

INCORPORATED VILLAGE OF MILL NECK  
MILL NECK, NEW YORK

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FINANCIAL STATEMENTS

MAY 31, 2023

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**SKINNON AND FABER**  
Certified Public Accountants, P.C.

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Incorporated Village of Mill Neck  
Mill Neck, New York

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Mill Neck, as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Mill Neck's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village, as of May 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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



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## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

## **Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, local government's proportionate share of the net pension liability (asset), local government contributions, changes in total OPEB liabilities and related ratios, and proportionate share of the total LOSAP liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

*Skinnon and Faber, CPAs, P.C.*

SKINNON AND FABER, CPAs, P.C.

Hauppauge, New York

February 2, 2024

## **INCORPORATED VILLAGE OF MILL NECK**

### **Management's Discussion and Analysis (Unaudited)**

The Board of Trustees of the Incorporated Village of Mill Neck (the "Village"), would like to offer readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended May 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follow this section.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a long-term view of the Village's finances. Fund financial statements report how Village activities were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail by providing information about the Village's most significant funds. The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by the required supplementary information, which supports the financial statements with a comparison of the Village's General Fund budget for the year, as well as the schedule of the local government's proportionate share of the net pension liability (asset), the schedule of local government contributions, the schedule of changes in total OPEB liability and related ratios, and the schedule of proportionate share of the total LOSAP liability.

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

### Net Position

The Village's total net position increased by \$632,492 from activities for the fiscal year ended May 31, 2023. A condensed summary of the Village's Statement of Net Position for the current year is detailed below.

#### **Condensed Statement of Net Position – Governmental Activities**

	<u>May 31, 2023</u>	<u>May 31, 2022</u>
Assets		
Current and Other Assets	\$ 3,729,110	\$ 3,489,428
Capital Assets (net)	<u>2,143,574</u>	<u>2,067,314</u>
Total Assets	<u>5,872,684</u>	<u>5,556,742</u>
Deferred Outflows of Resources	<u>248,485</u>	<u>276,835</u>
Liabilities		
Current and Other Liabilities	522,304	445,499
Long-Term Liabilities	<u>2,744,507</u>	<u>3,171,005</u>
Total Liabilities	<u>3,266,811</u>	<u>3,616,504</u>
Deferred Inflows of Resources	<u>283,565</u>	<u>278,772</u>
Net Position		
Net Investment in Capital Assets	2,143,574	2,067,314
Restricted	61,000	508,332
Unrestricted (deficit)	<u>366,219</u>	<u>(637,345)</u>
Total Net Position	<u>\$ 2,570,793</u>	<u>\$ 1,938,301</u>

Net investment in capital assets is the Village's investment in capital assets such as office equipment, heavy equipment and trucks, buildings and improvements, infrastructure, and intangible assets, reduced by accumulated depreciation and associated debt. This figure also includes land, which is not depreciated. More detailed information can be found in the Notes to the Financial Statements.

## Change in Net Position

The Statement of Activities reports the results of the current year's operations and the effect on net position in the accompanying financial statements. A summary of change in net position from operating results is shown below.

	<b>For the Years Ended</b>	
	<b><u>May 31, 2023</u></b>	<b><u>May 31, 2022</u></b>
<b>Revenues</b>		
Program Revenues:		
Fees, Fines and Charges for Services	\$ 176,249	\$ 247,746
Operating Grants and Contributions	7,088	22,130
Capital Grants and Contributions	14,144	52,381
General Revenues:		
Real Property Taxes and Related Tax Items	2,500,767	2,520,195
Non Property Tax Items	43,341	49,740
Use of Money and Property	97,251	58,099
Other Revenues	17,414	450
State and Federal Aid	92,576	127,680
Total Revenues	<u>2,948,830</u>	<u>3,078,421</u>
<b>Expenses</b>		
Governmental Activities:		
General Government Support	438,548	546,933
Public Safety	1,455,492	1,485,649
Transportation	197,031	202,039
Home and Community Services	225,267	269,429
Total Expenses	<u>2,316,338</u>	<u>2,504,050</u>
Change in Net Position	<u>632,492</u>	<u>574,371</u>
Net Position - Beginning of Year	1,938,301	1,645,257
Beginning Balance Adjustment	<u>-</u>	<u>(281,327)</u>
Net Position - Beginning of Year, as Restated	<u>1,938,301</u>	<u>1,363,930</u>
Net Position - End of Year	<u>\$ 2,570,793</u>	<u>\$ 1,938,301</u>

## ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Village had an excess of revenue over expenses of \$632,492. This excess caused an increase in net position resulting in an improvement in the financial position of the Village. The Village's long-term liabilities, which consist primarily of Other Post-Employment Benefits, experienced a large decrease which resulted in a decrease in employee benefit expenses for the year.

The total revenue of the Village decreased by \$129,591 compared to the previous year. This was a result of a decrease in revenues from fines, fees and charges for services of \$71,497, a decrease in capital grants and contributions of \$38,237, and a decrease in state and federal aid of \$35,104. The decrease in revenue was offset by a decrease in expenses of \$187,712, which was mainly a result of the reduction in the long-term liabilities as noted above.

## ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund Balance increased by \$171,242 to \$3,302,898. Of this amount, \$84,103 is considered nonspendable as it relates to prepaid expenditures. Restricted fund balance consists of \$407,657 for the Length of Service Award Program and \$61,000 for Parkland. In addition, \$1,216,807 of fund balance has been assigned for highway repairs, Village facility, Police contract expenditures, and unemployment and \$468,000 has been assigned to the subsequent year's budget. The remaining fund balance of \$1,065,331 is unassigned.

## BUDGETARY ANALYSIS

There were no significant variations between the original and final budget of the General Fund.

