

INCORPORATED VILLAGE OF FLORAL PARK

FLORAL PARK, NEW YORK

FINANCIAL STATEMENTS

MAY 31, 2022

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SKINNON AND FABER
Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Trustees
Incorporated Village of Floral Park
Floral Park, New York

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Floral Park as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Floral Park'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 Incorporated Village of Floral Park, as of May 31, 2022, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Incorporated Village of Floral Park, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.



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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 Incorporated Village of Floral Park'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.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amount and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Incorporated Village of Floral Park'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 Incorporated Village of Floral Park'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, and changes in total OPEB liability and related ratios be presented to supplement the basic financial

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

Skinnon and Faber, CPAs, P.C.

SKINNON AND FABER, CPAs, P.C.

Islandia, New York

March 24, 2023

INCORPORATED VILLAGE OF FLORAL PARK

Management's Discussion and Analysis (Unaudited)

The Board of Trustees of the Incorporated Village of Floral Park (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, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follows 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 support the financial statements with a comparison of the Village's General Fund, Public Library Fund, and Swimming Pool Fund budgets 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, and the schedule of changes in total OPEB liability and related ratios.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

The Village's total net position increased by \$842,001 for the fiscal year ended May 31, 2022. As of May 31, 2022, the OPEB payable is \$52,404,473. Current funding of this payable is not required and has always been and is expected to continue to be funded on a pay-as-you-go basis.

Condensed Statement of Net Position

	<u>May 31, 2022</u>	<u>May 31, 2021</u>
Assets		
Current and Other Assets	\$ 14,293,631	\$ 12,866,100
Capital Assets (net)	<u>22,950,725</u>	<u>21,741,990</u>
Total Assets	<u>37,244,356</u>	<u>34,608,090</u>
Deferred Outflows of Resources	<u>15,859,505</u>	<u>19,238,164</u>
Liabilities		
Liabilities	7,231,784	8,729,917
Long-Term Liabilities	<u>66,659,703</u>	<u>73,650,795</u>
Total Liabilities	<u>73,891,487</u>	<u>82,380,712</u>
Deferred Inflows of Resources	<u>22,734,461</u>	<u>15,829,630</u>
Net Position		
Net Investment in Capital Assets	10,914,434	10,530,054
Restricted	1,768,550	77,482
Unrestricted (Deficit)	<u>(56,205,071)</u>	<u>(54,971,624)</u>
Total Net Position (Deficit)	<u>\$ (43,522,087)</u>	<u>\$ (44,364,088)</u>

Net investment in capital assets is the Village's investment in capital assets, such as infrastructure, buildings, improvements, and machinery and equipment, reduced by accumulated depreciation and associated debt. This figure also includes land and construction in progress, which are 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 changes in net position from operating results is shown below.

Changes in Net Position from Operating Results – Governmental Activities

	For the Years Ended	
	May 31, 2022	May 31, 2021
Revenues		
Program Revenues:		
Fees, Fines and Charges for Services	\$ 2,320,161	\$ 1,502,605
Operating Grants and Contributions	38,705	76,561
Capital Grants and Contributions	359,831	596,388
General Revenues:		
Real Property Taxes and Related Tax Items	26,433,777	25,745,052
Non Property Tax Items	540,441	515,419
Use of Money and Property	118,153	206,765
State and Federal Aid	649,976	586,499
Sale of Property and Compensation for Loss	166,184	166,478
Miscellaneous Local Sources	19,043	124,723
Total Revenues	<u>30,646,271</u>	<u>29,520,490</u>
Expenses		
Governmental Activities:		
General Government Support	4,609,212	4,473,661
Public Safety	14,673,806	15,654,489
Health	7,004	5,258
Transportation	2,802,356	2,720,813
Economic Opportunity and Development	26,534	24,785
Culture and Recreation	3,973,497	3,990,749
Home and Community Services	3,515,850	4,245,865
Interest on Debt	196,011	226,420
Total Expenses	<u>29,804,270</u>	<u>31,342,040</u>
Changes in Net Position	<u>842,001</u>	<u>(1,821,550)</u>
Beginning Net Position	(44,364,088)	(42,483,399)
Beginning Balance Adjustment	-	(59,139)
Beginning Net Position, as Restated	<u>(44,364,088)</u>	<u>(42,542,538)</u>
Ending Net Position	<u>\$ (43,522,087)</u>	<u>\$ (44,364,088)</u>

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The Village had an excess of revenues over expenses of \$842,001. This caused an increase in net position, which was mainly due to a reduction of expenses for long-term liabilities including other-post employment benefits and net pension.

Total revenue for the Village increased by \$1,125,781. In the prior year, COVID-19 affected the Village's ability to perform certain activities including sidewalk and curb repairs as well as limiting the amount of pool subscriptions. For the year ended May 31, 2022, the Village has returned to performing these activities resulting in an increase in revenues as compared to the prior year. Total expenses for the year decreased \$1,537,770 as compared to the previous year primarily due to a decrease in employee benefits related expenses.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund balance increased by \$102,458 to a total of \$7,406,907. Of this amount \$151,684 is comprised of inventory and prepaid expenses, which is reported non-spendable. \$1,966,495 is restricted for length of service award program (LOSAP) assets. Assignments totaling \$2,181,488 have been made for specific items. The remaining fund balance of \$3,107,240 is unassigned for Village operations. The Board of Trustees and management of the Village are interested in continuing to improve the financial condition of the Village through careful budgeting and conservative fiscal policies.

The Capital Projects Fund balance decreased by \$1,227,091, to an ending balance of (\$4,007,214). During the year, Capital Fund expenditures totaling \$2,255,065 were made for various improvements and capital assets, including roadwork, LED street lights and a sweeper.

The Public Library Fund balance decreased by \$583,204 to an ending balance of \$86,594, as of year-end.

The Swimming Pool Fund balance decreased by \$7,616 to an ending balance of \$9,840.

The Community Development Fund had no activity during the year. Fund balance at year end was \$725.

BUDGETARY ANALYSIS

The Village made various budget modifications during the fiscal year. Significant budget modifications included \$151,719 from the contingency account to increase various personnel services including \$107,719 to police termination pay.

The following explanations address variances occurring between the final General Fund budget for the fiscal year ending May 31, 2022, and the Statement of Revenues, Expenditures and Change in Fund Balance:

Revenues:

- **State and Federal Aid** – Actual revenues were \$549,577 less than the final budgeted amounts. The Village budgeted \$531,200 for federal aid related to the American Rescue Plan Act (ARPA). During the fiscal year, the Village received \$812,510 of ARPA funds, however until the Village expends these funds, it is reported as unearned revenue on the balance sheet.

