

INCORPORATED VILLAGE OF MINEOLA  
MINEOLA, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2014

INCORPORATED VILLAGE OF MINEOLA  
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22 Jericho Turnpike  
Mineola, NY 11501  
516.747.0110

747 Third Avenue  
New York, NY 10017  
212.785.1800

cpa@rynkarc.com  
www.rynkarc.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees  
Incorporated Village of Mineola  
155 Washington Avenue  
Mineola, New York 11501

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Mineola, New York (The "Village"), as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

### **Opinions**

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

### **Change in Accounting Principle**

As described in Note 2 to the financial statements, in the year ended May 31, 2014, the Village adopted new accounting guidance, *GASB Statement No. 65, Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-12, budgetary comparison information on pages 49-50, and schedule of funding progress for postemployment benefits other than pensions on page 51 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.

#### **Other Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information on pages 52-54 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 55 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2014, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

  
RYNKAR, VAIL & BARRETT, LLP

Mineola, New York  
October 3, 2014

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

Our discussion and analysis of the Incorporated Village of Mineola's financial performance provides an overview and analysis of the Village's financial activities for the fiscal year ended May 31, 2014. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

Total net position is comprised of the following:

- (1) At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,355,946 which represents 41.7% of total General Fund expenditures and uses for the current year. Assigned fund balance for encumbrances was \$624,266.
- (2) Governmental Funds fund balances increased approximately \$4,852,000 during the year ended May 31, 2014. The general fund increased approximately \$5,186,000. The water fund decreased approximately \$318,000 and the Capital Projects fund balance remained the same.
- (3) Noncurrent Liabilities, exclusive of other postemployment benefits payable, decreased \$955,607 during the fiscal year. See Note 11 for details on the other postemployment benefits.
- (4) Superstorm Sandy knocked down many trees, uprooted sidewalks and forced the Village to incur unexpected costs, such as hiring contractors and paying significant overtime wages to Village employees to remove tons of debris and repair Village property. The Village has received \$956,598 in Federal Aid as of fiscal year ended May 31, 2014 to offset these costs.

Overview of the Financial Statements

The reporting focus of this report is on the Village as a whole and on its major individual funds. The financial section of this report presents the Village's financial activities and position in four parts. These parts are the management discussion and analysis, the basic financial statements, required supplementary information on major funds with an adopted budget and other supplementary information. The basic financial statements are comprised of the Village-wide financial statements, the fund financial statements and the notes that provide more detailed information to supplement the basic financial statements.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

Overview of the Financial Statements (cont'd)

During the fiscal year ended May 31, 2014 the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*. This statement reclassifies and recognizes certain items that were previously reported as assets and liabilities as one of four financial statement elements: deferred outflows of resources, outflows of resources (expenses or expenditures), deferred inflows of resources and inflows of resources (revenues). As a result, prior year deferred bond costs of \$172,262 have been expensed in a prior period adjustment. The opening balance in net position at May 31, 2014 on the Statement of Activities was adjusted for the balance of unamortized bond issuance costs totaling \$172,262.

Village-wide Financial Statements

The Village-wide financial statements are designed to provide readers with a broad overview of the Incorporated Village of Mineola's finances, by reporting on the Village as a whole. The Statement of Net Position presents information on all of the Incorporated Village of Mineola's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Incorporated Village of Mineola is improving or deteriorating. The Statement of Net Position combines and consolidates the government funds' balance sheet with capital assets and long-term obligations. The Statement of Activities presents information showing how the Village's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis which is used to report on the Village's fund financial statements.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Village as a whole. The Village establishes funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The Village funds are governmental in nature.

Governmental Funds - The majority of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short term view of the Village's general government operations and the

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

Fund Financial Statements

Governmental Funds (cont'd)

basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the Village-wide statements, readers may better understand the long term effect of the government's near term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following each of the fund financial statements. The Incorporated Village of Mineola maintains seven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for each major fund and the consolidated non-major funds. The Village reports the general, water and capital projects funds as major funds.

Reporting the Village's Fiduciary Responsibilities

The Village is the trustee, or fiduciary, for its Fire Service Award Program, as well as certain amounts held on behalf of others. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The activities of these funds are excluded from the Village-wide financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Financial Analysis of the Village as a Whole

Our analysis below focuses on the net position and changes in net position of the Incorporated Village of Mineola's governmental activities:

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

Financial Analysis of the Village as a Whole (cont'd)

Condensed Summary of Net Position  
Governmental Activities  
As of May 31, 2014 and 2013

	<u>May 31, 2014</u>	<u>May 31, 2013</u>
<u>Assets</u>		
Current and Other Assets	\$ 13,505,145	\$ 8,442,473
Capital Assets	26,857,954	26,767,340
<u>Total Assets</u>	<u>\$ 40,363,099</u>	<u>\$ 35,209,813</u>
<u>Deferred Outflows of Resources</u>		
Deferred Amount on Refunding	\$ 655,483	\$ -0-
<u>Total Deferred Outflows of Resources</u>	<u>\$ 655,483</u>	<u>\$ -0-</u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 28,103,708	\$ 26,759,765
Other Liabilities	3,956,956	3,912,858
<u>Total Liabilities</u>	<u>\$ 32,060,664</u>	<u>\$ 30,672,623</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	\$ 14,667,640	\$ 13,001,193
Unrestricted (Deficit)	(5,709,722)	(8,464,003)
<u>Total Net Position</u>	<u>\$ 8,957,918</u>	<u>\$ 4,537,190</u>

Total assets and total deferred outflows of resources increased \$5,808,769 and total liabilities increased \$1,388,041 from the prior year, which results in a \$4,420,728 increase in net position. The increase in deferred outflows of resources reflects the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and the reclassification of certain "deferred charges" associated with advance debt refundings to "deferred outflows of resources" in accordance with the provisions of Statement No. 65.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

