



Governmental Activities

Revenues for the Village's governmental activities were consistent with the Village-wide operating results. Governmental expenditures exceed Village-wide expenditures due principally to payment for capital assets and long-term debt.

The primary program activities of the Village included:

- Police enforcement
- Fire protection
- Street maintenance
- Street lighting
- Snow removal
- Recreational activities
- Code enforcement
- Refuse disposal
- Sewage treatment
- Zoning

Substantially all of the Village's revenues are generated through real property taxes, charges for services, non-property tax items, operating grants and capital grants.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

Variances between years for the fund financial statements are not the same as variances between years for the Village-wide financial statements. The Village's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt.

The Village's fund financial statements show the following variations year over year:

- General Fund total assets increased $802,541. The increase was generally due to an increase in cash as a result of an increase in fund balance.

- General Fund total liabilities decreased $111,115 due to a decrease in accrued expenses and accounts payable. The decrease in accrued expenses is mainly due to the timing of payments made at year-end for the Village's purchased goods and services as well as accrued payroll and related expenditures.

- General Fund reported an excess of revenues over expenditures, before other financing sources (uses), of $1,675,453, compared to an increase of $1,164,914 in 2016. Total change in fund balance including all sources was a positive $913,656, compared to an increase of $394,952 in the previous year.

- General Fund revenues increased $1,170,789, mainly due a budgeted increase in real property taxes, increases in non-property tax items as well as increases in most other revenue categories.

- General Fund expenditures increased $660,250, primarily due to increases in general government, transportation, and employee benefits.

- General Fund other financing uses were $761,797 as a result of budgeted transfers out to the Sewer Fund and Capital Projects Fund. Uses were $141,439 less than the prior year.

- Sewer Fund total assets increased $95,579 as a result of an increase in cash and due from other funds.

- Sewer Fund total liabilities increased $95,579 as a result of an increase in due to other funds.

- Sewer Fund departmental revenue decreased $33,865, primarily due to reduced fees primarily related to decreased usage.

As of February 28, 2017, the Village's governmental funds had a combined fund balance of $5,818,680, which is an increase of $736,965 from the previous year. Fund balances for the Village's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	2/28/17	2/29/16	$ Change	% Change
General Fund	$5,885,662	$4,972,006	$ 913,656	18.4
Sewer Fund	249,280	249,280	-	-
Capital Projects Fund	(316,262)	(139,571)	(176,691)	(126.6)
Total fund balances	$5,818,680	$5,081,715	$ 736,965	14.5

General Fund Budgetary Highlights

Reference is made to the budget vs. actual schedules on pages 48 and 49 which presents budget and actual results for the Village's General Fund and Sewer Fund.

- Actual revenues (before appropriations of fund balance) in the General Fund were more than budgeted revenues by $350,847 primarily due to greater than expected revenues related to non-property tax items ($182,751) and sale of property and compensation for loss ($185,815).

- Actual expenditures in the General Fund were less than budgeted by $1,010,184 (excluding encumbrance of $237,178) primarily due to less than anticipated spending in all of the Village's functional categories with the exception of general government and home and community services.

- Actual revenues in the Sewer Fund were more than budget by $1,831,474 primarily due to the Suffolk County infrastructure grant.

- Actual expenditures in the Sewer Fund were more than anticipated by $91,082 due to more than budgeted spending on debt service expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2017, the Village had invested $19,052,470, net of depreciation, in a broad range of capital assets.

Table A-9: Capital Assets (net of depreciation)

	2/28/17	2/29/16	$ Change	% Change
Land	$ 1,655,294	$ 1,655,294	$ -	0.0
Land improvements	72,735	81,316	(8,581)	(10.6)
Buildings and building improvements	11,398,064	11,737,344	(339,280)	(2.9)
Machinery and equipment	807,821	812,693	(4,872)	(0.6)
Vehicles	1,171,425	1,275,105	(103,680)	(8.1)
Infrastructure	3,947,131	3,016,124	931,007	30.9
Totals	$ 19,052,470	$ 18,577,876	$ 474,594	2.6

Long-Term Liabilities

At year-end, the Village had total long-term liabilities of $18,487,504.

The Village's bond rating is AA+ according to Standard and Poor's Ratings Services.

The Village's current outstanding bonded indebtedness was $3,159,502 as of February 28, 2017. The Village's EFC note payable outstanding was $1,789,657 as of February 28, 2017.

Pursuant to New York State Local Finance Law §104, the Village's outstanding long-term debt must be no more than 7% of the five-year average full valuation of real property. This is also known as the "constitutional debt limit". At February 28, 2017, the Village had exhausted 3.4% of its limit.

In accordance with GASB Statement No. 68, the Village has accrued $3,573,585 for their proportionate share of the New York State Local Retirement Systems net pension liability. The Villages make a yearly payment for their proportionate share of the pension's funds expense. The Village has accrued a $6.6 million obligation for other post-employment benefits in accordance with GASB Statement No. 45 on the Village-wide financial statements. See Note 10, in the notes to financial statements for more detailed information.

Table A-10: Long-Term Liabilities

	2/28/17	2/29/16	$ Change	% Change
Bonds payable, net	$ 3,159,502	$ 3,753,402	$ (593,900)	(15.8)
EFC note payable	1,789,657	4,581,426	(2,791,769)	(60.9)
Bond anticipation note payable	80,000	80,000	-	-
Net pension liability	3,573,585	490,467	3,083,118	628.6
Due to employees' retirement system	658,631	846,483	(187,852)	(22.2)
Other post-employment benefits	6,643,425	5,763,658	879,767	15.26
Compensated absences	2,582,704	2,337,638	245,066	10.5
Totals	$ 18,487,504	$ 17,853,074	$ 634,430	3.6

FACTORS BEARING ON THE FUTURE OF THE VILLAGE

At the time these financial statements were prepared and audited, the Village was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Village's elected and appointed officials considered many factors when setting the year 2017-18 budget, tax rates, and fees that will be charged. One of those factors is the economy. The Village, located in Suffolk County, NY generally has more favorable financial statistical data than the County or New York State. These factors provide a stable tax environment enabling the Village to reliably project tax revenue.

- Changes in accounting principles which are set to be implemented in subsequent years will force the Village to recognize the full obligation due under other post-employment benefit arrangements. This could adversely affect the Village's Statement of Net Position by increasing the amount reported for total liabilities.

- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a Village in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult. The limitation does not provide exclusion for debt service on general obligations issued by the Village. Accordingly, the Village has taken the appropriate steps to opt out of the applicable cap.

- Changes in accounting principles which are set to be implemented in subsequent years will force the Village to recognize the full obligation due under other post-employment benefit arrangements. This could adversely affect the Village's Statement of Net Position by increasing the amount reported for total liabilities.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Village's citizens, taxpayers, customers and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Attention: Village Treasurer
Incorporated Village of Northport
224 Main Street
Northport, New York 11768
(631) 261-7502

INCORPORATED VILLAGE OF NORTHPORT
STATEMENT OF NET POSITION
FEBRUARY 28, 2017

ASSETS	
Cash:	
Unrestricted	$ 4,908,415
Restricted	137,117
Receivables:	
Accounts receivable	216,273
Taxes	91,374
Due from other governments	934,268
Due from fiduciary funds	310,133
Non-depreciable capital assets	1,655,294
Depreciable capital assets, net	17,397,176
Total assets	25,650,050
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge from refunding bonds	35,020
Pension related	4,698,252
Total deferred outflows of resources	4,733,272
LIABILITIES	
Payables:	
Accounts payable	342,496
Accrued expenses	422,043
Interest payable	29,816
Liabilities due within one year:	
Bonds payable, net	613,900
EFC note payable	47,730
Bond anticipation note	80,000
Due to employees' retirement system	202,881
Compensated absences	1,038,224
Liabilities due in more than one year:	
Bonds payable, net	2,545,602
EFC note payable	1,741,927
Due to employees' retirement system	455,750
Net pension liability - proportionate share	3,573,585
Other post-employment benefits	6,643,425
Compensated absences	1,544,480
Total liabilities	19,281,859
DEFERRED INFLOWS OF RESOURCES	
Pension related	489,235
Total deferred inflows of resources	489,235
NET POSITION	
Net investment in capital assets	14,058,331
Restricted:	
Capital projects	137,117
Unrestricted	(3,583,220)
Total net position	$ 10,612,228

The accompanying notes are an integral part of this statement.

INCORPORATED VILLAGE OF NORTHPORT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2017

		Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services, Fees, Fines and Forfeitures	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Functions and programs:					
Primary government -					
General government	$ 2,570,057	$ 25,285	$ -	$ -	$ (2,544,772)
Public safety	8,809,761	1,838,230	14,385	144,345	(6,812,801)
Health	1,217	-	-	-	(1,217)
Transportation	1,726,156	73,295	-	329,286	(1,323,575)
Economic opportunity and assistance	1,680	-	-	-	(1,680)
Culture and recreation	662,266	55,093	-	-	(607,173)
Home and community services	2,118,523	425,273	126,851	3,080,882	1,514,483
Debt service - interest	157,278	-	-	-	(157,278)
Total primary government	$ 16,046,938	$ 2,417,176	$ 141,236	$ 3,554,513	(9,934,013)
General revenues:					
Real property taxes					11,670,195
Other tax items					28,151
Non-property tax items					1,194,419
Mortgage tax					139,896
State aid - unrestricted					58,532
Use of money and property					44,393
Sale of property and compensation for loss					206,816
Miscellaneous					9,941
Total general revenues					13,352,343
Change in net position					3,418,330
Total net position, beginning of year					7,193,898
Total net position, end of year					$ 10,612,228

The accompanying notes are an integral part of this statement.

INCORPORATED VILLAGE OF NORTHPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
FEBRUARY 28, 2017

	Major Funds			
		Special Revenue Fund		
	General Fund	Sewer Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash:				
Unrestricted	$ 4,721,204	$ 187,211	$ -	$ 4,908,415
Restricted	-	-	137,117	137,117
Receivables:				
Accounts receivable	-	216,273	-	216,273
Taxes	91,374	-	-	91,374
Due from other governments	807,417	126,851	-	934,268
Due from other funds	447,524	2,634	2,515	452,673
Due from fiduciary funds	296,807	13,326	-	310,133
Total assets	$ 6,364,326	$ 546,295	$ 139,632	$ 7,050,253
LIABILITIES				
Payables:				
Accounts payable	$ 90,717	$ 4,231	$ 247,548	$ 342,496
Accrued expenses	385,313	36,730	-	422,043
Due to other funds	2,634	256,054	193,985	452,673
Total liabilities	478,664	297,015	441,533	1,217,212
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenues	-	-	14,361	14,361
Total deferred inflows of resources	-	-	14,361	14,361
FUND BALANCE				
Fund balance:				
Restricted	-	-	137,117	137,117
Assigned	1,977,765	249,280	-	2,227,045
Unassigned	3,907,897	-	(453,379)	3,454,518
Total fund balance	5,885,662	249,280	(316,262)	5,818,680
Total liabilities, deferred inflows of resources and fund balance	$ 6,364,326	$ 546,295	$ 139,632	$ 7,050,253

The accompanying notes are an integral part of this balance sheet.

INCORPORATED VILLAGE OF NORTHPORT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2017

Total Fund Balance - Governmental Funds		$ 5,818,680
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets:		
Non-depreciable	$ 1,655,294	
Depreciable	29,827,579	
Accumulated depreciation	(12,430,403)	19,052,470
Revenues that do not provide current resources are reported as deferred inflows of resources in the governmental funds.		14,361
Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:		
Bonds payable, net	(3,159,502)	
EFC note payable	(1,789,657)	
Bond anticipation note payable	(80,000)	
Due to employees' retirement system	(658,631)	
Other post-employment benefits	(6,643,425)	
Compensated absences	(2,582,704)	(14,913,919)
Deferred charge on refunding bond.		35,020
Pension related items are not reported in the fund financial statements since they are not related to current financial resources The pension related items included in the governmental activities consist of the following:		
Net pension liability - proportionate share	(3,573,585)	
Deferred outflows of resources	4,698,252	
Deferred inflows of resources	(489,235)	635,432
Interest payable applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.		(29,816)
Net Position - Governmental Activities		$ 10,612,228

The accompanying notes are an integral part of this statement.