Expenditures:

- **General Government Support** – Actual expenditures were \$202,612 under the final budget amount largely because the Village undertook a concerted effort to reduce expenses to offset the reduction in revenues that were occurring due to COVID-19. A large part of this effort included containing personnel cost. Various Village personnel retired, and the positions were left vacant for as long as possible to reduce costs.
- **Public Safety** – Actual expenditures were \$335,456 greater than final budgeted amounts. There was an increase in public safety personnel overtime partly due to vacancies, as well as sickness and injuries. Public safety termination pay was also over budget as a result of more retirements than anticipated.
- **Home and Community Services** – Actual expenditures were over the final budget amount by \$216,097. The variance is a result of new contracts and increased costs associated with garbage and recycling. Additionally, the Village's trucks were in need of significant repairs and maintenance during the year.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Village's investment in capital assets as of May 31, 2022, totaled \$22,950,725 (net of accumulated depreciation). During the year, the Village acquired capital assets totaling \$2,400,207. Asset acquisitions consisted of infrastructure related to road work totaling \$1,285,427, construction in progress totaling \$30,909, various machinery and equipment totaling \$1,050,440, and Village improvements totaling \$33,431.

As of May 31, 2022, the Village had total serial bond indebtedness of \$4,940,000. Scheduled principal payments of \$470,000 were made. In addition, at May 31, 2022, the Village had outstanding bond anticipation notes (BANs) totaling \$8,347,500. Scheduled BAN principal payments of \$950,000 were made during the year.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The Village has been able to minimize tax increases by utilizing a strict cost cutting strategy and conservative fiscal policies. The administration has been diligent in containing expenses while continuing to provide efficient services to the residents.

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Village.

The Village applied for funding under the American Rescue Plan Act (ARPA). The first payment of \$812,510 was received during the fiscal year. The second payment for the same amount was received on 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:

Gerard Bambrick, Village Administrator
Incorporated Village of Floral Park
One Floral Boulevard
Floral Park, NY 11001

INCORPORATED VILLAGE OF FLORAL PARK

Statement of Net Position

May 31, 2022

ASSETS

Cash and Cash Equivalents	\$ 9,829,170
Cash and Cash Equivalents - Restricted	79,040
Accounts Receivable	436,490
State and Federal Aid Receivable	141,243
Inventory	41,294
Prepaid Expenses	110,390
Net Pension Asset	1,689,510
Length of Service Award Program Asset	1,966,494
Capital Assets (net)	<u>22,950,725</u>

Total Assets 37,244,356

DEFERRED OUTFLOW OF RESOURCES

15,859,505

LIABILITIES

Accounts Payable and Accrued Liabilities	306,659
Guaranty and Bid Deposits	6,270
Accrued Interest Payable	63,595
Unearned Revenue	812,510
Retained Percentages	149,537
Deferred Compensation Payable	24,808
Due to Custodial Fund	212,578
Due to Other Governments	23,827
Bond Anticipation Notes Payable	5,632,000
Long-term Liabilities:	
Due Within One Year:	
Serial Bonds Payable	325,000
Compensated Absences	385,273
Police and Fire Retirement System Liability	58,895
Due in More Than One Year	
Bond Anticipation Notes Payable	2,715,500
Serial Bonds Payable	4,615,000
Compensated Absences	3,467,457
Net Pension Liability	721,611
Other Post-Employment Benefits	52,404,473
Length of Service Award Program	<u>1,966,494</u>

Total Liabilities 73,891,487

DEFERRED INFLOWS OF RESOURCES

22,734,461

NET POSITION

Net Investment in Capital Assets	10,914,434
Restricted	1,768,550
Unrestricted (deficit)	<u>(56,205,071)</u>

Total Net Position (Deficit) \$ (43,522,087)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF FLORAL PARK
Statement of Activities
For the Year Ended May 31, 2022

Functions/Programs	Expenses	PROGRAM REVENUES			Net (Expense) / Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government Support	\$ 4,609,212	\$ 665,635	\$ -	\$ 19,934	\$ (3,923,643)
Public Safety	14,673,806	646,022	-	16,996	(14,010,788)
Health	7,004	6,944	-	-	(60)
Transportation	2,802,356	152,745	7,115	322,901	(2,319,595)
Economic Assistance and Opportunity	26,534	-	-	-	(26,534)
Culture and Recreation	3,973,497	765,695	31,590	-	(3,176,212)
Home and Community Services	3,515,850	83,120	-	-	(3,432,730)
Interest on Debt	196,011	-	-	-	(196,011)
Total Governmental Activities	\$ 29,804,270	\$ 2,320,161	\$ 38,705	\$ 359,831	(27,085,573)
GENERAL REVENUES:					
					26,433,777
					540,441
					118,153
					649,976
					166,184
					19,043
					<u>27,927,574</u>
					842,001
					<u>(44,364,088)</u>
					<u>\$ (43,522,087)</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF FLORAL PARK

Balance Sheets

May 31, 2022

ASSETS	General	Capital Projects	Public Library	Swimming Pool	Community Development	Total
Assets:						
Cash and Cash Equivalents	\$ 7,649,533	\$ 1,693,863	\$ 108,126	\$ 376,923	\$ 725	\$ 9,829,170
Restricted Cash and Cash Equivalents	-	69,040	10,000	-	-	79,040
Due From Other Funds	2,809	-	-	4,373	-	7,182
Accounts Receivable	436,490	-	-	-	-	436,490
State and Federal Aid Receivable	137,726	-	3,517	-	-	141,243
Inventory	41,294	-	-	-	-	41,294
Prepaid Expenses	110,390	-	-	-	-	110,390
Length of Service Award Program Asset	1,966,494	-	-	-	-	1,966,494
Total Assets	\$10,344,736	\$ 1,762,903	\$ 121,643	\$ 381,296	\$ 725	\$12,611,303
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 578,709	\$ -	\$ 28,018	\$ 2,298	\$ -	\$ 609,025
Accrued Expenses	155,959	-	6,597	-	-	162,556
Guaranty and Bid Deposits	6,270	-	-	-	-	6,270
Unearned Revenue	812,510	-	-	-	-	812,510
Retained Percentages	14,229	135,308	-	-	-	149,537
Deferred Compensation Payable	24,808	-	-	-	-	24,808
Due to Other Funds	216,517	2,809	434	-	-	219,760
Due to Other Governments	23,827	-	-	-	-	23,827
Bond Anticipation Notes Payable	-	5,632,000	-	-	-	5,632,000
Total Liabilities	1,832,829	5,770,117	35,049	2,298	-	7,640,293
Deferred Inflows of Resources:						
Collections in Advance	1,105,000	-	-	369,158	-	1,474,158
Total Deferred Inflows of Resources	1,105,000	-	-	369,158	-	1,474,158
Fund Balance:						
Nonspendable	151,684	-	-	-	-	151,684
Restricted	1,966,495	69,040	10,000	-	-	2,045,535
Assigned	2,181,488	243,951	76,594	19,395	725	2,522,153
Unassigned (Deficit)	3,107,240	(4,320,205)	-	(9,555)	-	(1,222,520)
Total Fund Balance (Deficit)	7,406,907	(4,007,214)	86,594	9,840	725	3,496,852
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$10,344,736	\$ 1,762,903	\$ 121,643	\$ 381,296	\$ 725	\$12,611,303