Financial Analysis of the Village as a Whole (cont'd)

Summary of Changes in Net Position

Governmental Activities  
For the Year Ended May 31,  
2014 and 2013

	<u>May 31, 2014</u>	<u>% of Totals</u>	<u>May 31, 2013</u>	<u>% of Totals</u>
<u>Revenues:</u>				
<u>Program Revenues</u>	\$ 10,867,824	39.5%	\$ 7,777,037	31.9%
Charge for Services				
Operating Grants and Contributions	601,396	2.2%	439,279	1.8%
Capital Grants and Contributions	576,235	2.1%	1,305,375	5.4%
<u>General Revenues</u>				
Real Property Taxes	13,345,922	48.5%	13,116,222	53.8%
Other Tax Items	48,115	0.2%	78,049	0.3%
Non-Property Tax Items	926,231	3.4%	870,219	3.6%
Investment Earnings	313,915	1.1%	233,353	0.9%
Gain on Sale of Capital Assets	233,023	0.8%	-0-	0.0%
State Aid	632,199	2.2%	567,997	2.3%
<u>Total Revenues and Special Items</u>	<u>\$ 27,544,860</u>	<u>100.0%</u>	<u>\$ 24,387,531</u>	<u>100.0%</u>
<u>Program Expenses:</u>				
General Government Support	\$ 5,354,666	23.1%	\$ 5,120,286	22.1%
Public Safety	2,234,823	9.7%	2,177,607	9.4%
Health	120,884	0.5%	102,082	0.4%
Transportation	4,989,916	21.6%	4,062,300	17.5%
Economic Assistance and Opportunity	14,412	0.1%	14,412	0.1%
Culture and Recreation	3,729,382	16.1%	3,891,201	16.8%
Home and Community Services	6,146,198	26.6%	7,380,654	31.8%
Interest on Long-Term Debt	533,851	2.3%	430,565	1.9%
<u>Total Expenses</u>	<u>\$ 23,124,132</u>	<u>100.0%</u>	<u>\$ 23,179,107</u>	<u>100.0%</u>
Increase (Decrease) in Net Position	\$ 4,420,728		\$ 1,208,424	
Beginning Net Position	4,537,190		3,501,028	
Prior Period Adjustment	-0-		(172,262)	
Ending Net Position	<u>\$ 8,957,918</u>		<u>\$ 4,537,190</u>	

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

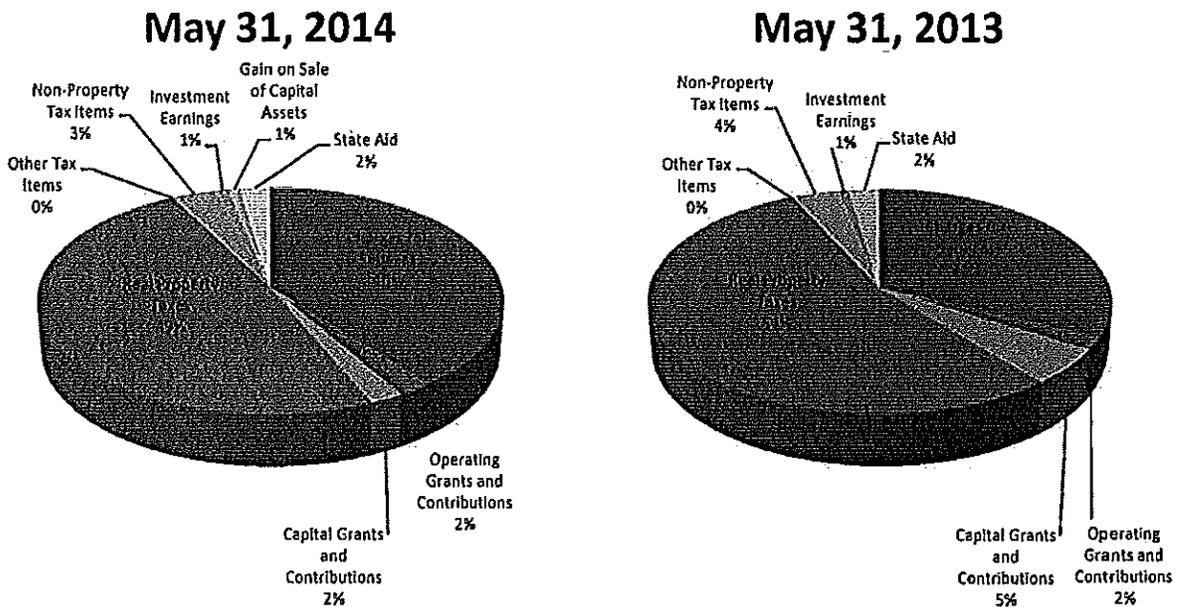
FOR THE FISCAL YEAR ENDED MAY 31, 2014

Financial Analysis of the Village as a Whole (cont'd)

As indicated above, the Village is reliant on charges for services and real property taxes to support governmental operations.

Furthermore, the above shows that total governmental activities cost \$23,124,132 for the fiscal year ended May 31, 2014. The most significant governmental expenses for the Village were to provide home and community services, and general government support. These expenses were offset by revenues collected from a variety of sources. The major components of home and community services are water, sanitation and sewer services. The major components of general government support are the clerk's, the treasurer's, and the Village Justice's offices, payments on settled tax certioraris and unallocated insurance.