The following variances exist between the final budget amounts for the fiscal year ended May 31, 2023 and the actual results:

### Revenues

Total actual revenues were \$104,568 more than final budgeted amounts. Areas where actual revenues significantly differed from budgeted amounts include:

- Departmental Income: Revenues were \$45,538 more than final budgeted amounts mainly due to higher than anticipated safety inspection fees during the year.
- Use of Money and Property: Revenues were \$46,983 more than final budgeted amounts due to the increase in interest rates.

## Expenditures

Actual total expenditures were \$201,708 less than final budgeted amounts. Areas where actual expenditures significantly differed from budgeted amounts include:

- General Government Support: Expenditures were \$40,445 less than final budgeted amounts due to fewer projects requiring engineering services than anticipated and fewer tax refunds being approved than anticipated.
- Public Safety: Expenditures were \$105,634 less than final budgeted amounts due to lower than anticipated expenditures related to police and fire contracts.
- Transportation: Expenditures were \$33,024 less than final budgeted amounts due to less roadwork projects being performed in the current fiscal year than the prior fiscal year, as well as no CHIPS funds being utilized during the current fiscal year. This variance was also due to fewer snow storms, resulting in lower than anticipated snow removal costs.

These variations from budgeted amounts are not expected to affect future services or liquidity.

A schedule illustrating budgeted amounts compared to the Village's actual financial activity for the General Fund is provided in this report as required supplementary information.

## CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

As of May 31, 2023, the Village's investment in capital assets totaled \$2,143,574 (net of accumulated depreciation). The increase in net capital assets for the year was \$76,260. During the course of the fiscal year, the Village acquired various capital assets totaling \$206,430. The acquisitions were capitalized and are being depreciated, where applicable, using the straight-line method of depreciation. Significant acquisitions during the year pertain to the purchase of a woodchipper and roadwork. The Village had no long-term debt activity.

## CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The economic conditions of the Village mirror those of the rest of the region. The administration has been diligent in containing expenses without sacrificing services to the residents.

The Village applied for funding under the American Rescue Plan Act. The first payment of \$49,590 was received during the prior fiscal year. The second payment of the same amount was received July 15, 2022.

## CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

Incorporated Village of Mill Neck  
Lisa Mancuso, Clerk-Treasurer  
P.O. Box 351  
Mill Neck, New York 11765

**INCORPORATED VILLAGE OF MILL NECK**  
**Statement of Net Position**  
**May 31, 2023**

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**ASSETS**

Cash and Cash Equivalents	\$ 3,111,296
Cash and Cash Equivalents - Restricted	61,000
Taxes Receivable	3,371
Accounts Receivable	500
Due From Other Governments	10,750
Lease Receivable	50,433
Prepaid Expenses	84,103
Length of Service Award Program Asset	407,657
Capital Assets (net)	<u>2,143,574</u>
<b>Total Assets</b>	<b><u>5,872,684</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

Net Pension	123,995
Length of Service Award Program	<u>124,490</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>248,485</u></b>

**LIABILITIES**

Accounts Payable	362,724
Accrued Liabilities	17,372
Guaranty and Bid Deposits	100,039
Unearned Revenue	42,169
Long-Term Liabilities:	
Due Within One Year	-
Due in More Than One Year:	
Net Pension Liability - Proportionate Share	159,824
Other Post-Employment Benefits	2,018,837
Length of Service Award Program - Proportionate Share	<u>565,846</u>
<b>Total Liabilities</b>	<b><u>3,266,811</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Lease	52,073
Net Pension	19,913
Length of Service Award Program	<u>211,579</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>283,565</u></b>

**NET POSITION**

Net Investment in Capital Assets	2,143,574
Restricted	61,000
Unrestricted	<u>366,219</u>
<b>Total Net Position</b>	<b><u>\$ 2,570,793</u></b>

**INCORPORATED VILLAGE OF MILL NECK**  
**Statement of Activities**  
**For the Year Ended May 31, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) / Revenue</b>
		<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities:</b>					
General Government Support	\$ 438,548	\$ 42,675	\$ 7,088	\$ 14,144	\$ (374,641)
Public Safety	1,455,492	114,402	-	-	(1,341,090)
Transportation	197,031	-	-	-	(197,031)
Home and Community Services	225,267	19,172	-	-	(206,095)
Total Governmental Activities	<u>\$ 2,316,338</u>	<u>\$ 176,249</u>	<u>\$ 7,088</u>	<u>\$ 14,144</u>	<u>(2,118,857)</u>
<b>General Revenues:</b>					
					2,500,767
Real Property Taxes and Related Tax Items					43,341
Non Property Tax Items					97,251
Use of Money and Property					17,414
Minor Sales and Compensation for Loss					92,576
State and Federal Aid					<u>2,751,349</u>
		Total General Revenues			<u>2,751,349</u>
		Change in Net Position			632,492
		Net Position - Beginning of Year			<u>1,938,301</u>
		Net Position - End of Year			<u>\$ 2,570,793</u>

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF MILL NECK**  
**Balance Sheet**  
**May 31, 2023**

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**ASSETS**

**General Fund**

Assets:

Cash and Cash Equivalents	\$	3,111,296
Cash and Cash Equivalents - Restricted		61,000
Taxes Receivable		3,371
Accounts Receivable		500
Due From Other Governments		10,750
Lease Receivable		50,433
Prepaid Expenses		84,103
Length of Service Award Program Asset		407,657

**Total Assets**

**\$ 3,729,110**

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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE**

Liabilities:

Accounts Payable	\$	211,188
Accrued Liabilities		17,372
Guaranty and Bid Deposits		100,039
Unearned Revenue		42,169

Total Liabilities

370,768

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Deferred Inflows of Resources:

Lease		52,073
Real Property Taxes		3,371

Total Deferred Inflows of Resources

55,444

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Fund Balance:

Nonspendable		84,103
Restricted		468,657
Assigned		1,684,807
Unassigned		1,065,331

Total Fund Balance

3,302,898

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**Total Liabilities, Deferred Inflows of Resources, and Fund Balance**