See Notes to the Financial Statements

INCORPORATED VILLAGE OF FLORAL PARK
Reconciliation of the Governmental Funds Balance Sheets
to the Statement of Net Position
As of May 31, 2022

Total Fund Balance - Total Governmental Funds	\$ 3,496,852
<p>This amount differs from the amount of net position in the Statement of Net Position due to the following:</p>	
<p>Capital assets are included as assets in the government-wide financial statements and are added, net of accumulated depreciation.</p>	22,950,725
<p>Deferred outflows of resources related to the following are not reported in the governmental funds:</p>	
Pension Related Amounts	9,242,832
Other Post-Employment Benefits Related Amounts	6,616,673
<p>Employee and Police and Fire Retirement Systems liabilities are recorded in the governmental funds and are not recorded in the Statement of Net Position, as they are applied to deferred inflows of resources and are added.</p>	464,922
<p>Accrued interest payable applicable to governmental activities is not due and payable in the current period and, accordingly, is not reported in the governmental funds. However, these liabilities are included in the government-wide financial statements and are deducted.</p>	(63,595)
<p>Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. However, these liabilities are included in the government-wide financial statements and are deducted:</p>	
Bond Anticipation Note	(2,715,500)
Serial Bonds	(4,940,000)
Compensated Absences	(3,852,730)
Net Pension Liability/(Asset)	967,899
Other Post-Employment Benefits Payable	(52,404,473)
Length of Service Award Program	(1,966,494)
Police and Fire Retirement System Liability	(58,895)
<p>Deferred inflows of resources related to the following are not reported in the governmental funds:</p>	
Pension Related Amounts	(12,050,737)
Other Post-Employment Benefits Related Amounts	(9,209,566)
Total Net Position (Deficit)	<u><u>\$ (43,522,087)</u></u>

INCORPORATED VILLAGE OF FLORAL PARK
Statements of Revenues, Expenditures and Change in Fund Balances
May 31, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Public Library</u>	<u>Swimming Pool</u>	<u>Community Development</u>	<u>Total</u>
Revenues:						
Real Property Taxes	\$ 26,473,104	\$ -	\$ -	\$ -	\$ -	\$ 26,473,104
Real Property Tax Items	74,588	-	-	-	-	74,588
Non Property Tax Items	540,441	-	-	-	-	540,441
Departmental Income	686,786	-	5,545	685,944	-	1,378,275
Intergovernmental Charges	52,581	-	-	-	-	52,581
Use of Money and Property	104,507	-	23	13,623	-	118,153
Licenses and Permits	403,518	-	-	-	-	403,518
Fines and Forfeitures	485,787	-	-	-	-	485,787
Sale of Property and Compensation for Loss	63,200	116,278	-	-	-	179,478
Miscellaneous Local Sources	5,888	-	13,155	-	-	19,043
State and Federal Aid	694,021	322,901	31,590	-	-	1,048,512
Total Revenues	29,584,421	439,179	50,313	699,567	-	30,773,480
Expenditures:						
General Government Support	3,705,674	2,980	-	-	-	3,708,654
Public Safety	8,995,811	184,028	-	-	-	9,179,839
Health	6,934	-	-	-	-	6,934
Transportation	1,870,861	2,017,860	-	-	-	3,888,721
Economic Assistance and Opportunity	26,268	-	-	-	-	26,268
Culture and Recreation	1,238,292	44,384	1,065,620	628,106	-	2,976,402
Home and Community Services	2,993,394	5,813	-	-	-	2,999,207
Employee Benefits	8,335,362	-	303,197	23,077	-	8,661,636
Debt Service	1,624,566	-	-	-	-	1,624,566
Total Expenditures	28,797,162	2,255,065	1,368,817	651,183	-	33,072,227
Excess (Deficiency) of Revenues Over (Under) Expenditures	787,259	(1,815,886)	(1,318,504)	48,384	-	(2,298,747)
Other Financing Sources (Uses):						
Proceeds from Asset Disposition	13,294	-	-	-	-	13,294
Bond Anticipation Notes Redeemed	-	570,000	-	-	-	570,000
Transfers In	70,700	18,795	750,000	-	-	839,495
Transfers Out	(768,795)	-	(14,700)	(56,000)	-	(839,495)
Total Other Financing Sources (Uses)	(684,801)	588,795	735,300	(56,000)	-	583,294
Net Change in Fund Balances	102,458	(1,227,091)	(583,204)	(7,616)	-	(1,715,453)
Fund Balances (Deficit) at Beginning of Year	7,304,449	(2,780,123)	669,798	17,456	725	5,212,305
Fund Balances (Deficit) at End of Year	\$ 7,406,907	\$ (4,007,214)	\$ 86,594	\$ 9,840	\$ 725	\$ 3,496,852

See Notes to the Financial Statements

INCORPORATED VILLAGE OF FLORAL PARK
Reconciliation of the Statements of Revenues, Expenditures and Change in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended May 31, 2022

Net Change in Fund Balances for Total Governmental Funds \$(1,715,453)

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 funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital expenditures	2,400,207
Depreciation expense	(1,191,472)

Revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are earned, 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. (113,915)

Net change in deferred outflows of resources not reported in the governmental funds:

Pension Related Amounts	(899,594)
Other Post-Employment Benefits Related Amounts	(2,479,065)

The issuance of long-term debt and increase in obligations under capital leases provides current financial resources to governmental funds, while the repayment of the principal of long term debt and capital leases consumes the current financial resources of governmental funds, neither transaction has any effect on net position:

Repayment of Bond Principal	470,000
Repayment of Long-Term Bond Anticipation Notes	380,000
Accrued Interest Payable	8,555
Compensated Absences	1,266,176
Net Pension Liability/Asset	3,110,588
Other Post-employment Benefits (OPEB)	6,406,071
Length of Service Award Program Liability	84,372
State Retirement Liability	108,880
Police and Fire Retirement System Liability	58,895

Net change in deferred inflows of resources not reported in the governmental funds:

Pension Related Amounts	(766,195)
Other Post-Employment Benefits Related Amounts	<u>(6,286,049)</u>

Change in Net Position of Governmental Activities in the Statement of Activities \$ 842,001

INCORPORATED VILLAGE OF FLORAL PARK
Statement of Fiduciary Net Position
May 31, 2022

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ 273,287
Due From Governmental Funds	<u>212,578</u>
Total Assets	<u>485,865</u>
 NET POSITION	 <u>\$ 485,865</u>

INCORPORATED VILLAGE OF FLORAL PARK
Statement of Changes in Fiduciary Net Position
May 31, 2022

	Custodial Fund
ADDITIONS	
TV Studio Revenue	\$ 166,135
Total Additions	166,135
 DEDUCTIONS	
TV Studio Expenditures	107,427
Total Deductions	107,427
Net Increase in Fiduciary Net Position	58,708
Net Position - Beginning of the Year	427,157
Net Position - End of the Year	\$ 485,865

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Floral Park have been prepared in conformity with generally accepted accounting principles (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 Village's significant accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The Incorporated Village of Floral Park, which was established in 1908, is governed by its Charter, 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 Village Administrator serves as chief fiscal officer.