A graphic display of the distribution of revenues for the two years follows:



INCORPORATED VILLAGE OF MINEOLA

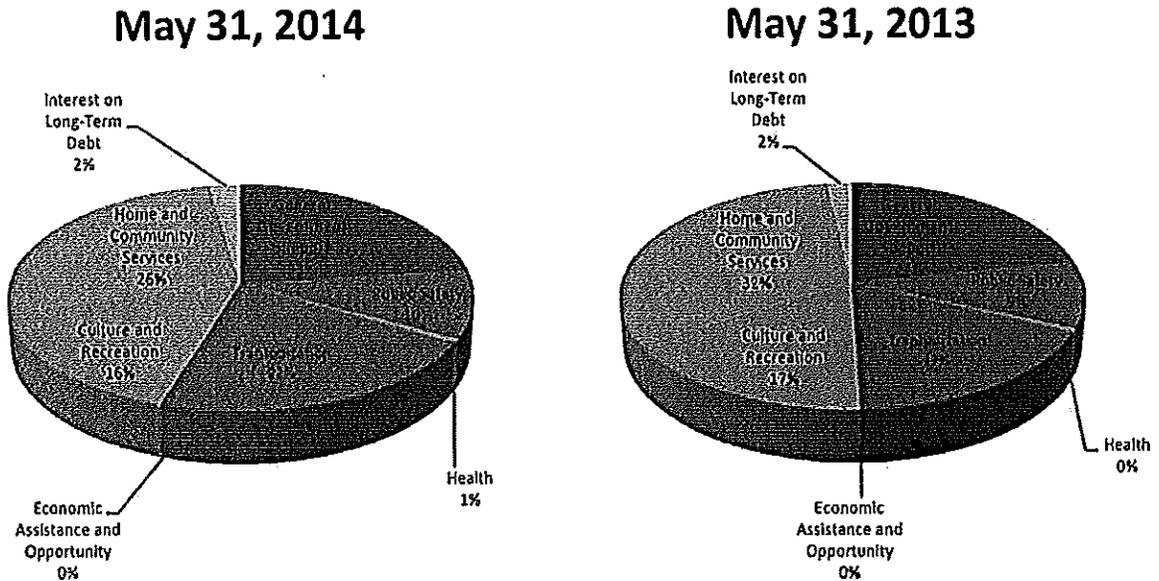
MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

Financial Analysis of the Village as a Whole (cont'd)

A graphic display of the distribution of expenditures for the two years follows:



Financial Analysis of the Village's Funds

Governmental Funds

As previously discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$9,774,417, of which \$8,355,946 is unassigned, indicating availability for continuing Village operating purposes.

The total ending fund balances of governmental funds show an increase of \$4,852,327 from the prior year. This increase is primarily the result of total expenditures less than budgeted appropriations and license and permit revenues greater than budgeted revenues.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

General Fund Budgetary Highlights

For the 2013/2014 fiscal year, total charges to appropriations on a budgetary basis were \$20,021,550 compared to the budgeted amount of \$20,645,816.

On a budgetary basis, the Village has an actual General Fund fund balance of \$8,980,212 as of the fiscal year ended, compared to the budgeted fund balance of \$3,794,274. The variance from budgeted fund balance of \$5,185,938 is primarily due to a decrease of \$624,266 in actual expenditures from appropriations and an increase of \$4,561,672 in actual revenues from estimated revenues.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of May 31, 2014 was \$26,857,954. See Note 7 for additional information about changes in capital assets during the fiscal year.

Capital Assets  
Net of Accumulated Depreciation

	<u>Governmental Activities</u>	
	<u>May 31, 2014</u>	<u>May 31, 2013</u>
<u>Non-Depreciable Assets:</u>		
Land	\$ 390,000	\$ 390,000
Construction in Progress	2,056,614	903,142
 <u>Depreciable Assets:</u>		
Infrastructure and Improvements	15,004,437	16,013,666
Improvements Other Than Buildings	420,669	496,195
Buildings	6,674,816	6,960,498
Vehicles, Machinery & Equipment	2,311,418	2,003,839
<u>Total</u>	<u>\$ 26,857,954</u>	<u>\$ 26,767,340</u>

Long-Term Debt

At the end of the fiscal year, the Village had total bonded debt outstanding in the amount of \$15,188,270, a decrease of \$1,296,097 from the fiscal year ended May 31, 2013. This amount is bonded by the full faith and credit of the Incorporated Village of Mineola, New York.

See Note 8 for additional information about the Village's long-term debt.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2014

Economic Factors and Next Year's Budgets

The Village's employees are participants in the New York State Employees' Retirement System (ERS) which provides retirees a defined benefit. The ERS's plan assets decreased in 2008-2009 due to investment losses in worldwide financial markets. This shortfall has resulted in increased pension contributions to the ERS in subsequent fiscal years. The New York State Comptroller announced on August 27, 2013 the contribution rate will be reduced approximately 1% to 19% for the 2014-15 fiscal year. The New York State Comptroller announced on September 2, 2014 the contribution rate will be reduced approximately 9% to 18.2% of payroll for the 2015-16 fiscal year.

For the fiscal year ended May 31, 2015, the Village adopted a general fund budget that has \$19,328,671 of appropriations which is approximately \$285,000 greater than this year's general fund budget. The real estate tax levy for the fiscal year ended May 31, 2015 is \$13,327,163 which is approximately \$42,000 (0.3%) greater than this current year.

The appropriation budget adopted for the water fund for the fiscal year ended May 31, 2015 is approximately \$11,000 (0.4%) greater than the current year's water budget appropriations. The increase in appropriations includes an increase of approximately \$43,000 in home and community services, a \$5,000 decrease in employee benefits and a decrease in debt service of \$27,000.