**\$ 3,729,110**

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**INCORPORATED VILLAGE OF MILL NECK**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**As of May 31, 2023**

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Total Fund Balance - Governmental Fund \$ 3,302,898

This amount differs from the amount of net position in the Statement of Net Position due to the following:

Revenues that are earned and measurable but not available to provide current financial resources are deferred in the fund financial statements, but are recognized as revenue in the government-wide financial statements and are added. 3,371

Capital assets are included as assets in the government-wide financial statements and are added, net of accumulated depreciation. 2,143,574

Deferred outflows of resources related to the following are not reported in the governmental fund:

Net Pension	123,995
Length of Service Award Program	124,490

Additional accounts payable included in the Statement of Net Position are not due and payable in the current period, and therefore, are excluded from the fund financial statements. (158,376)

A liability for New York State and Local Retirement System is reported in the governmental fund and is not recorded in the Statement of Net Position, as it is applied to deferred inflows of resources and is added. 6,840

Long-term liabilities do not require the use of current financial resources and, accordingly, are not reported in the governmental fund. These liabilities are, however, included as liabilities in the government-wide financial statements and are deducted:

Net Pension Liability - Proportionate Share	(159,824)
Other Post-Employment Benefits	(2,018,837)
Length of Service Award Program - Proportionate Share	(565,846)

Deferred inflows of resources related to the following are not reported in the governmental fund:

Net Pension	(19,913)
Length of Service Award Program	<u>(211,579)</u>

Total Net Position \$ 2,570,793

**INCORPORATED VILLAGE OF MILL NECK**  
**Statement of Revenues, Expenditures and Change in Fund Balance**  
**For the Year Ended May 31, 2023**

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	<b>General Fund</b>
<b>Revenues:</b>	
Real Property Taxes	\$ 2,415,768
Real Property Tax Items	85,593
Non Property Tax Items	43,341
Departmental Income	135,238
Use of Money and Property	97,251
Licenses and Permits	33,300
Fines and Forfeitures	7,711
Minor Sales and Compensation for Loss	17,414
State and Federal Aid	113,808
	113,808
Total Revenues	2,949,424
<b>Expenditures:</b>	
General Government Support	497,398
Public Safety	1,471,374
Transportation	299,976
Home and Community Services	233,513
Employee Benefits	275,921
	275,921
Total Expenditures	2,778,182
<b>Net Change in Fund Balance</b>	171,242
<b>Fund Balance at Beginning of Year</b>	3,131,656
<b>Fund Balance at End of Year</b>	\$ 3,302,898

**INCORPORATED VILLAGE OF MILL NECK**  
**Reconciliation of the Statement of Revenues, Expenditures and Change in**  
**Fund Balance of the Governmental Fund to the Statement of Activities**  
**For the Year Ended May 31, 2023**

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Net Change in Fund Balance for Governmental Fund \$ 171,242

This amount differs from the change in net position in the Statement of Activities because of the following:

Capital outlays for acquisition of capital assets are recorded in the governmental fund 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:

Capital Expenditures	206,430
Depreciation Expense	(130,170)

Revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are measurable and available to provide current financial resources. In the Statement of Activities, revenues are recognized when they are earned and measurable, regardless of when they become available. (594)

Net change in deferred outflows of resources related to the following are not reported in the governmental fund:

Net Pension	779
Length of Service Award Program Liability	(29,129)

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 the governmental fund:

Accounts Payable	24,851
Net Pension Liability - Proportionate Share	(218,325)
Other Post-Employment Benefits	390,272
Length of Service Award Program Liability - Proportionate Share	196,050

Net change in deferred inflows of resources related to the following are not reported in the fund:

Net Pension	199,789
Length of Service Award Program Liability	(178,703)

Change in Net Position of Governmental Activities in the Statement of Activities \$ 632,492

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements

### For the Year Ended May 31, 2023

#### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### A. FINANCIAL REPORTING ENTITY

The Incorporated Village of Mill Neck, which was established in 1925, is governed by Village law, general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as Chief Executive Officer and the Clerk-Treasurer serves as Chief Financial Officer.

The following basic services are provided: police and fire protection, refuse removal, road maintenance, street light maintenance, and snow plowing.

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

The financial reporting entity consists of (a) the primary government, which is the Village, (b) organizations for which the 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 Statements No. 14, 39 and 61. The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB Statement No. 14, 39 and 61 including legal standing, fiscal dependency, and financial accountability. No other organizations have been included or excluded from the reporting entity.

##### B. BASIS OF PRESENTATION

###### 1. Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of governmental activities for the Village.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements

### For the Year Ended May 31, 2023

position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Village are reported in three categories: 1) fees, fines and charges for services, 2) operating grants and contributions and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All interfund balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and custodial activities.

#### 2. Fund Financial Statements:

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

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

#### Fund Categories

GOVERNMENTAL FUNDS – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon 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:

General Fund – the principal operating fund and includes all operations not accounted for and reported in another fund.

#### 3. Equity Classifications:

##### Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements

### For the Year Ended May 31, 2023

- b. Restricted net position – Consists of net position with constraints placed on use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

#### Fund Financial Statements

GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), breaks fund balance out into five different classifications: Nonspendable, restricted, committed, assigned, and unassigned.

*Nonspendable* consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

*Restricted* consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

*Committed* consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.

*Assigned* consists of amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

*Unassigned* represents the residual classification for the government’s general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Village spends funds in the following order: restricted, committed, assigned, unassigned.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows, liabilities and deferred inflows 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

*Modified Accrual Basis* – All governmental funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, State and Federal Aid, mortgage tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenue from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when the liability is incurred except that:

- Expenditures for prepaid expenses and inventory-type items are generally recognized at the time of purchase.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as expenditures when payment is due.
- Pension costs are recognized as expenditures when billed by the State.
- Other post-employment benefits are charged as expenditures when payment is due.
- Length of Service Award Program costs are charged as expenditures when payment is due.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### D. CASH AND CASH EQUIVALENTS

The Village considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

### E. PROPERTY TAXES

Real property taxes are levied annually no later than May 15 and become a lien on June 1.