The following basic services are provided: police, fire protection, playground, swimming pool, public library, parks for recreation and entertainment, collection and disposal of garbage and refuse, justice court and administrative zoning.

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 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 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

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds).

1. Government-wide Financial Statements:

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Village. Fiduciary activities of the Village are not included in these statements.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

The 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 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 fiduciary 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 government 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

- a. **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.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

Special Revenue Fund – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

Public Library Fund – to provide entertainment and information to the residents.

Swimming Pool Fund – to provide recreation to the subscribers.

Community Development Fund – to administer and account for community development projects financed by funds from Federal Grants, which are received from Nassau County.

Fiduciary Funds – used to account for assets held by the local government in a trustee or custodial capacity:

Custodial Fund – used to account for fiduciary activities that are not required to be reported in a private-purpose 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.
- 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.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. 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.

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 in 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.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

Modified Accrual Basis – Governmental fund financial statements are reported using the current financial resources measurement focus and 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 to be 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, 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, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when a liability is incurred except that:

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

D. CASH AND CASH EQUIVALENTS

The Village considers all highly liquid instruments 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. Taxes are normally collected during the period June 1 to July 1. Beginning with the 2020-2021 fiscal year, residents have the option to pay one-half of the tax bill by July 1 and the second half by December 31 without penalty.

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.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

F. BUDGETARY DATA

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

- a. No later than March 31, 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 hearing(s) are conducted to obtain taxpayer comments, no later than April 15, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the Board of Trustees.
- d. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

2. Budget Basis of Accounting:

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. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

G. 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 used by the Village. Encumbrances are reported as restrictions, commitments, or assignments of 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.

H. INVENTORY AND PREPAID ITEMS

Inventory is valued at cost utilizing the first in, first out method for the governmental funds. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory consists of fuel in storage tanks for use in Village vehicles.

Payments to vendors for costs, such as rent and insurance that apply to future accounting periods, are recorded as prepaid assets in the fund financial statements.

I. CAPITAL ASSETS

Capital assets, which include land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure, are reported in the government-wide financial statements. The Village defines capital assets with the initial, individual cost of more than \$2,000 and an estimated useful life in excess of 2 years. Such assets are recorded

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets acquired in service concession arrangement are recorded at acquisition value. Depreciation has been recorded using the straight-line method over 2 to 20 years for machinery and equipment, 20 years for improvements, 40 years for buildings and 50 years for infrastructure. Land and construction in progress are 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 to the 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 governmental funds. Capital assets are not shown on governmental fund balance sheets.

J. COMPENSATED ABSENCES

Employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Estimated vacation and sick leave and compensatory absences accumulated by employees have been recorded in the government-wide financial statements.

Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payment becomes due.

K. OTHER POST-EMPLOYMENT BENEFITS

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

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 these other post-employment benefits payables 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.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

L. INSURANCE

The Village assumes the liability for most risk including, but not limited to, property damage, personal injury liability and workers' compensation. 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. The Village carries various insurance policies to mitigate any losses that might occur.

M. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results may differ from those estimates.

N. 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.

O. UNEARNED REVENUE

Unearned revenues are reported when the Village receives resources before it has 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.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village 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 Administrator is authorized to use demand accounts and certificates of deposit.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

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 for 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 and school districts.

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.

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, 2022, totaled \$10,159,296 and are covered by federal deposit insurance or third-party collateral as follows:

Amount FDIC-Insured	\$ 250,000
Collateral provided by Village's Custodial Banks	<u>9,909,296</u>
Total Amounts	<u><u>\$ 10,159,296</u></u>

2. Property Taxes:

All real property taxes were received during the year. A total of \$1,105,000 of property taxes have been collected for the subsequent fiscal year and is included as a deferred inflow in the General Fund.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

3. Interfund Receivables, Payables and Transfers:

Temporary advances between funds and unpaid interfund charges will be reimbursed subsequent to year end. The interfund receivable and payable balances at May 31, 2022 are as follows:

	Amount Receivable	Amount Payable
General Fund	\$ 2,809	\$ 216,517
Capital Projects Fund	-	2,809
Public Library Fund	-	434
Swimming Pool Fund	4,373	-
Custodial Fund	212,578	-
Totals	<u>\$ 219,760</u>	<u>\$ 219,760</u>

The following is a summary of interfund transfers made during the year:

	Transfers In	Transfers Out
General Fund	\$ 70,700	\$ 768,795
Capital Projects Fund	18,795	-
Public Library Fund	750,000	14,700
Swimming Pool Fund	-	56,000
Totals	<u>\$ 839,495</u>	<u>\$ 839,495</u>

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

4. Changes in Capital Assets:

A summary of changes in capital assets follows:

	Balance May 31, 2021	Additions	Reductions	Balance May 31, 2022
Capital Assets That Are Not Depreciated:				
Land	\$ 3,051,107	\$ -	\$ -	\$ 3,051,107
Construction in Progress	1,399,582	30,909	(960,276)	470,215
Total Nondepreciable Cost	4,450,689	30,909	(960,276)	3,521,322
Capital Assets That Are Depreciated:				
Buildings	4,887,239	-	-	4,887,239
Improvements	11,273,821	33,431	-	11,307,252
Machinery and Equipment	12,052,155	1,050,440	(334,905)	12,767,690
Infrastructure	9,149,411	2,245,703	-	11,395,114
Total Depreciable Cost	37,362,626	3,329,574	(334,905)	40,357,295
Less:				
Accumulated Depreciation:				
Buildings	(3,373,322)	(126,285)	-	(3,499,607)
Improvements	(3,895,961)	(246,813)	-	(4,142,774)
Machinery and Equipment	(9,176,745)	(612,929)	334,905	(9,454,769)
Infrastructure	(3,625,297)	(205,445)	-	(3,830,742)
Total Accumulated Depreciation	(20,071,325)	(1,191,472)	334,905	(20,927,892)
Net Capital Assets That Are Depreciated	17,291,301	2,138,102	-	19,429,403
Grand Total	\$ 21,741,990	\$ 2,169,011	\$ (960,276)	\$ 22,950,725

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

Governmental Activities

General Government Support	\$ 153,037
Public Safety	339,384
Health	70
Transportation	334,932
Economic Assistance and Opportunity	266
Culture and Recreation	235,576
Home and Community Services	128,207
Total Depreciation Expense – Governmental Activities	\$ 1,191,472

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

B. LIABILITIES

1. Pension Plans:

Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (the System). 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 2018, he was elected for a new term commencing January 1, 2019.

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 and PFRS are cost sharing, multiple-employer defined benefit pension plans. 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 and PFRS.

Separately issued financial statements for the System are available on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

For convenience, the System uses a tier concept to distinguish these groups, generally:

ERS

- Tier 1 Those persons who last became members before July 1, 1973.
- Tier 2 Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 Those persons who first became members on or after April 1, 2012.