New York State approved legislation that will limit the increase in the property tax levy of all governments, including Villages to the lesser of 2% or the rate of inflation. The laws do allow for certain statutory adjustments to this cap and it will remain in effect until at least the 2015-16 fiscal year. The Village's annual tax levy may exceed the cap if at least 60% of the Village board approves such increase.

Contacting the Village's Financial Management

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors a general overview of the Village's finances and to show the Village's commitment to public accountability. If you have questions about the report or would like to request additional information, contact the Village Clerk at the Incorporated Village of Mineola, 155 Washington Avenue, Mineola, New York 11501.

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF NET POSITION

AS OF MAY 31, 2014

<u>ASSETS</u>	<u>Government Activities</u>	
Cash and Cash Equivalents	\$	9,496,163
Tax Sale Certificates Receivable (Net of \$547,478 allowance)		-0-
Water Rents Receivable		681,241
Accounts Receivable		246,847
Due from Fiduciary Fund		152,790
Due from Other Governments		1,310,974
Inventory - Books, Periodicals, etc.		1,617,130
Noncurrent Assets:		
Capital Assets		
Non-Depreciable Capital Assets	\$	2,446,614
Depreciable Capital Assets, net	24,411,340	<u>26,857,954</u>
 <u>TOTAL ASSETS</u>	 \$	 <u>40,363,099</u>
 <u>Deferred Outflows of Resources</u>		
Deferred Amount on Refunding	\$	<u>655,483</u>
 <u>LIABILITIES</u>		
Accounts Payable	\$	928,670
Accrued Liabilities		239,410
Retained Percentages		125,190
Due to Employees' Retirement System		199,036
Accrued Interest Payable		185,452
Unearned Revenues		47,312
Noncurrent Liabilities:		
Due Within One Year		2,231,886
Due in More Than One Year		15,659,705
Other Postemployment Benefit Payable		<u>12,444,003</u>
 <u>TOTAL LIABILITIES</u>	 \$	 <u>32,060,664</u>
 <u>NET POSITION</u>		
Investment in Capital Assets, Net of Related Debt	\$	14,667,640
Unrestricted (Deficit)		<u>(5,709,722)</u>
 <u>NET POSITION</u>	 \$	 <u>8,957,918</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINNEOLA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING MAY 31, 2014

Functions/Programs	Expense	Program Revenues				Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>						
General Government	\$ 5,354,666	\$ 7,316,037	\$ 4,598	\$ 100,000	\$ 2,065,969	
Public Safety	2,234,823	14,458	566,280	-0-	(1,654,105)	
Health	120,884	-0-	-0-	-0-	(120,884)	
Transportation	4,989,916	929,483	-0-	196,795	(3,862,638)	
Economic Assistance and Opportunity	14,412	-0-	-0-	-0-	(14,412)	
Culture and Recreation	3,729,382	168,124	30,538	-0-	(3,530,720)	
Home and Community	6,146,198	2,439,722	-0-	279,440	(3,427,036)	
Interest on Long-Term Debt	533,851	-0-	-0-	-0-	(533,851)	
<b>Total Governmental Activities</b>	<b>\$ 23,124,132</b>	<b>\$ 10,867,824</b>	<b>\$ 601,396</b>	<b>\$ 576,235</b>	<b>\$ (11,078,677)</b>	
<b>General Revenues:</b>						
Real Property Taxes					\$ 13,345,922	
Other Tax Items					48,115	
Non-Property Tax Items					926,231	
Use of Money and Property					313,915	
Gain on Sale of Capital Assets					233,023	
State Aid					632,199	
<b>Total General Revenues</b>					<b>\$ 15,499,405</b>	
<b>Changes in Net Position</b>					<b>\$ 4,420,728</b>	
Net Position - Beginning of Period, Restated					4,537,190	
Net Position - End of Period					<b>\$ 8,957,918</b>	

See accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINNEOLA

BALANCE SHEET

GOVERNMENTAL FUNDS

MAY 31, 2014

	Major Governmental Funds				Non-Major Governmental Funds	Totals
	General	Water	Capital Projects	Capital Projects		
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 8,887,045	\$ 588,396	\$ 808	\$ 19,914	\$ 9,496,163	
Tax Sale Certificates Receivable (Net of \$547,478 allowance)	-0-	-0-	-0-	-0-	-0-	
Water Rates Receivable	-0-	283,128	-0-	-0-	283,128	
Accounts Receivable	64,695	6,163	-0-	122	70,980	
Due from Other Funds	1,017,093	-0-	-0-	182,099	1,199,192	
Due from Other Governments	331,366	-0-	918,215	61,393	1,310,974	
<b>Total Assets</b>	<b>10,300,199</b>	<b>877,687</b>	<b>919,023</b>	<b>263,528</b>	<b>12,360,437</b>	
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 698,559	\$ 147,750	\$ 21,074	\$ 61,287	\$ 928,670	
Accrued Liabilities	203,469	15,874	-0-	20,087	239,410	
Retainage Payable	59,596	6,947	58,647	-0-	125,190	
Due to Employees' Retirement System	155,746	17,475	-0-	25,815	199,036	
Due to Other Funds	182,099	-0-	839,302	25,001	1,046,402	
Unearned Revenues	20,518	-0-	-0-	26,794	47,312	
<b>Total Liabilities</b>	<b>1,319,987</b>	<b>188,046</b>	<b>919,023</b>	<b>158,964</b>	<b>2,586,020</b>	
<b>Fund Balances</b>						
Assigned:						
Water	\$ -0-	\$ 689,641	\$ -0-	\$ -0-	\$ 689,641	
Special Grant	-0-	-0-	-0-	-0-	-0-	
Library	-0-	-0-	-0-	47,429	47,429	
Schwabing Pool	-0-	-0-	-0-	57,135	57,135	
General	624,266	-0-	-0-	-0-	624,266	
Unassigned:						
General	8,355,946	-0-	-0-	-0-	8,355,946	
<b>Total Fund Balances</b>	<b>8,980,212</b>	<b>689,641</b>	<b>-0-</b>	<b>104,564</b>	<b>9,774,417</b>	
<b>Total Liabilities and Fund Balances</b>	<b>10,300,199</b>	<b>877,687</b>	<b>919,023</b>	<b>263,528</b>	<b>12,360,437</b>	