General Municipal Law Section 3-c established a tax levy limit for local governments in New York State effective June 24, 2011. This law generally limits the amount by which local governments can increase property tax levies to 2% or the rate of inflation, whichever is less. The law does provide exclusions for certain specific costs and allows the governing board to override the tax levy limit with a supermajority vote.

### F. BUDGETARY DATA

1. Budget Policies – The budget policies are as follows:

- a. No later than March 20, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the governing board.

2. Budget Basis of Accounting:

- a. Budgets are adopted annually on a basis consistent with generally accepted accounting principles applicable to municipalities, with the exception of activity related to the Length of Service Award Programs.
- b. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

### G. CAPITAL ASSETS

Capital assets, which include land, office equipment, heavy equipment and trucks, buildings and improvements, infrastructure, and intangibles, are reported in the government-wide financial statements. The Village defines capital assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets acquired in a service concession arrangement are recorded at acquisition value. Depreciation has been

# **INCORPORATED VILLAGE OF MILL NECK**

## **Notes to the Financial Statements**

### **For the Year Ended May 31, 2023**

recorded using the straight-line method over 5 years for office equipment, 10 years for heavy equipment and trucks, 30 years for buildings and improvements, 30 years for infrastructure, and 10 years for intangibles. General infrastructure assets acquired or constructed prior to June 1, 2004 are not reported in the financial statements. Land is not depreciated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in the governmental funds. Capital assets are not shown on the governmental fund balance sheet.

#### **H. COMPENSATED ABSENCES**

Village employees accrue vacation and sick leave based on years of service to the Village, subject to certain maximum limitations. Since no leave can be accrued beyond the year in which earned, except with prior approval of the Board of Trustees, no liability exists for compensated absences as of May 31, 2023.

#### **I. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Village's full-time employees may become eligible for these benefits if they reach normal retirement age while working for the Village.

Healthcare 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 an expenditure in the governmental funds in the year paid. The liability for other post-employment benefits payable is recorded as a long-term liability in the government-wide financial statements. The liability is estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 75.

#### **J. INSURANCE**

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. 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 the loss can be reasonably estimated. The Village carries various insurance policies to mitigate any losses that might occur.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### K. USE OF 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 amounts of assets and liabilities and disclosure. Accordingly, actual results may differ from those estimates. Estimates and assumptions are made in a variety of areas, including net pension liability amounts, other post-employment benefits, length of service award program amounts, and useful lives of capital assets.

### L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

### M. UNEARNED REVENUE

Unearned revenues are reported when the Village receives resources before it has a legal claim to them as a result of an exchange transaction. In subsequent periods, when the funds are available, the liability for unearned revenues is removed and revenues are recorded.

### N. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

During the fiscal year ended May 31, 2023, the Village adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of Statement No. 87 is to enhance the relevance and consistency of information of the Village's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the Village's financial statements and had no effect on beginning net position. The Village recognized a \$65,657 lease receivable at June 1, 2022 due to the implementation of GASB Statement No. 87; however, this entire amount was offset by deferred inflows of resources.

**INCORPORATED VILLAGE OF MILL NECK**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2023**

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village’s cash and cash equivalents consist of cash on hand and time and demand deposits. The Village’s investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village Clerk-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 as provided by law 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.

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

They consisted of:

Deposits

All deposits, including certificates of deposit, are carried at cost plus accrued interest.

Bank balances for the Village’s deposits with financial institutions as of May 31, 2023 totaled \$3,230,139 and are covered by federal deposit insurance or third-party collateral as follows:

Amount FDIC-Insured	\$ 250,000
Amount Collateralized by Custodial Banks	<u>2,980,139</u>
Total Bank Balances	<u><u>\$ 3,230,139</u></u>

2. Property Taxes:

Total taxes receivable of \$3,371 are offset by deferred revenue of the same amount.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### 3. Lease Receivable:

The Village is reporting a lease receivable of \$50,433 at May 31, 2023. For the year ended May 31, 2023, the Village reported lease revenue of \$13,584 and interest revenue of \$2,055 related to lease payments received. The lease is summarized as follows:

<u>Lease</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Building Lease (USPS)	\$ 50,433	\$ 13,584	\$ 2,055

*Building Lease (USPS)* – The Village entered into a building lease with the United States Postal Service (USPS) for approximately 825 square feet of space in the Mill Neck Station located at 32 Frost Mill Road, Mill Neck, NY 11765. The current lease agreement, dated August 28, 2015, was renewed for the current lease term through June 30, 2026. Based on this agreement, the Village is receiving annual payments of \$17,279. There are no additional options to automatically extend the lease.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### 4. Changes in Capital Assets:

A summary of changes in general capital assets follows:

	Balance 5/31/2022	Additions	Reductions	Balance 5/31/2023
Capital Assets That Are Not Depreciated:				
Land	\$ 25,735	\$ -	\$ -	\$ 25,735
Total Nondepreciable Cost	25,735	-	-	25,735
Capital Assets That Are Depreciated:				
Office Equipment	50,980	1,763	-	52,743
Heavy Equipment and Trucks	855,931	86,105	-	942,036
Buildings and Improvements	184,972	13,990	-	198,962
Infrastructure	2,178,594	99,929	-	2,278,523
Intangibles	20,900	4,643	-	25,543
Total Depreciable Cost	3,291,377	206,430	-	3,497,807
Less:				
Accumulated Depreciation:				
Office Equipment	(42,299)	(2,106)	-	(44,405)
Heavy Equipment and Trucks	(596,376)	(48,193)	-	(644,569)
Buildings and Improvements	(114,667)	(3,262)	-	(117,929)
Infrastructure	(495,411)	(74,287)	-	(569,698)
Intangibles	(1,045)	(2,322)	-	(3,367)
Total Accumulated Depreciation	(1,249,798)	(130,170)	-	(1,379,968)
Net Capital Assets That Are Depreciated	2,041,579	76,260	-	2,117,839
Grand Total	\$ 2,067,314	\$ 76,260	\$ -	\$ 2,143,574

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

<i>Governmental Activities</i>	
General Government Support	\$ 7,689
Transportation	102,626
Home and Community Services	19,855
Total Depreciation Expense – Governmental Activities	\$ 130,170

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### B. LIABILITIES

#### 1. Pension Plan:

##### Description of Plan

The Village participates in the New York State and Local Employees' Retirement System (ERS or the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. 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 2022, he was elected for a new term commencing January 1, 2023.