INCORPORATED VILLAGE OF NORTHPORT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (DEFICIT)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED FEBRUARY 28, 2017

	Major Funds			
		Special Revenue Fund		
	General Fund	Sewer Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Real property taxes	$ 11,670,195	$ -	$ -	$ 11,670,195
Other tax items	28,151	-	-	28,151
Non-property tax items	1,194,419	-	-	1,194,419
Departmental income	283,873	416,694	-	700,567
Intergovernmental revenue	1,563,070	-	-	1,563,070
Fines and forfeitures	145,459	-	-	145,459
Use of money and property	44,389	-	4	44,393
Licenses and permits	6,981	-	-	6,981
State and local aid	686,444	2,992,451	215,282	3,894,177
Sale of property and compensation for loss	207,915	-	-	207,915
Miscellaneous	9,941	-	-	9,941
Total revenues	15,840,837	3,409,145	215,286	19,465,268
EXPENDITURES				
Current -				
General government	1,850,677	-	-	1,850,677
Public safety	5,074,324	-	-	5,074,324
Health	1,217	-	-	1,217
Transportation	1,334,709	-	-	1,334,709
Economic opportunity and assistance	1,680	-	-	1,680
Culture and recreation	402,697	-	-	402,697
Home and community services	992,506	794,077	-	1,786,583
Employee benefits	3,904,924	23,418	-	3,928,342
Capital outlay	-	-	871,698	871,698
Debt service -				
Principal	530,000	2,915,600	-	3,445,600
Interest	72,650	31,957	-	104,607
Total expenditures	14,165,384	3,765,052	871,698	18,802,134
Excess (deficiency) of revenues over (under) expenditures	1,675,453	(355,907)	(656,412)	663,134
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of notes	-	-	73,831	73,831
BAN redeemed from appropriations	-	-	80,000	80,000
Principal payment on bond anticipation note	(80,000)	-	-	(80,000)
Interfund transfers in	-	355,907	325,890	681,797
Interfund transfers out	(681,797)	-	-	(681,797)
Total other financing sources (uses)	(761,797)	355,907	479,721	73,831
Change in fund balance	913,656	-	(176,691)	736,965
Fund balance (deficit), beginning of year	4,972,006	249,280	(139,571)	5,081,715
Fund balance (deficit), end of year	$ 5,885,662	$ 249,280	$ (316,262)	$ 5,818,680

The accompanying notes are an integral part of this statement.

INCORPORATED VILLAGE OF NORTHPORT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2017

Net Change in Fund Balance - Governmental Funds		$ 736,965
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation expense in the current period is:		
Capital outlay, net	$ 1,390,187	
Depreciation expense	(915,593)	474,594
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.		
Proceeds from issuance of EFC note payable	(73,831)	
Repayment of bond principal	580,000	
Repayment of EFC note payable	2,865,600	3,371,769
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Due to employees' retirement system	187,852	
Other post-employment benefits	(879,767)	
Compensated absences	(245,066)	
Pension related	(243,065)	
Amortization of deferred charge from refunding bond	(7,004)	
Amortization of bond premium	13,900	
Accrued interest costs	8,152	(1,164,998)
Net Change in Net Position - Governmental Activities		$ 3,418,330

The accompanying notes are an integral part of this statement.

INCORPORATED VILLAGE OF NORTHPORT
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FEBRUARY 28, 2017

	Agency Funds
ASSETS	
Cash	$ 416,506
Length of service award program	1,635,901
Total assets	$ 2,052,407
LIABILITIES	
Guaranty and bid deposits	$ 17,780
Due to governmental funds	310,133
Length of service award program	1,635,901
Other liabilities	88,593
Total liabilities	$ 2,052,407

The accompanying notes are an integral part of this statement.

1. Summary of significant accounting policies

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

A. Financial reporting entity

The Incorporated Village of Northport, which was incorporated in 1894 and is governed by its Charter, New York State Village Law and other general laws of the State of New York and various local laws. The Village Board of Trustees is the legislative body responsible of the overall operation of the Village. The Mayor serves as Chief Executive Officer and the Treasurer serves as Chief Fiscal Officer. The Mayor and the Board of Trustees appoint the Village Treasurer who serves as the Chief Fiscal Officer of the Village. The Mayor, with ratification by the Board of Trustees, annually appoints the principal department heads.

The Village provides a full range of municipal services including general support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community service.

The financial reporting entity of the Village consists of (a) the primary government which is the Incorporated Village of Northport, (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.

B. Basis of presentation

1. Village-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These financial 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 reflects capital specific (when applicable).

The Statement of Activities presents a comparison between program expenses and 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 and depreciation expense, are allocated to functional areas in proportion to the payroll expended for those 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.

2. Fund financial statements

The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate financial 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.

The Village records its transactions in the fund types described below:

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

Major Funds:

General Fund - the principal operating fund which includes all operations not required to be recorded in other funds.

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Fund is utilized:

Sewer Fund - used to account for sewage treatment operations not required to be accounted for on an enterprise basis. The financing is provided by Local Law 7 of 2010 to be 25% of estimated operational costs by sewer rents, contracts with the Village of Huntington and the balance by an operating transfer from the General Fund.

Capital Projects Fund - used to account for financial resources to be used for the acquisition, construction or resurfacing of major capital facilities and equipment.

b. Fiduciary funds - used to account for assets held by the local government in a trustee or custodial capacity:

Agency Funds - used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent.

C. Measurement focus and basis of accounting

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows of resources, liabilities and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Modified accrual basis - the fund financial 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 a reasonable period of time after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 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, installment purchase debt, other post-employment benefits, amortized retirement costs, 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.

Material revenues that are accrued include real property taxes, State and Federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made and the resources are available.

Accrual basis - the Village-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. Nonexchange 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. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

D. Property taxes

Real property taxes are levied annually no later than February 1st, and become a lien on March 1st. Taxes are levied based upon the taxable value of all real property located within the Village. Taxes are recorded as a receivable on March 1st, and are payable in full without penalty to March 31st, each year. Thereafter, penalties and interest are imposed pursuant to the Real Property Tax Law. After certification and return of the tax warrant to the Board of Trustees of the uncollected tax items, an annual sale of the tax liens is held pursuant to the provisions of the Real Property Tax Law. Tax Sale Certificates are issued for all uncollected property tax liens. Delinquent taxes not received within 60 days of year-end are recorded as deferred inflows of resources.