PFRS

- Tier 1 Those persons who last became members before July 31, 1973.
- Tier 2 Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 N/A
- Tier 5 Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 Those persons who first became members on or after April 1, 2012.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100% vested.

Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore, all Members are vested when they reach five years of service credit.

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, 2022, was approximately

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

16.2% of covered employee payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2022, was approximately 28.3% 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, 2022, 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:

2021-22	\$ 2,740,804
2020-21	2,218,295
2019-20	2,388,626

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.

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% 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% 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.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than 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% 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% 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% 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 of employment. For Tier 3, 4, and 5 members, each year of final average salary calculation is limited to no more than 10% greater than 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% 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% 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% 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% greater than the average of the previous four years.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

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.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a member's tier, years of service, and plan.

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) ERS 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. The 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% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

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

At May 31, 2022, the Village reported a liability of \$721,611 (PFRS) and an asset of -\$1,689,510 (ERS) for its proportionate share of the net pension liability/asset. The net pension liability/asset was measured as of March 31, 2022, and the total pension

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

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/asset 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, 2022, the Village's ERS proportion was 0.0206678%, which was an increase of 0.0045084 from its proportion measured at March 31, 2022. At May 31, 2022, the Village's PFRS proportion was 0.1270343%, which was an increase of 0.0045539 from its proportion measured at March 31, 2021.

For the year ended May 31, 2022, the Village recognized pension expense of \$1,296,006. At May 31, 2022, 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	\$ 516,975	\$ 165,957
Changes of Assumptions	7,138,601	47,578
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	11,595,856
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,587,256	241,346
	\$ 9,242,832	\$ 12,050,737

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 as pension expense as follows:

Year Ended March 31:	
2023	\$ (261,888)
2024	(737,435)
2025	(2,567,625)
2026	685,278
2027	73,765
	\$ (2,807,905)

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

Actuarial Assumptions

The total pension liability at March 31, 2022 measurement date was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.7%	2.7%
Salary increases	4.4%	6.2%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost-of-living adjustments	1.4%	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. 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, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 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 rate of return by the target asset allocation percentage and by adding expected inflation.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32 %	3.30 %
International equity	15	5.85
Private equity	10	6.50
Real estate	9	5.00
Opportunistic/Absolute Return Strategy	3	4.10
Credit	4	3.78
Real assets	3	5.80
Fixed income	23	0.00
Cash	1	(1.00)
	100 %	

The real rate of return is net of the long-term inflation assumption of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability/asset 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.

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Village's proportionate share of the net pension liability (asset) 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%)
ERS Net Pension Liability (Asset)	\$ 4,348,780	\$ (1,689,510)	\$ (6,740,248)
PFRS Net Pension Liability (Asset)	8,026,811	721,611	(5,325,155)

INCORPORATED VILLAGE OF FLORAL PARK
Notes to the Financial Statements
For the Year Ended May 31, 2022

Pension Plan Fiduciary Net Position

The components of the collective net pension liability (asset) of the participating employers as of March 31, 2022, were as follows:

	Employees' Retirement System	Police and Fire Retirement System	Total
	(Dollars in thousands)		
Employers' total pension liability	\$ 223,874,888	\$ 42,237,292	\$ 266,112,180
Fiduciary net position	(232,049,473)	(41,669,250)	(273,718,723)
Employers' net pension liability (asset)	\$ (8,174,585)	\$ 568,042	\$ (7,606,543)
Ratio of fiduciary net position to the employers' total pension liability	103.65%	98.66%	102.86%

2. Short-term Debt:

Bond Anticipation Notes (BAN's) – Bond anticipation notes (“BANs”) are generally used as a temporary means of financing capital expenditures in the Capital Projects Fund. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. Generally the notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12-month period thereafter. BANs are expected to be paid from the proceeds of future bond issues after renewal of these notes. BANs that were issued and have not been renewed or converted to bonds as of the release of the financial statements were considered short-term and are included in the Capital Projects Fund of the Village, as applicable. The remainder of the notes are considered long-term and are reported in the government-wide Statement of Net Position.

Bond Anticipation Notes Short-Term

Description	Interest Rate	Balance 5/31/2021	Issued	Redeemed	Balance 5/31/2022
Various Village Purposes	0.97%	\$ 1,145,000	\$ 1,630,000	\$ (230,000)	\$ 2,545,000
Roads and Drainage	0.79%	3,427,000	-	(340,000)	3,087,000
Total Bond Anticipation Notes Short-Term		\$ 4,572,000	\$ 1,630,000	\$ (570,000)	\$ 5,632,000

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

Bond Anticipation Notes Long-Term

Description	Interest Rate	Balance 5/31/2021	Issued	Redeemed	Balance 5/31/2022
Various Village Purposes	0.75%	\$ 3,095,500	\$ -	\$ (380,000)	\$ 2,715,500
Total Bond Anticipation Notes Long-Term		\$ 3,095,500	\$ -	\$ (380,000)	\$ 2,715,500

3. Long-Term Debt:

- a. Outstanding bond indebtedness aggregated \$4,940,000.
- b. Serial Bonds

The Village borrows money in order to acquire land or equipment or 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, which are full faith and credit debt of the local government, are recorded in the government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of long-term liabilities.

c. Other Long-Term Liabilities

In addition to the above long-term liabilities, the local government had the following non-current liabilities:

- Police and Fire Retirement System Liability – Represents the non-current portion of the liability to the various state retirement systems.
- Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences. Also included is Police termination which represents the contractual agreement to pay police officers termination pay based on length of service.
- Net Pension Liability – 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 non-current portion of the liability to current employees and retirees.
- Length of Service Award Program (LOSAP) – Represents the total plan liabilities of the Length of Service Award Program.

INCORPORATED VILLAGE OF FLORAL PARK
Notes to the Financial Statements
For the Year Ended May 31, 2022

d. Summary Long-Term Liabilities

The following is a summary of long-term liabilities by fund:

	<u>General</u>	<u>Capital Projects</u>
Serial Bonds	\$ -	\$ 4,940,000
Total Bonds	-	4,940,000
Bond Anticipation Notes Long-Term	-	2,715,500
Compensated Absences	3,852,730	-
Net Pension Liability	721,611	-
Other Post-Employment Benefits	52,404,473	-
Length of Service Award Program	1,966,494	-
Police and Fire Retirement System Liability	58,895	-
Total Long-Term Liabilities	<u>\$ 59,004,203</u>	<u>\$ 7,655,500</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Bonds Payable	\$ 5,410,000	\$ -	\$ (470,000)	\$ 4,940,000	\$ 325,000
Bond Anticipation Notes Long-Term	3,095,500	-	(380,000)	2,715,500	
Compensated Absences	5,118,906	-	(1,266,176)	3,852,730	385,273
Net Pension Liability	2,142,689	-	(1,421,078)	721,611	-
Other Post-Employment Benefits	58,810,544	3,526,903	(9,932,974)	52,404,473	-
Length of Service Award Program	2,050,866	-	(84,372)	1,966,494	-
Police and Fire Retirement System Liability	117,790	-	(58,895)	58,895	58,895
Total Long-Term Liabilities	<u>\$ 76,746,295</u>	<u>\$ 3,526,903</u>	<u>\$ (13,613,495)</u>	<u>\$ 66,659,703</u>	<u>\$ 769,168</u>

Additions and reductions to unbilled retirement, net pension and compensated absences are shown net since it is impractical to determine these amounts.