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. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS is a cost sharing, multiple-employer defined benefit pension plan. The System is included in the State's financial report as a pension trust fund. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. In these statements, GLIP amounts are apportioned to and included in ERS.

Separately issued financial statements for the System can be accessed on the Comptroller's website at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php).

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2023 was approximately 11.6% of covered employee payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2023 the applicable interest rate was 5.9%.

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

2022-23	\$ 41,040
2021-22	49,223
2020-21	42,081

### Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

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

At May 31, 2023, the Village reported a liability of \$159,824 for its proportionate share of the net pension. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 May 31, 2023, the Village's proportion was 0.0007453%, which was an increase of 0.0000297% from its proportion measured at March 31, 2022.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

For the year ended May 31, 2023, the Village recognized pension expense of \$58,796. At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 17,022	\$ 4,488
Change of Assumptions	77,621	858
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	-	939
Changes in Proportion and Differences Between Employer Contribution and Proportionate Share of Contributions	29,352	13,628
	<u>\$ 123,995</u>	<u>\$ 19,913</u>

There were no amounts reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### Year Ended March 31:

2024	\$ 23,696
2025	(4,797)
2026	38,090
2027	47,093
2028	-
	<u>\$ 104,082</u>

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### Actuarial Assumptions

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

The actuarial valuation for ERS used the following actuarial assumptions:

Inflation	2.9%
Salary increases	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost-of-living adjustments	1.5%

Annuitant mortality rates are based on April 1, 2015 – April 1, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – April 1, 2020.

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

**INCORPORATED VILLAGE OF MILL NECK**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2023**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32 %	4.30 %
International equity	15	6.85
Private equity	10	7.50
Real estate	9	4.60
Opportunistic/ARS Portfolio	3	5.38
Credit	4	5.43
Real assets	3	5.84
Fixed Income	23	1.50
Cash	1	-
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumptions of 2.5%.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those 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.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### 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 current period discount rate of 5.9%, 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 (4.9%) or 1-percentage-point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability (asset)	\$ 386,225	\$ 159,824	\$ (29,361)

### Pension Plan Fiduciary Net Position

The components of the collective net pension liability of the participating employers as of March 31, 2023, were as follows:

	Employees' Retirement System (Dollars in Thousands)
Employers' total pension liability	\$ 232,627,259
Fiduciary net position	(211,183,223)
Employers' net pension liability (asset)	\$ 21,444,036
Ratio of fiduciary net position to the employers' total pension liability	90.78%

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements

### For the Year Ended May 31, 2023

#### 2. Long-Term Liabilities:

a. The Village has the following long-term liabilities:

- Net Pension Liability – Proportionate Share – Represents the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees’ past periods of service.
- Other Post-Employment Benefits (OPEB) – Represents the estimated non-current portion of the liability to current employees and retirees.
- Length of Service Award Program (LOSAP) – Proportionate Share– Represents the portion of the present value of projected benefit payments to be provided through the Length of Service Award Program.

b. The following is a summary of changes in long-term liabilities:

	Net Pension Liability	Other Post- Employment Benefits	Length of Service Award Program Liability	Total
Payable at beginning of fiscal year	-	\$ 2,409,109	\$ 761,896	\$ 3,171,005
Additions	159,824	147,741	41,827	349,392
Reductions	-	(538,013)	(237,877)	(775,890)
Payable at end of fiscal year	\$ 159,824	\$ 2,018,837	\$ 565,846	\$ 2,744,507

#### C. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

*Plan Description.* The Village administers a single-employer, defined benefit, healthcare plan (“Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Village’s group health insurance plan, which covers both active and retired members. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy.* The Village contributes 100% of the cost of current-year premiums for eligible retired plan members and their spouses.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

*Employees covered by benefit terms.* As of May 31, 2023, the following employees were covered by the benefit terms:

Active employees	7
Inactive employees entitled to but not yet receiving benefit payments	2
Inactive employees or beneficiaries currently receiving benefit payments	3
Total	<u>12</u>

*Total OPEB Liability.* The Village's total OPEB liability of \$2,018,837 was measured using the alternative measurement method as of May 31, 2023. For the year ended May 31, 2023, the Village recognized OPEB expense of \$347,690.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the May 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	3.37%
2022 Healthcare Trends Rate (Pre-65/Post-65)	4.90%
2023 Healthcare Trends Rate (Pre-65/Post-65)	4.70%

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Turnover assumption was derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

NOL and ADC are calculated using the Alternative Measurement Method in accordance with GASB methodology.