E. Interfund transactions

Interfund transactions have been eliminated from the Village-wide financial statements. In the fund financial statements, interfund transactions include:

1. Interfund revenues

   Interfund revenues represent amounts charged for services or facilities provided by one fund to another fund. The amounts paid by the fund receiving the benefits of the service or facilities are reflected as an expenditure of the fund receiving the service.

2. Interfund expenses

   Other transactions between funds include loans and transfers of resources to service debt, residual equity transfers to close out completed capital projects and to allocate certain indirect expenses. The fund financial statements reflect such transfers as operating transfers.

F. Cash and cash equivalents

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months from the date acquired by the Village.

G. Receivables

Receivables include amounts due from New York State and other governments or entities for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred. All receivables are deemed collectable; therefore no allowance account has been established.

H. Restricted assets

Certain assets are classified as restricted assets because their use is restricted by contractual agreements and/or regulations.

I. Capital assets

Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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 Village-wide financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land improvements	$2,000	Straight line	20 years
Building and building improvements	$2,000	Straight line	25-50 years
Infrastructure	$2,000	Straight line	10-65 years
Machinery and equipment	$2,000	Straight line	5-15 years
Licensed vehicles	$2,000	Straight line	8 years

J. Deferred outflows

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

K. Deferred inflows/unearned revenues

Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measureable and available criteria for recognition in the current period. Unearned revenues arise when the Village receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to the resources, the deferred inflow/unearned revenue is removed and revenues are recorded.

L. Long-term obligations

The liabilities for long-term obligations consisting of general long-term debt, installment purchase debt, due to employees' retirement system, proportionate share of the net pension liability, other post-employment benefit obligations and compensated absences are recognized in the Village-wide financial statements. Bond premiums, discounts and any prepaid bond insurance costs are deferred and amortized over the life of the bonds using the straight line method, and bond issuance costs are recognized as an expense in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, long-term obligations are not reported as liabilities. The debt proceeds (when applicable) are reported as other financing sources and payment of principal and interest are reported as expenditures when paid.

M. Compensated absences

The liability for vested or accumulated vacation or sick leave (compensated absences) is recorded as current and noncurrent obligations in the Village-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, only the compensated absence liability payable from expendable available financial resources is incurred. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Vested vacation and sick leave is recorded in governmental funds as a fund liability and expenditures, if payable from current resources.

N. Post-employment benefits

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors that meet the requirements within the Village's policies. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. The liability for other post-employment benefits is recorded as a long-term obligation in the Village-wide financial statements.

O. Net position

In the Village-wide financial statements, there can be three classes of net position:

1. Net investment in capital assets: consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

2. Restricted: consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

3. Unrestricted: is the amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund financial statements

In the fund financial statements, there can be five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Village has no nonspendable fund balances as of February 28, 2017.

2. Restricted - 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. The Village has $137,117 in restricted fund balances as of February 28, 2017.

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, i.e. the Board. The Village Board of Trustees is the decision-making authority that can, by Board resolution, commit fund balance. The Village has no committed fund balances as of February 28, 2017.

4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization agreements. The intent can be expressed by the Board or through the Board delegating this responsibility to the Village administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund. The Village reported amounts appropriated for the subsequent year and amounts appropriated for special purposes (including encumbrances of $237,178) of $225,000 and $1,752,765, respectively, for the year ended February 28, 2017, within assigned fund balance.

   Encumbrances

   Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriation, is employed in the governmental funds. Appropriations for all governmental funds lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the Village. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

Net position and fund balance flow assumptions

Sometimes the Village will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the Village-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Insurance

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Village maintains insurance policies in amounts and on terms generally standard for municipalities to insure against these liabilities. These insurance policies limit the overall exposure to Village assets by providing a third party insurer to assume the risk and liabilities relating to claims. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, potential contingent liabilities and useful lives of long-lived assets.

2. Explanation of certain differences between fund financial statements and Village-wide financial statements

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the Village-wide financial 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 current financial resources focus of the governmental funds.

A. 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 funds Balance Sheet.

B. Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit) and the Statement of Activities fall into one of four broad categories. The categories are shown below:

1. Long-term revenue/expense differences

   Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities 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.

2. Capital related differences

   Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial 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 fund financial statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences

   Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial 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.

4. Pension differences

   Pension differences occur as a result of changes in the Village's proportion of the collective net pension liability and differences between the Village's contributions and its proportionate share of the total contributions to the pension systems.

3. Stewardship, compliance and accountability

A. Budgetary data

1. Budget policies

   a. No later than December 20th, the Village Treasurer submits a tentative budget to the Village Board of Trustees for the fiscal year commencing the following March 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

   b. After public hearings are conducted to obtain taxpayer comments, no later than February 1, the Village Board of Trustees adopts the budget.

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

2. 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.

B. Fund balances (deficit)

Capital Projects Fund - the deficit in unrestricted fund balance was $316,262 as of February 28, 2017. This deficit resulted from the issuance of temporary financing (i.e. BAN Payable). The Village will eliminate this deficiency in the coming years with the issuance of permanent financing and grants.

4. Cash and cash equivalents - custodial credit, concentration of credit, and interest rate risks

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

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 States 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.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Custodial credit risk - deposits/investments: Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Village does not participate in a multi-municipal cooperation investment pool.

GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Village's name

Deposits and investments at year-end were entirely covered by Federal depository insurance or by collateral held by the Village's custodial banks in the Village's name. The Village's deposits at year-end consisted of:

Fund	Bank Balance	Carrying Amount	
General Fund	$ 4,811,731	$ 4,721,204	Insured (FDIC)/Collateralized
Sewer Fund	191,234	187,211	Insured (FDIC)
Capital Projects Fund	137,117	137,117	Insured (FDIC)
Agency Funds	436,692	416,506	Insured (FDIC)
	$ 5,576,774	$ 5,462,038	

Credit risk: State law limits investments to those authorized by State statutes. The Village has a written investment policy.

Interest-rate risk: Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid potential loss.

Concentration of credit risk: Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

As of February 28, 2017, the Village did not have any investments subject to credit risk, interest-rate risk, or concentration of credit risk.