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA  
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
AS OF MAY 31, 2014

Total Fund Balances - Governmental Funds \$ 9,774,417

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets less accumulated depreciation are reported in the Statement of Net Position:

Capital Assets - Non-Depreciable	\$ 2,446,614	
Capital Assets - Depreciable	71,367,922	
Accumulated Depreciation	<u>(46,956,582)</u>	\$ 26,857,954

Other accrued receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds statement.

Water Rents Receivable	\$ 398,112	
Accounts Receivable	<u>175,868</u>	573,980

Inventory of Books, Periodicals, etc. are recorded on the Statement of Net Position but not reported on the funds statement.

1,617,130

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in governmental funds. However, these liabilities are included in the Statement of Net Position:

General Obligation Bonds Payable	\$ (15,188,270)	
Compensated Absences	(2,125,823)	
Claims and Judgments Payable	(577,498)	
Other Postemployment Benefits Payable	<u>(12,444,003)</u>	(30,335,594)

Deferred outflows of resources are not available to pay for current period expenditures and, therefore are not reported in the funds statements.

655,483

Interest payable applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the funds statement. However this liability is included in the Statement of Net Position.

	<u>(185,452)</u>	<u>(816,499)</u>
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Net Position of Governmental Activities

\$ 8,957,918

INCORPORATED VILLAGE OF MINNEOLA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED MAY 31, 2014

	Major Governmental Funds				Non-Major Governmental Funds		Totals
	General	Water	Capital Projects		Governmental Funds		
<b>REVENUES</b>							
Real Property Taxes	\$ 13,345,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,345,922
Other Tax Items	48,115	-	-	-	-	-	48,115
Non-Property Tax Items	909,995	-	-	-	-	-	909,995
Departmental Income	1,136,693	2,440,466	-	-	89,957	-	3,666,116
Use of Money and Property	311,342	2,573	-	-	-	-	313,915
Licenses and Permits	5,554,549	-	-	-	-	-	5,554,549
Fines and Forfeitures	1,620,016	-	-	-	-	-	1,620,016
Sale of Property and Compensation for Loss	23,830	-	-	-	-	-	23,830
Miscellaneous	18,151	280	-	-	5,066	-	23,497
Interfund Revenues	230,000	-	-	-	-	-	230,000
State Aid	933,592	-	-	-	30,538	-	1,140,761
Federal Aid	541,260	-	-	-	127,809	-	669,069
<b>Total Revenue</b>	<b>\$ 24,673,465</b>	<b>\$ 2,443,319</b>	<b>\$ 176,631</b>	<b>\$ 252,370</b>	<b>\$ 252,370</b>	<b>\$ 27,545,785</b>	
<b>EXPENDITURES</b>							
General Government Support	\$ 3,612,788	\$ 1,824	\$ -	\$ -	\$ 3,550	\$ -	\$ 3,618,162
Public Safety	1,384,640	-	-	-	25,000	-	2,409,640
Health	107,882	-	-	-	-	-	107,882
Transportation	3,325,011	-	-	-	-	-	3,325,011
Economic Assistance and Opportunity	-	-	-	-	-	-	-
Culture and Recreation	485,356	-	-	-	1,873,010	-	2,358,366
Home and Community Services	2,620,302	1,681,607	431,347	-	102,809	-	4,836,065
Employee Benefits	3,927,704	337,850	-	-	501,220	-	4,766,774
Debt Service, Principal	1,184,529	315,724	-	-	339,747	-	1,840,000
Debt Service, Interest	392,242	125,991	-	-	146,248	-	664,481
<b>Total Expenditures</b>	<b>\$ 17,040,554</b>	<b>\$ 2,462,996</b>	<b>\$ 431,347</b>	<b>\$ -</b>	<b>\$ 2,991,584</b>	<b>\$ -</b>	<b>\$ 22,926,481</b>
Excess (Deficiency) of Revenue Over Expenditures	\$ 7,632,911	\$ (19,677)	\$ (254,716)	\$ (2,739,214)	\$ -	\$ 4,519,304	
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	301,000	1,500	254,716	-	2,726,280	-	3,283,496
Transfers Out	(2,980,996)	(300,000)	-	-	(2,500)	-	(3,283,496)
Sale of Capital Assets	233,023	-	-	-	-	-	233,023
<b>Total Other Financing Sources and Uses</b>	<b>\$ (2,446,973)</b>	<b>\$ (298,500)</b>	<b>\$ 254,716</b>	<b>\$ -</b>	<b>\$ 2,723,780</b>	<b>\$ -</b>	<b>\$ 233,023</b>
Net Change in Fund Balances	\$ 5,185,938	\$ (318,177)	\$ -	\$ -	\$ (15,434)	\$ -	\$ 4,852,327
Fund Balances - (Deficit) - June 1, 2013	3,794,274	1,007,818	-	-	119,998	-	4,922,090
<b>Fund Balances - (Deficit) - May 31, 2014</b>	<b>\$ 8,980,212</b>	<b>\$ 689,641</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 104,564</b>	<b>\$ -</b>	<b>\$ 9,774,417</b>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2014

Net Change in Fund Balances \$ 4,852,327

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation expense exceeds capital outlays in the current period is:

Depreciation Expense	\$ (1,871,812)	
Capital Outlay	<u>1,962,426</u>	90,614

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in Governmental funds.