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### *Change in the Total OPEB Liability*

Balance at May 31, 2022	\$ 2,409,109
Changes for the year:	
Service cost	97,048
Interest	50,693
Changes in benefit terms	-
Difference between expected and actual experience	(167,560)
Employer contributions	(42,583)
Changes in assumptions and other inputs	(327,870)
Net changes	(390,272)
Balance at May 31, 2023	\$ 2,018,837

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.37%) or 1-percentage point higher (4.37%) than the current discount rate:

	1% Decrease (2.37%)	Discount Rate (3.37%)	1% Increase (4.37%)
Total OPEB Liability	\$ 2,258,893	\$ 2,018,837	\$ 1,812,885

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using the healthcare cost trend rates that is 1-percentage point lower (3.7%) or 1-percentage point higher (5.7%) than the healthcare cost trend rates:

	1% Decrease (3.70%)	Healthcare Cost Trend Rate (4.70%)	1% Increase (5.70%)
Total OPEB Liability	\$ 1,757,714	\$ 2,018,837	\$ 2,334,488

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### D. LENGTH OF SERVICE AWARD PROGRAM (LOSAP)

The information contained in this note is based on information for the Oyster Bay Fire Protection District and Bayville Fire Company #1 Length of Service Award Programs (LOSAPs) for the plan year ending on June 30, 2022. The Village is considered a non-employer contributing entity in special funding situations in accordance with Governmental Accounting Standards Board Statement No. 73.

#### Plan Description

The Village participates in two multi-employer, defined benefit, length of service award programs ("LOSAPs") established under section 457(e)(11) of the Internal Revenue Code. The Oyster Bay Fire Protection District Length of Service Award Program took effect on July 1, 1991 for the active volunteer firefighter members of the Oyster Bay Fire Department Inc. and the Atlantic Steamer Fire Company No. 1. The five municipalities sponsoring this program are the Town of Oyster Bay, Village of Oyster Bay Cove, Village of Mill Neck, Village of Cove Neck, and the Village of Laurel Hollow. The Village is an approximately 3% sponsor of the program. The Bayville Fire Company #1, Inc. Length of Service Award Program took effect on July 1, 1994 for the active volunteer firefighters of the Bayville Fire Company #1, Inc. The three municipalities sponsoring this program are the Village of Bayville, Village of Centre Island, and the Village of Mill Neck. Both programs were established pursuant to Article 11-A of the New York State General Municipal Law. The programs provide municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is a member of the joint sponsoring board of both programs along with other local municipalities. The information contained in this note is based on information for the LOSAPs for the plan year ending June 30, 2022, which is the most recent plan year for which complete information is available.

Under the Oyster Bay Fire Protection District LOSAP an eligible program participant is defined to be an active volunteer firefighter who is at least 17 years of age and has earned one year of Service Award Program Service Credit. Under the Bayville Fire Company #1, Inc. LOSAP an eligible program participant is defined to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Award Program Service Credit. An active volunteer firefighter earns a year of Service Credit for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program. For the Oyster Bay Fire Protection District LOSAP, participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit, becoming totally and permanently disabled, dying while an active volunteer, or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 62 and is the age at which benefits begin to be paid to Participants. For the Bayville Fire Company #1, Inc. LOSAP, a participant acquires a non-forfeitable right to be paid a benefit from the Program after earning 5 years of service credit, becoming totally and permanently disabled, dying while an active volunteer firefighter, or upon attaining the Program's entitlement age of 65.

# **INCORPORATED VILLAGE OF MILL NECK**

## **Notes to the Financial Statements For the Year Ended May 31, 2023**

### Fiduciary Investment and Controls

Under both LOSAPs service credit is determined by the sponsoring board, based on certified information from the fire companies having members who participate in the program. Each fire company must maintain all required records or forms prescribed by the sponsoring boards. The sponsoring boards have retained and designated Glatfelter VFIS Specialty Benefits to assist in the administration of the Programs. The designated program administrators' functions include calculating the amount to be contributed to the plans at the end of each year based upon the criteria set forth in the Programs' Plan Document. Disbursements for the payment of benefits or administrative expenditures must be approved by the sponsoring boards and delivered to the custodians through a payment schedule.

Program assets are required to be held in trust by LOSAP legislation, 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 Programs. Glatfelter VFIS Specialty Benefits bills the Joint Sponsoring Boards for the services it provides. The Boards authorize payment of Glatfelter VFIS Specialty Benefits invoices from the LOSAP Trust Funds.

Trust Assets – Although assets have been accumulated in irrevocable trusts such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Authority to invest the program assets is vested in the sponsoring boards. Subject to restrictions in the Program Plan Documents, program assets are invested in accordance with a statutory “prudent person” rule. The sponsoring boards are required to retain actuaries to review and certify the administrators' calculations of the amount of the sponsoring boards' contributions to the program. The actuary retained by both sponsoring boards for this purpose is Glatfelter VFIS Specialty Benefits.

### Benefits Provided

Under both LOSAPs, a participant's Service Award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of Service Credit earned by the participant. The maximum number of years of Service Credit a participant may earn is 40 years under the Oyster Bay Fire Protection District LOSAP and 20 years under the Bayville Fire Company #1, Inc. LOSAP. Currently, there are no other forms of payment of a volunteer's earned Service Award under the programs. 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 the Entitlement Age. Volunteers who continue to be active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Service Credit and 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

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

Service Award at the time of death or disablement. All death and disability benefits are self-insured and paid from each program's Trust Fund. The programs do not provide extra line-of-duty death or disability benefits.

### Participants Covered by the Benefit Terms

At the June 30, 2022 measurement date, the following participants were covered by the benefit terms:

	Oyster Bay Fire Protection District LOSAP	Bayville Fire Company # 1 LOSAP
Inactive participants currently receiving benefit payments	59	15
Inactive participants entitled to but not yet receiving benefit payments	81	8
Active participants	41	76
Total	181	99

### Contributions

New York State Municipal Law § 219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village.

### Measurement of Total LOSAP Liability

The total LOSAP liability at the June 30, 2022 measurement date was determined using an actuarial valuation as of July 1, 2021, with update procedures used to roll forward the total LOSAP liability to June 30, 2022.

### Actuarial Assumptions

The total LOSAP liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	0.00%
Salary Scale:	None assumed
Mortality Rate:	No pre-retirement mortality; post-retirement RP2000 projected to 2030

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements

### For the Year Ended May 31, 2023

#### Discount Rate

The discount rates used to measure the total pension liability was 3.69% for both programs. The discount rates were based on the yield to maturity of the 20-year AA general obligation bond rate as of June 30, 2022.