5. Receivables

A. Accounts and taxes receivable

As of February 28, 2017, there was $216,273 and $91,374 in general accounts receivable and taxes receivable outstanding, respectively. The majority of the balances outstanding pertain to sewer fees owed to the Village.

B. Due from other governments

As of February 28, 2017, there was $934,268 due from other governments which consisted of grants due from New York State and Suffolk County.

6. Interfund balances and activity

Interfund receivable and payable balances as of February 28, 2017 primarily represent monies reimbursed subsequent to year-end. Interfund revenues and expenditures primarily represent budgeted operating and capital expenditures, as well as for the debt service payments. Balances at year-end are stated as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 744,331	$ 2,634	$ -	$ 681,797
Sewer Fund	15,960	256,054	355,907	-
Capital Projects Fund	2,515	193,985	325,890	-
Agency Funds	-	310,133	-	-
Totals	$ 762,806	$ 762,806	$ 681,797	$ 681,797

7. Capital assets

Capital asset balances and activity for the year ended February 28, 2017 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	$ 1,655,294	$ -	$ -	$ 1,655,294
Total non-depreciable assets	1,655,294	-	-	1,655,294
Capital assets that are depreciated:				
Land improvements	488,337	-	-	488,337
Buildings and building improvements	15,317,717	-	-	15,317,717
Machinery and equipment	1,969,311	139,530	-	2,108,841
Vehicles	6,263,243	63,653	-	6,326,896
Infrastructure	4,398,784	1,187,004	-	5,585,788
Total depreciable assets	28,437,392	1,390,187	-	29,827,579
Less accumulated depreciation:				
Land improvements	407,021	8,581	-	415,602
Buildings and building improvements	3,580,373	339,280	-	3,919,653
Machinery and equipment	1,156,618	144,402	-	1,301,020
Vehicles	4,988,138	167,333	-	5,155,471
Infrastructure	1,382,660	255,997	-	1,638,657
Total accumulated depreciation	11,514,810	915,593	-	12,430,403
Total capital assets, net	$ 18,577,876	$ 474,594	$ -	$ 19,052,470

Depreciation expense was charged to governmental functions as follows:

General government	$ 121,148
Public safety	592,744
Transportation	108,641
Culture and recreation	42,034
Home and community services	51,026
	$ 915,593

8. Long-term debt

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	$ 3,670,000	$ -	$ 580,000	$ 3,090,000	$ 600,000
Premium on bonds payable	83,402	-	13,900	69,502	13,900
Bonds payable, net	3,753,402	-	593,900	3,159,502	613,900
Environmental Facilities Corporation ("EFC") note payable	4,581,426	73,831	2,865,600	1,789,657	47,730
Bond anticipation note payable	80,000	-	-	80,000	80,000
Net pension liability	490,467	4,941,351	1,858,233	3,573,585	-
Due to employees' retirement system	846,483	-	187,852	658,631	202,881
Other post-employment benefits	5,763,658	1,142,519	262,752	6,643,425	-
Compensated absences	2,337,638	344,343	99,277	2,582,704	1,038,224
Total long-term liabilities	$ 17,853,074	$ 6,502,044	$ 5,867,614	$ 18,487,504	$ 1,982,735

General obligation bonds - the Village borrows money in order to acquire land or equipment or to construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government.

In May 2015, the Village issued $2,285,000 in refunding serial bonds with an interest rate of 2.00% increasing to 4.00%. The proceeds of the bond were used to refund $2,280,000 in Fire Service Improvement Serial Bonds issued in November 2001. The total purchase price of the bonds were $2,382,302, with an original issue premium of $97,302, which will be amortized over the life of the new bonds on a straight-line basis as a component of interest expense in the Statement of Activities. As a result, the 2001 Fire Service Improvement Serial Bonds are considered legally defeased and the liability for those bonds has been removed from the Statement of Net Position. As of February 28, 2017, the outstanding principal and unamortized premium were $1,665,000 and $69,502, respectively.

The reacquisition price of the refunding bond exceed the net carrying amount of the refunded debt by $49,028. This amount (net of current year amortization) is reported on the Statement of Net Position as a deferred outflow of resources and the premiums as identified in the paragraph above have been added to the new bonds and will be amortized over the remaining life of the refunded debt. As of February 28, 2017, $35,020 of deferred charges remained outstanding.

The following is a summary of bonds payable:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding At 02/28/17
Sewer plant serial bonds	7/28/2005	10/1/2034	2.059 - 4.129%	$ 945,000
Public improvement serial bonds	8/15/2008	8/15/2018	3.000 - 3.750%	480,000
Refunding serial bonds	5/15/2015	5/15/2021	2.000 - 4.000%	1,665,000
				$ 3,090,000

The following table summarizes the Village's future bonded debt service requirements:

Year Ended February 28,	Principal	Interest	Total
2018	$ 600,000	$ 72,574	$ 672,574
2019	620,000	50,320	670,320
2020	385,000	34,956	419,956
2021	390,000	27,272	417,272
2022	400,000	19,413	419,413
2023-2027	250,000	64,490	314,490
2028-2032	275,000	37,011	312,011
2033-2035	170,000	7,690	177,690
	$ 3,090,000	$ 313,726	$ 3,403,726

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

Interest paid	$ 104,607
Less interest accrued in the prior year	(37,968)
Plus interest accrued in the current year	29,816
Amortization of premiums and deferred charges	(6,896)
Interest paid on NYSERS pension liability	67,719
Interest expense	$ 157,278

Bond anticipation note payable - In November 2015, the Village issued two bond anticipation notes totaling $160,000. The notes mature in equal installments on May 2, 2016 and 2017. The proceeds of the notes were used to purchase a new dump truck. The notes bears interest at 1.50%. As of February 28, 2017, $80,000 in principal remained outstanding from these bond anticipation notes.

New York State Environmental Facilities Corporation ("EFC") note payable - In 2011, the Village was approved for financing from the EFC in the amount of $9,030,000. The Village can draw from this financing after incurring expenses related to the improvements of the Wastewater Treatment Plant. The note consists of two components: interest bearing and non-interest bearing principal amounts. The Village can draw from a maximum of $3,620,500 without incurring interest expense and can also draw a maximum of $5,409,500 which bears interest at a rate of 0.31%. The original maturity date of this note was September 22, 2014 however during fiscal 2015, the Village amended their agreement with EFC to extend the final maturity until September 22, 2017.