Decrease in Accrued Interest Payable	19,150	
Increase in Compensated Absences	<u>(207,671)</u>	(188,521)

Governmental funds report purchase of books, periodicals, etc. as expenditures. However, in the Statement of Activities, such costs, have been eliminated and reported as Inventory in the Statement of Net Position. 50,173

Net revenue earned in the statement of activities in the prior year, that became available in the current year provide current financial resources, but not Village-wide revenue in the current year (3,950)

The issuance of long-term debt that provides permanent financing provide current financial resources to governmental funds, while the repayment of the principal of long-term debt, and payment of long term liabilities use current financial resources of governmental funds.

Repayment of Debt Principal	\$ 1,840,000	
Amortization of Deferral on Advance Refunding	(71,183)	
Change in Claims and Judgments Payable	(132,819)	
Amortization of Premium on Bonds Payable	182,763	
Other Postemployment Benefits Expense	<u>(2,198,676)</u>	<u>(379,915)</u>

Changes in Net Position of Governmental Activities \$ 4,420,728

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AS OF MAY 31, 2014

	<u>Fire Service Award</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ -0-	\$ 155,840
Investment in Securities	3,252,398	-0-
Prepaid Expenditures	<u>5,760</u>	<u>-0-</u>
<u>Total Assets</u>	<u>\$ 3,258,158</u>	<u>\$ 155,840</u>
<u>LIABILITIES</u>		
Developer Deposits	\$ -0-	\$ 43
Village Justice Liabilities	-0-	300
Due to Other Funds:		
General	-0-	152,790
Other Liabilities	<u>-0-</u>	<u>2,707</u>
<u>Total Liabilities</u>	<u>\$ -0-</u>	<u>\$ 155,840</u>
<u>NET POSITION</u>		
Held in Trust for Fire Service Award	<u>\$ 3,258,158</u>	

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED MAY 31, 2014

	<u>Fire Service Award</u>
<u>Additions:</u>	
Contribution:	
Employer	\$ 190,426
Investment Earnings:	
Interest	1,168
Dividends	117,623
Net Change in Fair Market Value of Investments	<u>(13,249)</u>
<u>Total Additions</u>	<u>\$ 295,968</u>
 <u>Deductions:</u>	
Benefits and Fees	<u>\$ 171,800</u>
<u>Total Deductions</u>	<u>\$ 171,800</u>
 <u>Change in Net Position</u>	 \$ 124,168
Net Position - June 1, 2013	<u>3,133,990</u>
Net Position - May 31, 2014	<u>\$ 3,258,158</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Incorporated Village of Mineola ("Village") was incorporated in 1906. The accounting and reporting policies of the Village relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units and the Financial Accounting Standards Board (when applicable). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Village are described below.

Financial Reporting Entity

The Incorporated Village of Mineola is located in Nassau County, New York. The Village is administered by a Mayor and four Trustees. The Mayor serves as Chief Executive Officer and the Treasurer serves as the Chief Fiscal Officer.

The Village provides the following basic services: Refuse Collection, Refuse Disposal under contract with the Town of North Hempstead, Highway and Public Facilities Maintenance, Water Supply, Sewage Collection, Justice Court, Culture and Recreation, Planning, Zoning and Library services. Fire Protection is furnished by a volunteer fire department, which maintains two fire houses in the Village.

The financial reporting entity of the Incorporated Village of Mineola consists of its primary government. 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.

Basis of Presentation

Village-Wide Financial Statements

The Village-wide financial statements titled, Statement of Net Position and Statement of Activities, report financial information on all of the Village's governmental activities. Governmental activities include programs supported primarily by taxes, State Aid, grants and other intergovernmental revenues. The Village has no business type activities. Village activity in the fiduciary funds are not reported in the Village-wide financial statements. Also, the effect of interfund governmental activity has been eliminated from the Village-wide financial statements.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (cont'd)

Village-Wide Financial Statements (cont'd)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds. The emphasis of governmental fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported in a separate column.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the Village-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to /due from on the Village-wide statement of net position.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for Village operations, they are not included in the Village-wide statements.

The Village's books and records are organized on the basis of funds, each of which is considered a separate accounting entity. The funds' operations are accounted for with a separate set of self-balancing accounts that consist of its assets, liabilities, fund balance, revenues and expenditures. A fund is segregated for its specific objectives or attaining specific objectives in accordance with regulations, restrictions or limitations.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (cont'd)

Fund Financial Statements (cont'd)

The Village reports the following major governmental funds:

- 1) General Fund - The general fund is the Village's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.
- 2) Water Fund - The water fund is used to account for the Village's Water Operations.
- 3) Capital Fund - Used to account for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the Village reports the following non-major funds:

- 1) Special Grant - Community development used to account for federal funds received as community development block grant programs.
- 2) Public Library - used to account for the operations of the public library.
- 3) Swimming Pool - used to account for the operations of the swimming pool.

The Village also reports the following fund type:

Fiduciary Funds - Used to account for assets held for others by the Village in a trustee or custodial capacity.

Village-Wide and Fiduciary Fund Financial Statements

The Village-wide and Fiduciary Fund financial statements use the economic resources measurement focus and are presented using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operation of the Village are included in the statement of net position.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental Fund Financial Statements

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available to pay current period liabilities. Revenues are considered to be available if they are collectible within 60 days of the end of the current fiscal period. The Village recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized if collectible within 60 days after year end. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant revenues are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made.