#### Proportionate Share of LOSAP Liabilities

Oyster Bay Fire Protection District LOSAP	
Measurement date	June 30, 2022
LOSAP Liability	\$ 223,934
Village's portion of the Plan's total	
LOSAP liability	3.1556%
Change in proportion since the prior	
measurement date	0.0%
Bayville Fire Company #1, Inc. LOSAP	
Measurement date	June 30, 2022
LOSAP Liability	\$ 341,912
Village's portion of the Plan's total	
LOSAP liability	8.0%
Change in proportion since the prior	
measurement date	0.0%

#### Sensitivity of the Total LOSAP Liability to Changes in the Discount Rate

The following presents the total pension liability of the Village as of the June 30, 2022 measurement date, calculated using the discount rate of 3.69% for both programs, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.69%) or 1-percentage point higher (4.69%) than the current rate:

	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
Oyster Bay Fire Protection District			
Village's proportionate share of			
LOSAP liability	\$ 266,959	\$ 223,934	\$ 190,100
Bayville Fire Company #1, Inc.			
Village's proportionate share of			
LOSAP liability	400,320	341,912	294,411
Total LOSAP liability -			
proportionate share	\$ 667,279	\$ 565,846	\$ 484,511

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### LOSAP Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP

For the fiscal year ended May 31, 2023 the Village recognized LOSAP expense of \$22,964. Of this amount, \$4,224 was attributable to Oyster Bay Fire Protection District LOSAP and \$18,740 was attributable to the Bayville Fire Company #1, Inc. LOSAP. At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Oyster Bay Fire Protection District LOSAP:</u>		
Differences between expected and actual experience	\$ 433	\$ 23,417
Changes in assumptions or other inputs	47,623	68,560
<u>Bayville Fire Company #1, Inc. LOSAP:</u>		
Differences between expected and actual experience	4,022	2,468
Changes in assumptions or other inputs	72,412	117,134
	\$ 124,490	\$ 211,579

Deferred outflows of resources related to LOSAP resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year May 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LOSAP will be recognized in LOSAP expense as follows:

	Oyster Bay Fire Protection District LOSAP	Bayville Fire Company #1, Inc. LOSAP	Total
Year Ended June 30:			
2023	\$ (13,988)	\$ (4,875)	\$ (18,863)
2024	(10,297)	(4,875)	(15,172)
2025	(20,788)	(4,875)	(25,663)
2026	1,152	(4,874)	(3,722)
2027	-	(1,444)	(1,444)
Thereafter	-	(22,225)	(22,225)
	\$ (43,921)	\$ (43,168)	\$ (87,089)

**INCORPORATED VILLAGE OF MILL NECK**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2023**

E. FUND BALANCE

The government’s fund balance classification policies and procedures are as follows:

1. For committed fund balances:
  - a. The government’s highest level of decision-making authority resides with the Board of Trustees.
  - b. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is through formal resolution by the Board.
  
2. For assigned fund balances:
  - a. The body or official authorized to assign amounts to a specific purpose is the Board of Trustees.
  - b. The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given to the Board of Trustees.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is nonspendable, restricted, assigned or unassigned), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

As of May 31, 2023, the Village has made the following fund balance designations:

Nonspendable Fund Balance:	
Prepaid Expense	\$ 84,103
Total Nonspendable Fund Balance	<u>\$ 84,103</u>
Restricted Fund Balance:	
Parkland	\$ 61,000
Length of Service Award Program	407,657
Total Restricted Fund Balance	<u>\$ 468,657</u>
Assigned Fund Balance:	
Appropriated for Subsequent Year	\$ 468,000
Highway Repair	204,119
Village Facility	131,064
Police	858,461
Unemployment	23,163
Total Assigned Fund Balance	<u>\$ 1,684,807</u>

# INCORPORATED VILLAGE OF MILL NECK

## Notes to the Financial Statements For the Year Ended May 31, 2023

### F. CONCENTRATIONS OF RISK

The Village maintains all cash and cash equivalents in one depository. FDIC insurance covers all government accounts up to \$250,000 (per official custodian) for demand accounts and time and savings accounts separately. All deposits in excess of the FDIC limit are fully collateralized.

### G. COMMITMENTS AND CONTINGENCIES

#### Contracts

The Village annually contracts with four separate fire companies in order to provide fire protection. The total cost for the year, recorded as General Fund expenditure, was \$332,204.

The Village has entered into an agreement (along with three other Villages) for Police Protection with the Brookville Police Department, effective June 1, 2022 to May 31, 2027. The Village is responsible for making quarterly payments based upon its pro-rata share of the annual police operating budget. The pro-rata share is based upon the share of each Village's respective assessed valuation to the total assessed valuation for all parties as they appear on the certified assessment roll of Nassau County as of fourteen months prior to the fiscal year for which the police budget is prepared. The total cost of police protection for the year, recorded as an expenditure in the General Fund, was \$955,955.

#### State and Federal Grants

The Village is a recipient of a number of Federal and State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could lead to certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the respective agency for each grant.

#### Tax Certiorari

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2023 which could affect future operating budgets of the Village.

# **INCORPORATED VILLAGE OF MILL NECK**

## **Notes to the Financial Statements For the Year Ended May 31, 2023**

### Litigation

The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

There are no contingencies that the Village is aware of that would have a material impact on the financial statements.

### H. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2023, and the date that these financial statements were available to be issued, February 2, 2024, that would have a material impact on these financial statements.