The amount of principal due is calculated by the EFC using a factor of 2.667% multiplied by the amount drawn on the note through the period ending one year prior to the date the principal payment is due from the Village. The amount outstanding on this note as of February 28, 2017 was $1,789,657.

Other long-term debt - in addition to the above long-term debt, the Village had the following non-current liabilities:

Due to employees' retirement system - represents the amortized portion of prior service costs related to police officers and fire protection retirement costs.

Other post-employment benefits - represents the amortized portion of the annual required contribution for the Village's cost of health benefits for retirees.

Compensated absences - represents the value of earned and unused portion of the liability for compensated absences.

The liabilities for due to employees' retirement system and compensated absences are liquidated through the General Fund.

9. Pension plans

Plan description

The Incorporated Village of Northport participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State and Local Police and Fire Retirement System ("NYSPFRS") which are collectively referred to as New York State and Local Retirement System (the "System"). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits.

Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

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

Contributions

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 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 ("NYSERS") or January 9, 2010 ("NYSPFRS") who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year	NYSERS	NYSPFRS
2017	$ 409,197	$ 697,483
2016	428,870	677,950
2015	479,451	690,401

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At February 28, 2017, the Village reported a liability of $3,573,585 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2015. Update procedures were used to roll forward the pension liability to March 31, 2016. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At February 28, 2017, the Village's proportion was 0.00974% for NYSERS and 0.06790% for NYSPFRS. The Village's proportion was consistent with February 29, 2016.

For the year ended February 28, 2017, the Village recognized pension expense of $1,349,779. At February 28, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSPFRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSPFRS
Differences between expected experience and actual experience	$ 7,900	$ 18,031	$ 185,300	$ 303,935
Changes of assumptions	416,878	866,637	-	-
Net difference between projected and actual earnings on pension plan investments	927,421	1,126,616	-	-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	22,562	205,527	-	-
Employer contributions made subsequent to the measurement date	409,197	697,483	-	-
Total	$ 1,783,958	$ 2,914,294	$ 185,300	$ 303,935

Deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended February 28, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	NYSERS	NYSPFRS
2018	$ 302,534	$ 447,851
2019	302,534	447,851
2020	302,534	447,851
2021	281,859	432,164
2022	-	137,159

Actuarial assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions:

	NYSERS	NYSPFRS
Measurement date	March 31, 2016	March 31, 2016
Actuarial valuation date	April 1, 2015	April 1, 2015
Interest rate	7.00%	7.00%
Salary scale	3.80%	2.50%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.50%	2.50%

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

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

	NYSERS and NYSPFRS	
Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return strategies	3.00%	6.75%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Domestic equity	38.00%	7.30%
Inflation-indexed bonds	2.00%	4.00%
International equity	13.00%	8.55%
Opportunistic portfolio	3.00%	8.60%
Private equity	10.00%	11.00%
Real assets	3.00%	8.65%
Real estate	8.00%	8.25%
	100.00%	

Discount rate

The discount rate used to calculate the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

NYSERS	1% Decrease (6.00%)	Current assumption (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability (asset)	$ 3,525,073	$ 1,563,276	$ (94,359)

NYSPFRS	1% Decrease (6.00%)	Current assumption (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability (asset)	$ 4,490,236	$ 2,010,309	$ (68,408)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2016, were as follows:

	(Dollars in Thousands)		
	NYSERS	NYSPFRS	Total
Employers' total pension liability	$ 172,303,544	$ 30,347,727	$ 202,651,271
Plan net position	(156,253,265)	(27,386,940)	(183,640,205)
Employers' net pension liability	$ 16,050,279	$ 2,960,787	$ 19,011,066
Ratio of plan net position to the Employers' total pension liability	90.68%	90.24%	90.62%

In accordance with certain labor agreements with the Village and its police officers and fire protection personnel, the Village is required to provide certain benefits to these personnel for past service costs under Section 384E of the NYSPFRS plan. The total past service costs determined under Section 384E was $1,852,093. The Village is paying for the program over a ten-year period at 8% interest per annum. The first installment was paid in December 2010, for the Village's 2011 fiscal year and the final installment is due in December 2019.

The maturity schedule for this debt is as follows:

Year ended February 28,	Principal	Interest	Total
2018	$ 202,881	$ 52,691	$ 255,572
2019	219,110	36,460	255,570
2020	236,640	18,931	255,571
	$ 658,631	$ 108,082	$ 766,713

10. Post-employment benefits

Plan description and annual other post-employment benefits ("OPEB") cost

The Village provides post-employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Village's contractual agreements.

The Village has implemented GASB Standards for Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. This required the Village to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 38 retired employees receive health benefits from the Village. The Village pays 100% of retiree cost and 50% of the incremental spouse cost for current PBA retirees. Other current retirees and disabled employees receive varying Village explicit subsidies as indicated by the Village. The Village pays 100% of retiree health care coverage for future PBA retirees and spouses, 50% for future non-PBA retirees cost of coverage and 35% of the incremental spouse cost.

The Village recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended February 28, 2017, the Village recognized $262,752 for its share of insurance premiums for currently enrolled retirees.

The Village has obtained an actuarial valuation report as of March 1, 2014 using the alternative measurement method (permitted by GASB) for employers with plans that have fewer than 100 total members. As of the date of that report, the total liability for other post-employment benefits was $14,775,622.

The Village's annual OPEB cost (expense) for its plan is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

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

	For the Year Ended Feburary 28, 2017
Annual required contribution	$ 1,111,797
Interest on net OPEB obligation	195,770
Adjustment to annual required contribution	(165,048)
Annual OPEB cost	1,142,519
Contributions made	(262,752)
Increase in net OPEB obligation	879,767
Net OPEB obligation, beginning of year	5,763,658
Net OPEB obligation, end of year	$ 6,643,425

Funded status and funding progress

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
02/28/17	$ 1,142,519	23.0%	$ 6,643,425
02/29/16	1,112,873	21.9%	5,763,658
02/28/15	1,112,873	33.4%	4,894,259

As of March 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $14,775,622 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability ("UAAL") of $14,775,622. The covered payroll (annual payroll of active employees covered by the plan) was $3,528,807 and the ratio of the UAAL to the covered payroll was 418.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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) an 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 March 1, 2014 actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements of 0.50% to an ultimate rate of 5.0% after 10 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level dollar amortization method over a period of 30 years. The remaining amortization period at February 28, 2017 was 22 years.