Capital Asset acquisitions are reported as expenditures on the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

An encumbrance accounting system, in which purchase order commitments for the expenditure of funds are recorded by all governmental funds in order to reserve that portion of an applicable appropriation. An encumbrance is only a commitment, therefore it does not meet the expenditure or liability recognition criteria. Encumbrances and appropriations outstanding at the end of the fiscal year lapse with the exception of those indicated as a reserve for encumbrances as assigned fund balance. The Village intends to honor these commitments and provide for the expenditure in the subsequent year.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Accounting Policies

Cash and Cash Equivalents

The Village considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Accounts Receivable

Accounts receivable except for taxes receivable are shown gross. No allowance for uncollectible accounts has been provided since it believes that such allowance would not be material. Tax sale certificates are shown net of an allowance.

Interfund Receivables and Payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Refer to Note 9 for detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Property Taxes

Village real property taxes are levied annually no later than June 1 and become a lien on or before March 20. Taxes are collected during the period June 1 to the date of the tax lien sale.

Inventories and Prepaid Items

Inventories of materials and supplies are not reflected as assets. Disbursements for inventory type items are considered expenditures at the time of purchase. Books, periodicals, etc. available in the Public Library have been recorded as an inventoriable item at estimated historical cost. Prepaid items represent payment made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year goods or services are consumed.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Accounting Policies (cont'd)

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

General capital assets acquisitions are reported as expenditures in the governmental funds financial statement of revenues, expenditures and changes in fund balances.

The Village depreciates its depreciable capital assets on the straight line basis over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements Other than Buildings	20
Machinery and Equipment	
Vehicles	8-10
Pumps and Motors	20
Other Machinery and Equipment (average)	15
Tanks in-ground	50
Infrastructure	
Drainage System	30
Water Mains	50
Sewer System	40
Parking Meters	30
Roads	25
Curbs and Sidewalks	25
Fire Hydrants	20
Street Lighting	20
Signage	10

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Accounting Policies (cont'd)

Unearned Revenue

In the Village-wide statements and the governmental fund statements, unearned revenues are recorded when cash or other assets are received prior to being earned.

Compensated Absences

The Village provides vacation pay, personal time and sick time benefits to its employees based on the terms of two separate union contracts. Nonunion employees compensated absences provisions are the same as union employees. Vacation time is to be used within one year of said employee's anniversary date unless the employee has requested and received permission from the Village Board to carry up to five vacation days over to the subsequent year. Employees with more than one year of service shall be entitled to six personal leave days per calendar year, said days to vest on an employee's anniversary date of employment. Employees in their first year of service shall only accumulate personal leave days at the rate of one day for each two months of service to a maximum of six days for the first year of service. If an employee does not utilize his or her personal leave time during the course of the calendar year within which it accrues, that portion which is not used will be added to his or her accumulated sick time. Sick time allowance accumulates from date of employment at the rate of twelve days per year, with no maximum accumulation for purposes of use. Unused accumulated sick time will be payable upon separation from service provided the employee shall have had eight years of actual employment, if hired prior to January 1, 1995 and ten years of actual employment if hired after January 1, 1995, with the Village subject to a maximum accumulation of 100 days or 115 days for Library employees through May 31, 2014. Payments for accumulated sick time shall only be payable upon retirement of an employee and further provided that the employee was not dismissed for disciplinary reasons for which no payment shall be made. However, any employee who shall have accumulated at least fifty sick days may, on an annual basis, redeem up to twenty days of the excess sick days accumulated over fifty days at the rate of 75% of value of the employee's rate of pay on October 1 of the year of election to redeem. The Village union contracts have expired as of May 31, 2012.

Payables and Accrued Liabilities

Payables and accrued liabilities are reported in the Village-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a Liability in the fund financial statements only to the extent that they are due for payment in the current year.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Accounting Policies (cont'd)

Long-Term Obligations

In the Village-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as fund expenditures.

In the fund financial statements, the face amount of debt issued or acquisitions under capital leases are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Principal payments on long-term debt are also recorded as expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applied to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has only one type of item that qualifies for reporting in this category. The government-wide financial statements report deferred amount on refunding. This amount is deferred and amortized as a component of interest expense over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Financial 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village does not have any of this type of item.

Postemployment Benefits

In addition to the retirement benefits described in Note 10, the Incorporated Village of Mineola provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the Village and its employee groups. Substantially all of the current Village employees may become eligible for these benefits if they reach normal retirement age while working for the Village. The Village pays the cost of the retired employee's premiums to an insurance company which provides health care insurance.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications

Village-Wide Financial Statements- Net Position

When the Village incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first, then unrestricted resources as they are needed. Net position represents the difference between assets and liabilities. Net position on the Statement of Net Position includes the following:

Investment in Capital Assets, Net of Retained Debt -

The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted -

The component of net position that is restricted when constraints placed on net position use are either imposed by external creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted -

The Unrestricted Net Position does not meet the definition of the two preceding categories. Unrestricted Net Position often has constraints on resources imposed by management which can be removed or modified.

Governmental Fund Financial Statements - Fund Balances

Under GASB 54, there are five classifications of fund balance: nonspendable, restricted, committed, assigned and unassigned. The Village currently only utilizes the following two:

Assigned -

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board of Trustees. 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 the fund balance. Assigned fund balance in the general fund includes encumbrances and appropriated fund balance.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications (cont'd)

Governmental Fund Financial Statements - Fund Balances (cont'd)

Unassigned -

Represents the residual classification for the Village'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 or assigned.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of 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) restricted funds should be spent first unless otherwise required by law or agreement, then assigned and unassigned.