**INCORPORATED VILLAGE OF MILL NECK**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2023**  
**(Unaudited)**

**Statement of Revenues, Expenditures and Change in Fund Balance**  
**Budget and Actual - General Fund**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
<b>Revenues:</b>			
Real Property Taxes	\$ 2,415,175	\$ 2,415,175	\$ 2,415,768
Real Property Tax Items	72,517	72,517	85,593
Non Property Tax Items	45,770	45,770	43,341
Departmental Income	89,700	89,700	135,238
Use of Money and Property	50,268	50,268	97,251
Licenses and Permits	31,000	31,000	33,300
Fines and Forfeitures	10,000	10,000	7,711
Minor Sales and Compensation for Loss	50	50	17,414
State and Federal Aid	130,376	130,376	113,808
Total Revenues	2,844,856	2,844,856	2,949,424
<b>Expenditures:</b>			
General Government Support	543,693	537,843	497,398
Public Safety	1,577,008	1,577,008	1,471,374
Transportation	329,000	333,000	299,976
Culture and Recreation	4,000	4,000	-
Home and Community Services	246,200	248,050	233,513
Employee Benefits	279,989	279,989	275,921
Total Expenditures	2,979,890	2,979,890	2,778,182
<b>Net Change in Fund Balance</b>	<b>\$ (135,034)</b>	<b>\$ (135,034)</b>	171,242
<b>Fund Balance at Beginning of Year</b>			3,131,656
<b>Fund Balance at End of Year</b>			<b>\$ 3,302,898</b>

**INCORPORATED VILLAGE OF MILL NECK**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2023**  
**(Unaudited)**

**Schedule of the Local Government's Proportionate Share of the Net Pension Liability (Asset)**

	<b>NYSLRS Pension Plan</b>							
	<b>For the 2023 Fiscal Year</b>							
	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Village's proportion of the net pension liability (asset)	0.0007453%	0.0007156%	0.0007951%	0.0009592%	0.0010951%	0.0011149%	0.0010687%	0.0012297%
Village's proportionate share of the net pension liability (asset)	\$ 159,824	\$ (58,501)	\$ 792	\$ 254,004	\$ 77,594	\$ 35,982	\$ 100,415	\$ 197,366
Village's covered payroll	\$ 368,482	\$ 410,360	\$ 383,795	\$ 321,346	\$ 305,822	\$ 300,260	\$ 282,801	\$ 275,942
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	43.37%	(14.26%)	0.21%	79.04%	25.37%	11.98%	35.51%	71.52%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.50%	90.70%

**Notes to Schedule:**

Additional years will be presented as they become available for a full 10-year trend.

\*\* The amounts presented for the fiscal year were determined as of the March 31, 2023 measurement date.

**INCORPORATED VILLAGE OF MILL NECK**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2023**  
**(Unaudited)**

**Schedule of Local Government Contributions**

**NYSLRS Pension Plan**  
**For the Last Ten Fiscal Years Ended May 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 41,040	\$ 49,223	\$ 42,081	\$ 41,371	\$ 36,818	\$ 44,318	\$ 40,928	\$ 51,543
Contributions in relation to the contractually required contribution	<u>41,040</u>	<u>49,223</u>	<u>42,081</u>	<u>41,371</u>	<u>36,818</u>	<u>44,318</u>	<u>40,928</u>	<u>51,543</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Village's covered-employee payroll	\$ 368,482	\$ 410,360	\$ 383,795	\$ 321,346	\$ 305,822	\$ 300,260	\$ 282,801	\$ 275,942
Contributions as a percentage of covered-employee payroll	11.14%	12.00%	10.96%	12.87%	12.04%	14.76%	14.47%	18.68%

**Notes to Schedule:**

Additional years will be presented as they become available for a full 10-year trend.

**INCORPORATED VILLAGE OF MILL NECK**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2023**  
**(Unaudited)**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

<b><u>Total OPEB Liability</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Service cost	\$ 97,048	\$ 77,033	\$ 83,223	\$ 66,810	\$ 55,365
Interest	50,693	54,356	70,452	66,041	32,387
Difference between expected and actual experience	(167,560)	112,396	9,457	(64,576)	590,311
Contributions from employer	(42,583)	(47,982)	(61,037)	(61,037)	(56,159)
Changes in assumptions	(327,870)	(398,044)	325,616	298,686	(336,105)
Net change in total OPEB liability	(390,272)	(202,241)	427,711	305,924	285,799
Total OPEB liability - beginning of year	2,409,109	2,611,350	2,183,639	1,877,715	1,591,916
Total OPEB liability - end of year	<u>\$ 2,018,837</u>	<u>\$ 2,409,109</u>	<u>\$ 2,611,350</u>	<u>\$ 2,183,639</u>	<u>\$ 1,877,715</u>
Plan fiduciary net position as percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered-employee payroll	\$ 342,642	\$ 410,360	\$ 383,795	\$ 321,346	\$ 305,822
Total OPEB liability as a percentage of covered-employee payroll	589%	587%	680%	680%	614%

**Notes to the Schedule:**

Additional years will be presented as they become available for a full 10-year trend.

No assets are accumulated in a trust that meet the criteria in GASBS No. 75, paragraph 4, to pay other post-employment benefits.

There have been no significant changes in benefit terms, the size or composition of the population covered by the benefit terms, or assumptions used.

**INCORPORATED VILLAGE OF MILL NECK**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2023**  
**(Unaudited)**

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**Schedule of Proportionate Share of the Total LOSAP Liability**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><u>Oyster Bay Fire Protection District LOSAP</u></b>			
Village's proportion of the total pension liability	3.1556%	3.1556%	3.1556%
Village's proportionate share of the total pension liability	\$ 223,934	\$ 325,914	\$ 286,028
<b><u>Bayville Fire Company #1, Inc. LOSAP</u></b>			
Village's proportion of the total pension liability	8.0000%	8.0000%	8.0000%
Village's proportionate share of the total pension liability	\$ 341,912	\$ 435,982	\$ 385,689

**Notes to Required Supplementary Information:**

Additional years will be presented as they become available for a full 10-year trend.

*Changes of assumptions or other inputs.* The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

June 30, 2020:	2.45%
June 30, 2021:	1.92%
June 30, 2022:	3.69%

*Trust Assets.* There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.