11. Deferred Compensation Plan

Employees of the Village may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with respect to service for State and Local Governments). The Village does not contribute to the plan and maintains no assets or incurs any liabilities in connection to the plan. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. The amount of deferred compensation payments contributed by Village employees for the year ended February 28, 2017 was $415,104.

12. Length of Service Award Program ("LOSAP" or "Program")

Program description

The Village sponsors a defined benefit LOSAP effective January 1, 1992 for active volunteer firefighter members of the Village. The Program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is one of ten municipalities who is a co-sponsor of this plan.

Funding policy

The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program is non-contributory. The Village is required to contribute the total amount sufficient to cover the normal cost of the plan.

Participation, vesting and service credit

In a defined benefit LOSAP, participating volunteer begin to be paid a Service Award upon attainment of the Program's Entitlement Age. An eligible Program Participant is defined by the Program Sponsor to be an active volunteer firefighter who is at least 18 years of age, has completed probation, and has earned one year of Service Award Program Service Credit. The amount of the service award paid to a participant is based upon the number of years of Service Credit the volunteer earned under the Program for performing active volunteer firefighter activities.

Participants acquire a non-forfeitable right to be paid a Service Award after earning credit for five years of service or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 62. An active volunteer firefighter earns a year of Service Award Program Service Credit for each calendar year after the establishment of the Program in which they accumulate fifty (50) points. Points are granted for the performance of certain firefighter's activities in point values. A participant may also receive Service Award Program Service Credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter member.

Benefits

A Participant's Service Award benefit is paid as a ten year certain and continuous monthly payment life annuity. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. The amount payable each month equals $20 multiplied by the total number of years of Service Award Program Service Credit earned by the Participant under the point system. The maximum number of years of service credit a Participant may earn is 40 years. Except in the case of Pre-Entitlement Age death or total and permanent disablement, a Participant's Service Award will not be paid until he or she attains Entitlement Age. Volunteers who continue to be active after attaining the Entitlement Age and beginning to be paid a Service Award continue to have the opportunity to earn Program credit and to thereby increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned service award at the time of death or disablement (if the participant was an active volunteer firefighter member at death, the minimum death benefit payable is the present value of the accrued benefits). The Program does not provide extra line-of-duty death or disability benefits.

Fiduciary investment control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated Penflex, Inc. to assist in the administration of the program. The designated program administrator's primary responsibility is to administer the plan for the exclusive benefit of the participants and their beneficiaries. Such duties include, but are not limited to determining eligibility if firefighters to participate in the plan, computer participant entitlement, authorize disbursements to participants, computer necessary contribution amounts, maintain all necessary records and consult with the sponsor and the trustee on long-term investment plans. Disbursements of program assets for the payment of benefits or administrative expenses must be reviewed by the trustee, the Board of Fire Commissioners.

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.

Authority to invest the program assets is vested in the administrator, with the Board of Fire Commissioners' prior written approval. Subject to restrictions in the program document, program assets are invested in accordance with a statutory prudent person rule. The program document calls for all investment decisions to be chosen and approved by the trustee, prior to being invested by the administrator.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the information found on the following page, are derived from a report prepared by the actuary dated April 21, 2017, and pertains to the plan year-end of December 31, 2016.

Program financial condition -

Actuarial present value of vested benefits	$ 3,851,071
Net assets available for benefit	$ 1,632,537
Total unfunded benefit	$ 2,218,534
Less: Unfunded liability for prior service	$ 2,218,534
Unfunded normal benefits	$ -

Prior service costs -

Prior service costs are being amortized over a range of 10 to 24 years at a discount rate of 5.25%.

Contributions -

Amount of sponsor's contribution recommended by actuary	$ 375,000
Amount of sponsor's actual contribution	$ 378,364

Funding methodology and actuarial assumptions

Normal costs -

The actuarial valuation methodology used to determine the sponsor's contribution is the Unit Credit Cost Method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return	5.25%
Mortality tables used for -	
Pre-entitlement:	
Mortality	None
Disability	None
Withdrawal	None
Post-entitlement:	
Mortality	RP-2014 Male Mortality Table without projection

13. Commitments and contingencies

A. Risk management and litigation

In common with other municipalities, the Village receives numerous notices of claims. Although the eventual outcome of the claims cannot presently be determined, it is the opinion of the Village and Village Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have a material adverse effect on the financial condition of the Village, in view of the Village's ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law. The Village is insured for workers' compensation insurance and disability insurance.

B. Government grants

The Village receives grants which are subject to audit by agencies of New York State and local governments. Such audits may result in disallowances and a request for a return of funds. Based on past experience, the Village Administration believes disallowances, if any, would be immaterial.

C. Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012-2013 through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2% or the rate of inflation (but not less than 1 percent), whichever is less, with some exceptions. The New York State Comptroller recently set the allowable levy growth factor for local governments for fiscal years beginning January 1, 2014, at 1.66% (before exemptions). Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law. For fiscal year ended February 28, 2017, the Village exercised its authority to exceed the cap.

14. Future accounting standards

The Village has adopted all current statements of GASB that are applicable. The following are changes in accounting standards that will be implemented when required:

GASB has issued Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions, which establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending February 28, 2019.

GASB has issued Statement No. 80, Blending Requirements For Certain Component Units - An Amendment of GASB No. 14, which amends the blending requirements for the financial statement presentation of component units of all state and local governments. The new criteria will require blending of a component unit incorporated as not-for-profit Corporation in which the primary government is the sole corporate member. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending February 28, 2018.

GASB has issued Statement No. 82, Pension Issues - an amendment of GASB Statement No. 67, No. 68, and No. 73, which addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from actuarial standards, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending February 28, 2019.

GASB has issued Statement No. 83, Certain Asset Retirement Obligations, which addresses the accounting and financial reporting for certain asset retirement obligations ("AROs"). The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending February 28, 2020.

GASB has issued Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of all state and local governments. The focus is on whether the government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending February 28, 2020.

GASB has issued Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during implementation and application of certain GASB statements, including: blending component units, goodwill, fair value measurement, and post-employment benefits. The Village is currently studying the Statement and plans on adoption when required, which will be for the year ending February 28, 2019.