INCORPORATED VILLAGE OF FLORAL PARK
Notes to the Financial Statements
For the Year Ended May 31, 2022

e. Long-Term Debt Maturity Schedule

The following is a statement of bonds with corresponding maturity schedules:

Description by Fund	Original Date Issued	Original Amount	Rate %	Date Final Maturity	Outstanding
Capital Projects	9/9/2014	\$ 6,750,000	2.00%-3.25%	3/15/2035	\$ 4,940,000
				Total	\$ 4,940,000

f. The following table summarizes the Village’s future debt service requirements:

Serial Bonds			
Ending Date	Principal	Interest	Total
May 31:			
2023	\$ 325,000	\$ 135,281	\$ 460,281
2024	330,000	128,319	458,319
2025	340,000	120,569	460,569
2026	345,000	112,434	457,434
2027	355,000	103,678	458,678
2028-2032	1,935,000	353,419	2,288,419
2033-2036	1,310,000	63,328	1,373,328
Total	\$ 4,940,000	\$ 1,017,028	\$ 5,957,028

C. DEFINED BENEFIT VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM

Program Description

The Village established a defined contribution Service Award Program (referred to as a “LOSAP”) – Length of Service Award Program – under section 457(e)(11) of the Internal Revenue Code effective January 1, 1994 for the active volunteer firefighter members of the Floral Park Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program and the program administrator.

Participation, Vesting and Service Credit

In a defined contribution LOSAP, each participant has an individual program account. An eligible program participant is defined by the program sponsor to be an active volunteer firefighter who is at least 18 years of age and has earned one (1) year of service award program service credit. Each participant’s individual program account is credited with a

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

service award contribution as of the end of each year during which the volunteer met the requirements to earn a year of service award program service credit. The participant is paid his or her account balance upon attainment of the entitlement age. The program's entitlement age is age 65. The amount paid will vary depending upon the number of years of service credit earned by the participant and the investment income (less administrative and/or investment expenses not paid by the program sponsor) earned by the program assets and allocated to the participant's program account.

Participants acquire a non-forfeitable right to be paid their program account balance after earning credit for five (5) years of service, attaining the program's entitlement age while an active volunteer, becoming totally and permanently disabled or dying while an active volunteer firefighter. 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 he or she accumulates 50 or more 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 award program credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Floral Park Fire Department.

Benefits

A Participant's benefit under the program is his or her program account balance paid upon attainment of the entitlement age in one lump sum to the participant. Beginning January 1, 2018, a participant may elect to be paid in two (2) annual installments. Currently, there are no other forms of payment of a volunteer's earned service award under the program. The annual contribution paid by the Village and credited to the account of a participant who earned 50 points during a calendar year is currently \$700. The maximum number of years of service credit a participant may earn under the program is 40 years. Except in the case of pre-entitlement age death or total and permanent disablement, a participant's account balance will not be paid until a participant attains entitlement age. However, effective January 1, 2018, a Participant may elect to defer payment for a minimum of three years, if this election is made timely and properly by completing the necessary forms. Volunteers who continue to be active after attaining the entitlement age continue to have the opportunity to earn program credit and to thereby be paid additional service awards. The pre-entitlement age death and disability benefit is equal to the participant's program account balance as of the December 31 preceding the date of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the program trust fund.

Fiduciary Investment and Control

After the end of each calendar year, the fire department prepares and certifies a list of names of all persons who were active volunteer members of the fire department during

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

the year indicating which volunteers earned fifty points. The certified list is delivered to the Village Board of Trustees for the Board's review and approval. The fire department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Village Board of Trustees.

The Village Board of Trustees has retained Penflex Actuarial Services, LLC to assist in the administration of the program. The services provided by Penflex are described in an agreement between Penflex and the Incorporated Village of Floral Park.

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

Penflex bills the Village for the services it provides. Penflex's invoices are authorized for payment by the Village Board of Trustees in the same manner as any other invoice presented to the Village for payment. The Village pays Penflex invoices from its General Fund.

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

Authority to invest the Program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule. The Village Board of Trustees has retained UBS Financial Services to provide investment management and custodial services.

Contributions and Administration Fees

The Village contributes an annual amount of \$700 on behalf of each participant who earned 50 points during a calendar year. For the plan year ended December 31, 2021, the Village contributed \$64,043.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

Investment – Plan Assets

At May 31, 2022, the Village's LOSAP program assets were \$1,966,494. Program assets consist of equity mutual funds, fixed income certificates of deposit and share certificates, and fixed income mutual funds, which are reported at fair value. The assets are subject to custodial risk in the event of the failure of the custodian holding the investments.

D. DEFICIT FUND BALANCE – CAPITAL PROJECTS FUND

As of May 31, 2022, the Village had a deficit fund balance in the Capital Projects Fund of \$4,007,214. The deficit will be eliminated as short-term debt is redeemed or converted to permanent financing.

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 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 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.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

The Village's fund balance is classified as follows:

	General	Capital Projects	Public Library	Swimming Pool	Community Development
Non-Spendable Fund Balance:					
Inventory	\$ 41,294	\$ -	\$ -	\$ -	\$ -
Prepaid Expenses	110,390	-	-	-	-
Total Non-Spendable Fund Balance	151,684	-	-	-	-
Restricted Fund Balance:					
Unspent BAN Proceeds	-	69,040	-	-	-
Unspent Donation	-	-	10,000	-	-
Legnth of Service Awards Program	1,966,495	-	-	-	-
Total Restricted Fund Balance	1,966,495	69,040	10,000	-	-
Assigned Fund Balance:					
Board Approved Risk	1,564,071	-	-	-	-
Subsequent Year's Budget	100,000	-	-	-	-
Encumbrances	517,417	243,951	-	19,395	725
Public Library Operations	-	-	76,594	-	-
Total Assigned Fund Balance	2,181,488	243,951	76,594	19,395	725
Unassigned Fund Balance	3,107,240	(4,320,205)	-	(9,555)	-
Total Fund Balance	\$ 7,406,907	\$ (4,007,214)	\$ 86,594	\$ 9,840	\$ 725

F. DEFERRED COMPENSATION PLAN

Employees of the Village may elect to participate in the Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. The plan is maintained through an insurance company and the Village maintains no funds.

G. POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description. The Village operates a single employer defined benefit OPEB plan, which is being funded on a pay-as-you-go basis. Per its contract with employees, the Village will pay various percentages of the premium costs for medical insurance coverage (currently provided through the New York State Health Insurance Plan) at retirement. These percentages are based upon employee classification and hire date.