15. Subsequent events

The Village has evaluated subsequent events occurring after the Statement of Net Position through the date of June 23, 2017 which is the date the financial statements were available to be issued. Based on this evaluation, the Village has determined that no subsequent events have occurred, which require disclosure in the financial statements.

INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 28, 2017

	Adopted Budget	Revised Budget	Actual	Year-End Encumbrances	Variance
REVENUES					
Real property taxes	$ 11,670,195	$ 11,670,195	$ 11,670,195		$ -
Other tax items	-	-	28,151		28,151
Non-property tax items	792,112	1,011,668	1,194,419		182,751
Departmental income	323,200	323,800	283,873		(39,927)
Intergovernmental revenue	1,553,246	1,553,246	1,563,070		9,824
Fines and forfeitures	100,000	100,000	145,459		45,459
Use of money and property	25,100	25,100	44,389		19,289
Licenses and permits	6,850	6,850	6,981		131
State and local aid	501,010	776,031	686,444		(89,587)
Sale of property and compensation for loss	22,100	22,100	207,915		185,815
Miscellaneous	1,000	1,000	9,941		8,941
Total revenues	14,994,813	15,489,990	15,840,837		350,847
EXPENDITURES					
Current -					
General government	1,863,913	1,812,574	1,850,677	$ -	(38,103)
Public safety	5,364,650	5,627,927	5,074,324	17,858	535,745
Health	2,000	2,000	1,217	-	783
Transportation	1,210,660	1,753,334	1,334,709	219,320	199,305
Economic opportunity and assistance	2,000	2,000	1,680	-	320
Culture and recreation	390,021	428,500	402,697	-	25,803
Home and community services	933,047	975,603	992,506	-	(16,903)
Employee benefits	3,939,701	3,970,980	3,904,924	-	66,056
Debt service -					
Principal	610,000	610,000	610,000	-	-
Interest	72,650	72,650	72,650	-	-
Total expenditures	14,388,642	15,255,568	14,245,384	$ 237,178	773,006
Excess of revenues over expenditures	606,171	234,422	1,595,453		1,123,853
OTHER FINANCING USES					
Interfund transfers out	(771,171)	(771,171)	(681,797)		89,374
Total other financing uses	(771,171)	(771,171)	(681,797)		89,374
Change in fund balance	(165,000)	(536,749)	913,656		$ 1,213,227
Fund balance, beginning of year	4,972,006	4,972,006	4,972,006		
Fund balance, end of year	$ 4,807,006	$ 4,435,257	$ 5,885,662		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SEWER FUND
FOR THE YEAR ENDED FEBRUARY 28, 2017

	Adopted Budget	Revised Budget	Actual	Year-End Encumbrances	Variance
REVENUES					
Departmental income	$ 447,050	$ 447,050	$ 416,694		$ (30,356)
State and local aid	126,851	1,130,621	2,992,451		1,861,830
Total revenues	573,901	1,577,671	3,409,145		1,831,474
EXPENDITURES					
Current -					
Home and community services	795,245	847,670	794,077	$ -	53,593
Employee benefits	24,627	24,627	23,418	-	1,209
Debt service -					
Principal	110,000	2,712,373	2,915,600	-	(203,227)
Interest	89,300	89,300	31,957	-	57,343
Total expenditures	1,019,172	3,673,970	3,765,052	$ -	(91,082)
Deficiency of revenues under expenditures	(445,271)	(2,096,299)	(355,907)		1,740,392
OTHER FINANCING SOURCES					
Interfund transfers in	445,271	445,271	355,907		(89,364)
Total other financing sources	445,271	445,271	355,907		(89,364)
Change in fund balance	-	(1,651,028)	-		$ 1,651,028
Fund balance, beginning of year	249,280	249,280	249,280		
Fund balance, end of year	$ 249,280	$ (1,401,748)	$ 249,280		

Note to Required Supplementary Information

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED FEBRUARY 28, 2017

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)
3/1/2014	$ -	$ 14,775,622	$ 14,775,622	0.0%	$ 3,528,807	418.7%
3/1/2013	-	12,562,715	12,562,715	0.0%	4,038,881	311.0%
3/1/2012	-	12,705,354	12,705,354	0.0%	3,921,244	324.0%

INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	**2014	**2013	**2012	**2011	**2010	**2009	**2008
Village's proportionate share of the net pension liability	0.00974%	0.00942%	0.00942%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	$ 1,563	$ 318	$ 425	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered payroll	$ 2,207	$ 2,114	$ 2,098	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of covered payroll	70.82%	15.04%	20.26%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%	97.15%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSPFRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	**2014	**2013	**2012	**2011	**2010	**2009	**2008
Village's proportionate share of the net pension liability	0.06790%	0.06263%	0.06263%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	$ 2,010	$ 172	$ 261	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered payroll	$ 4,052	$ 3,822	$ 3,702	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of covered payroll	49.61%	4.50%	7.05%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	90.24%	99.03%	98.48%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009	**2008
Contractually required contribution	$ 409,197	$ 428,870	$ 479,451	$ 525,954	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	409,197	428,870	479,451	525,954	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered-employee payroll	$ 2,206,794	$ 2,114,464	$ 2,098,415	$ 2,049,837	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	18.54%	20.28%	22.85%	25.66%	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS - NYSPFRS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	2017	2016	2015	2014	**2013	**2012	**2011	**2010	**2009	**2008
Contractually required contribution	$ 697,483	$ 677,950	$ 690,401	$ 686,137	N/A	N/A	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	697,483	677,950	690,401	686,137	N/A	N/A	N/A	N/A	N/A	N/A
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	N/A	N/A	N/A	N/A	N/A	N/A
Village's covered-employee payroll	$ 4,051,623	$ 3,821,600	$ 3,701,814	$ 3,432,163	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	17.21%	17.74%	18.65%	19.99%	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

Not Available = N/A

****Note to Required Supplementary Information**

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees of the
Incorporated Village of Northport:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Incorporated Village of Northport (the "Village"), as of and for the year ended February 28, 2017, and the related notes to the financial statements which collectively comprise the Village's financial statements, and have issued our report thereon dated June 23, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Melville, New York
June 23, 2017

Nawrocki Smith LLP