INCORPORATED VILLAGE OF FLORAL PARK
Notes to the Financial Statements
For the Year Ended May 31, 2022

The Village has two classifications for employees. They are as follows:

- Police: 20 years of service
- Non-Police: Age 55 and 5 years of service

The Village pays 100% of the retiree’s medical premium for employees who retire with at least 25 years of service and 55 years of age, or 15 years of service and 65 years of age. Otherwise, the Village pays 50% of the individual premium and 35% of the additional cost of the family premium. The Village pays the same percentage for the retiree’s spouse during the retiree’s lifetime. Upon the death of a retiree, 100% is paid by the survivor; the Village continues to reimburse Medicare Part B.

Funding Policy. The contribution requirements of plan members and the Village are established by Village contracts. For fiscal year 2022, the Village contributed \$1,582,117 to the plan (contribution made was assumed to equal Expected Benefit Payments).

Benefits Provided. As of May 31, 2022, the following employees were covered by the benefit terms:

Active employees	123
Inactive employees entitled to but not yet receiving benefit payments	-
Inactive employees or beneficiaries currently receiving benefit payments	<u>102</u>
Total	<u><u>225</u></u>

Total OPEB Liability. The Village’s total OPEB liability of \$52,404,473 was measured using the entry age actuarial cost method as of June 1, 2020.

Actuarial Assumptions and Other Inputs

Discount Rate	3.16%
Annual Payroll Increase	2.5% Annually
2020 Medical Trend Rates Pre-/Post-65	7.00% / 5.00%
2021 Medical Trend Rates Pre-/Post-65	6.50% / 5.00%
Ultimate Medical Trend Rate	5.0%

A discount rate of 3.16% was used. The discount rate was based on the Bond Buyer’s 20 Bond Index as of May 31, 2022.

Mortality rates were based on projection scale MP-2020.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements

For the Year Ended May 31, 2022

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended May 31, 2022, the Village recognized OPEB expense of \$3,941,160. At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 380,485	\$ 770,635
Changes of assumptions	6,236,188	8,438,931
Total	<u>\$ 6,616,673</u>	<u>\$ 9,209,566</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended May 31:	
2023	\$ 414,257
2024	414,257
2025	(397,762)
2026	(1,620,258)
2027	(1,389,494)
Thereafter	(13,893)
Total	<u>\$ (2,592,893)</u>

H. CONCENTRATION OF RISK

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

I. COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The Village is a recipient of a number of Federal and State grants. These grants are administered by various agencies and 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.

INCORPORATED VILLAGE OF FLORAL PARK

Notes to the Financial Statements For the Year Ended May 31, 2022

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, 2022, which could affect future operating budgets of the Village.

J. LITIGATION

The Village has received a Demand for Arbitration from the Floral Park PBA in which the PBA seeks emergency pay due to the COVID-19 outbreak. The Village Attorney is of the opinion that the PBA's claim is without merit and the Village has and will be asserting substantial and adequate defenses to such claim. The Village has succeeded at the trial court level to have the PBA's claim effectively denied. However, if such claim is determined against the Village, the amount of the claim could conceivably have an adverse material effect on the financial condition of the Village.

In addition, the Village is defending a claim brought against the Village through the Village's third-party claims administrator, Claims Service Bureau. The matter involves a Village resident, who while riding his bicycle on a Village roadway stuck a pothole and was thrown from the bike, sustaining injuries. The Village had previously been successful in having this matter dismissed, however, plaintiff's counsel was successful in an appeal to the Appellate Division, Second Department. The Village Attorney believes the matter is still capable of being successfully defended, but with respect to potential outcomes, the matter could have a settlement value of \$175,000 up to \$350,000.

K. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through January 8, 2023, the date that the financial statements are considered available to be issued. In June 2022, the Village issued new bond anticipation notes totaling \$1,671,667 for various purposes. In addition, the Village entered a lease/purchase agreement with Bank of America Public Corp for the acquisition, purchase, financing and leasing of certain equipment for the public benefit in the amount of \$3,568,195.

INCORPORATED VILLAGE OF FLORAL PARK
Required Supplemental Information
For the Year Ended May 31, 2022
(Unaudited)

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Real Property Taxes	\$ 26,386,500	\$ 26,386,500	\$ 26,473,104
Real Property Tax Items	35,000	35,000	74,588
Non Property Tax Items	490,000	490,000	540,441
Departmental Income	623,933	623,389	686,786
Intergovernmental Charges	3,380	3,380	52,581
Use of Money and Property	26,530	26,530	104,507
Licenses and Permits	384,750	384,750	403,518
Fines and Forfeitures	517,100	517,100	485,787
Minor Sales and Compensation for Loss	25,050	25,050	63,200
Miscellaneous Local Sources	2,000	2,000	5,888
State and Federal Aid	1,243,598	1,243,598	694,021
	<u>29,737,841</u>	<u>29,737,297</u>	<u>29,584,421</u>
Expenditures:			
General Government Support	4,065,955	3,908,286	3,705,674
Public Safety	8,468,316	8,660,355	8,995,811
Health	9,000	9,000	6,934
Transportation	1,915,661	1,916,322	1,870,861
Economic Opportunity and Development	176,640	199,130	26,268
Culture and Recreation	1,259,514	1,305,034	1,238,292
Home and Community Services	2,595,121	2,777,297	2,993,394
Employee Benefits	8,232,523	8,309,528	8,335,362
Debt Service	1,651,710	1,651,710	1,624,566
	<u>28,374,440</u>	<u>28,736,662</u>	<u>28,797,162</u>
Excess of Revenues Over Expenditures	<u>1,363,401</u>	<u>1,000,635</u>	<u>787,259</u>
Other Financing Sources (Uses):			
Proceeds from Asset Disposition	-	-	13,294
Transfers In	527,682	527,682	70,700
Transfers Out	(1,891,083)	(1,891,083)	(768,795)
	<u>(1,363,401)</u>	<u>(1,363,401)</u>	<u>(684,801)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (362,766)</u>	102,458
Fund Balance at Beginning of Year			<u>7,304,449</u>
Fund Balance at End of Year			<u>\$ 7,406,907</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF FLORAL PARK
Required Supplemental Information
For the Year Ended May 31, 2022
(Unaudited)

Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - Public Library Fund

	Original Budget	Final Budget	Actual
Revenues:			
Departmental Income	\$ 9,200	\$ 9,200	\$ 5,545
Use of Money and Property	250	250	23
Miscellaneous Local Sources	10,500	10,500	13,155
State Aid	9,000	9,000	31,590
	<u>28,950</u>	<u>28,950</u>	<u>50,313</u>
Expenditures:			
Culture and Recreation	1,075,311	1,129,705	1,065,620
Employee Benefits	299,098	299,098	303,197
	<u>1,374,409</u>	<u>1,428,803</u>	<u>1,368,817</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,345,459)</u>	<u>(1,399,853)</u>	<u>(1,318,504)</u>
Other Financing Sources (Uses):			
Transfers In	1,360,159	1,360,159	750,000
Transfers Out	(14,700)	(14,700)	(14,700)
	<u>1,345,459</u>	<u>1,345,459</u>	<u>735,300</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (54,394)</u>	<u>(583,204)</u>
Fund Balance at Beginning of Year			<u>669,798</u>
Fund Balance at End of Year			<u>\$ 86,594</u>

INCORPORATED VILLAGE OF FLORAL PARK
Required Supplemental Information
For the Year Ended May 31, 2022
(Unaudited)

Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - Swimming Pool Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Departmental Income	\$ 554,100	\$ 554,100	\$ 685,944
Use of Money and Property	9,950	9,950	13,623
	<u>564,050</u>	<u>564,050</u>	<u>699,567</u>
Total Revenues			
	<u>564,050</u>	<u>564,050</u>	<u>699,567</u>
Expenditures:			
Culture and Recreation	552,856	569,925	628,106
Employee Benefits	29,136	29,136	23,077
	<u>581,992</u>	<u>599,061</u>	<u>651,183</u>
Total Expenditures			
	<u>581,992</u>	<u>599,061</u>	<u>651,183</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures			
	<u>(17,942)</u>	<u>(35,011)</u>	<u>48,384</u>
Other Financing Sources (Uses):			
Transfers In	530,924	530,924	-
Transfers Out	(512,982)	(512,982)	(56,000)
	<u>17,942</u>	<u>17,942</u>	<u>(56,000)</u>
Total Other Financing Sources (Uses)			
	<u>17,942</u>	<u>17,942</u>	<u>(56,000)</u>
Net Change in Fund Balance			
	<u>\$ -</u>	<u>\$ (17,069)</u>	<u>(7,616)</u>
Fund Balance at Beginning of Year			
			<u>17,456</u>
Fund Balance at End of Year			
			<u>\$ 9,840</u>

INCORPORATED VILLAGE OF FLORAL PARK
Required Supplementary Information
For the Year Ended May 31, 2022
(Unaudited)

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

NYSLRS Pension Plan

		<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability (asset)	ERS	0.0206678%	0.0161594%	0.0170519%	0.0180590%	0.0186333%	0.0207504%	0.0202445%
	PFRS	0.1270343%	0.1224804%	0.1307667%	0.1133445%	0.1207255%	0.1240403%	0.1285606%
Village's proportionate share of the net pension liability (asset)		\$ (967,899)	\$ 2,142,689	\$11,504,831	\$ 3,180,391	\$ 1,821,620	\$ 4,520,674	\$ 7,055,701
Village's covered payroll		\$12,737,820	\$11,668,129	\$12,578,548	\$12,870,776	\$12,684,508	\$12,042,397	\$10,427,385
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		(7.60%)	18.36%	91.46%	24.71%	14.36%	37.54%	67.67%
Plan fiduciary net position as a percentage of the total pension liability		102.86%	99.95%	86.16%	98.04%	98.04%	94.50%	90.70%

See Notes to the Financial Statements

INCORPORATED VILLAGE OF FLORAL PARK
Required Supplementary Information
For the Year Ended May 31, 2022
(Unaudited)

Schedule of Local Government Contributions

	Employees' Retirement System						
	2022	2021	2020	2019	2018	2017	2016
Actuarially required contribution	\$ 1,111,086	\$ 891,510	\$ 906,691	\$ 941,445	\$ 972,363	\$ 1,031,266	\$ 1,134,766
Contributions in relation to the contractually required contribution	<u>1,111,086</u>	<u>891,510</u>	<u>906,691</u>	<u>941,445</u>	<u>972,363</u>	<u>1,031,266</u>	<u>1,134,766</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 7,084,013	\$ 6,222,988	\$ 6,348,799	\$ 6,517,141	\$ 5,685,196	\$ 5,399,811	\$ 4,348,220
Contributions as a percentage of covered-employee payroll	15.68%	14.33%	14.28%	14.45%	17.10%	19.10%	26.10%
	Police and Fire Retirement System						
	2022	2021	2020	2019	2018	2017	2016
Actuarially required contribution	\$ 1,629,718	\$ 1,326,785	\$ 1,481,935	\$ 1,325,058	\$ 1,355,329	\$ 1,329,255	\$ 1,141,872
Contributions in relation to the contractually required contribution	<u>1,629,718</u>	<u>1,326,785</u>	<u>1,481,935</u>	<u>1,325,058</u>	<u>1,355,329</u>	<u>1,329,255</u>	<u>1,141,872</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 5,653,807	\$ 5,445,141	\$ 6,229,749	\$ 6,353,635	\$ 6,999,312	\$ 6,642,586	\$ 6,079,165
Contributions as a percentage of covered-employee payroll	28.83%	24.37%	23.79%	20.86%	19.36%	20.01%	18.78%

See Notes to the Financial Statements

INCORPORATED VILLAGE OF FLORAL PARK
Required Supplementary Information
For the Year Ended May 31, 2022
(Unaudited)

Schedule of Changes in the Total OPEB Liability and Related Ratios

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Total OPEB Liability</u>				
Service cost	\$ 2,201,937	\$ 2,173,366	\$ 1,678,061	\$ 1,480,275
Interest	1,324,966	1,265,363	1,674,194	1,668,028
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	-	580,741	(1,630,078)	-
Changes in assumptions and other inputs	(8,350,857)	(2,253,745)	11,275,725	2,492,534
Benefit payments	(1,582,117)	(1,308,769)	(1,316,740)	(1,168,207)
Net change in total OPEB liability	(6,406,071)	456,956	11,681,162	4,472,630
Total OPEB liability - beginning of year	58,810,544	58,353,588	46,672,426	42,199,796
Total OPEB liability - end of year	<u>\$ 52,404,473</u>	<u>\$ 58,810,544</u>	<u>\$ 58,353,588</u>	<u>\$ 46,672,426</u>
Covered Employee Payroll	N/A	N/A	N/A	N/A
Total OPEB Liability as a percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A
Notes to the Schedule:				
<u>Plan Changes:</u>	None	None	None	None
<u>Assumption Changes:</u>				
Discount Rate	3.16%	2.20%	2.16%	3.51%
Pre-65 Trend Rate	6.50% initially, grading down to 5.00% in 2024	7.00% initially, grading down to 5.00% in 2024	7.00% initially, grading down to 5.00% in 2023	7.50% initially, grading down to 5.00% in 2023
Demographic Assumptions	From the 2018 New York/SUNY Valuation	From the 2018 New York/SUNY Valuation	From the 2016 New York/SUNY Valuation	From the 2016 New York/SUNY Valuation

The information in this schedule is intended to show 10 years. However, as of May 31, 2022 only four years were available.

No assets are accumulated in a trust that meet the criteria in GASBS No. 75 to pay related benefits.

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

See Notes to the Financial Statements