Use of Estimates

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

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE

The Village implemented Governmental Accounting Standards Board (GASB) Statement No. 65. Statement No. 65, *Items Previously Reported as Assets and Liabilities*, reclassifies and recognizes certain items that were previously reported as assets and liabilities as one of four financial statement elements: deferred outflows of resources, outflows of resources (expenses or expenditures), deferred inflows of resources and inflows of resources (revenues).

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 3 - RESTATEMENT OF BEGINNING NET POSITION

The Village implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended May 31, 2014. As a result, prior year deferred bond costs of \$172,262 have been expensed in a prior period adjustment. The opening balance in Net Position at June 1, 2013 on the Statement of Activities was adjusted for the balance of unamortized bond issuance costs totaling \$172,262. The restated opening balance in Net Position is \$4,537,190.

NOTE 4 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total fund balances of governmental funds vs. net position of governmental activities

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

Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

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

Long-term revenue and expense differences

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 4 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (cont'd)

Capital related differences

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

Long-term debt transaction differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the governmental fund statements, when due and payable whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Reclassifications and eliminations

Reclassifications and eliminations arise because the Statement of Activities reports program revenues (either charges for services or operating grants) net of their direct expenses. All other revenues are categorized as general revenues. Certain expenses have been reclassified so that all identifiable program expenses are accounted for within their proper program, such as the allocation of employee benefits and depreciation expense. Governmental funds account for all revenues and expenses based on their function.

NOTE 5 - STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

The budget officer submits tentative budgets to the Board of Trustees for the fiscal year commencing the following June 1st no later than March 20th for the General Fund and the Special Revenue Funds - Water, Public Library and Swimming Pool. The tentative budgets include proposed expenditures. After a public hearing is conducted to obtain taxpayer comments, normally no later than April 15, the governing board adopts the budget by May 1st.

All modifications of the budgets must be approved by the governing board.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 5 - STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (continued)

Budget Basis of Accounting:

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

Budgetary controls for the Capital Projects Fund and Community Development Block Grant, are established in accordance with the capital project authorization or applicable grant agreement which may cover a period more than the Village's fiscal year. Consequently, the annual budget for these funds represents the balance of unexpended appropriations available for the current fiscal year.

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand, bank deposits, certificates of deposits and short term investments with original maturities of three months or less from the date of acquisition.

The Village's investments policies are governed by State statutes and its own written investment policy.

Permissible investments include special time deposit accounts, certificates of deposit, obligations of the United States Treasury and its agencies, New York State and its municipalities and repurchase agreements from an authorized trading partner. During this fiscal year, the Village's cash and cash equivalents consisted of time deposits and demand deposits.

Cash or Cash Equivalent deposits are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Village's investment policy requires that deposits be protected by the Federal Deposit Insurance Corporation (FDIC) or by eligible collateral pledged by the financial institution in the Village's name. Obligations that may be pledged as collateral are obligations of the United States of America, its agencies and obligations of New York State and its municipalities. At May 31, 2014 the Village's Aggregate bank balance disclosed in the financial statements was either covered by depository insurance or collateralized with securities held by the pledging financial institution in the Village's name. As of May 31, 2014, the Village did not have any deposits subject to custodial credit risk.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 7 - CAPITAL ASSET ACTIVITY

Capital asset activity for the Village for the year ended  
May 31, 2014, was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions and Reclassifications</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 390,000	\$ -0-	\$ -0-	\$ 390,000
Construction in Progress	<u>903,142</u>	<u>1,153,472</u>	<u>-0-</u>	<u>2,056,614</u>
 Total Capital Assets Not Being Depreciated	 \$ <u>1,293,142</u>	 \$ <u>1,153,472</u>	 \$ <u>-0-</u>	 \$ <u>2,446,614</u>
 <u>Depreciable Capital Assets</u>				
Infrastructure	\$ 39,318,659	\$ -0-	\$ -0-	\$ 39,318,659
Improvements other than Buildings	4,078,391	62,959	-0-	4,141,350
Buildings	16,856,949	39,140	-0-	16,896,089
Machinery and Equipment	<u>10,562,084</u>	<u>706,855</u>	<u>(257,115)</u>	<u>11,011,824</u>
 Total Depreciable Assets	 \$ <u>70,816,083</u>	 \$ <u>808,954</u>	 \$ <u>(257,115)</u>	 \$ <u>71,367,922</u>
 <u>Less Accumulated Depreciation:</u>	<u>Beginning Balance</u>	<u>Additions and Reclassifications</u>	<u>Retirements</u>	<u>Ending Balance</u>
Infrastructure	\$ 23,304,993	\$ 1,009,229	\$ -0-	\$ 24,314,222
Improvements Other Than Buildings	3,582,196	138,485	-0-	3,720,681
Buildings	9,896,451	324,822	-0-	10,221,273
Machinery and Equipment	<u>8,558,245</u>	<u>399,276</u>	<u>(257,115)</u>	<u>8,700,406</u>
 Total Accumulated Depreciation	 \$ <u>45,341,885</u>	 \$ <u>1,871,812</u>	 \$ <u>(257,115)</u>	 \$ <u>46,956,582</u>
 Total Net Depreciable Capital Assets	 \$ <u>25,474,198</u>	 \$ <u>(1,062,858)</u>	 \$ <u>-0-</u>	 \$ <u>24,411,340</u>
 Total Net Capital Assets	 \$ <u>26,767,340</u>			 \$ <u>26,857,954</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 7 - CAPITAL ASSET ACTIVITY (continued)

Depreciation expense was charged to governmental functions as follows:

General Government Support	\$	154,129
Public Safety		214,674
Transportation		863,150
Culture and Recreation		234,082
Home and Community Services		391,365
Economic Asset & Opportunity		14,412
<u>Total Depreciation Expense</u>	<u>\$</u>	<u>1,871,812</u>

NOTE 8 - NONCURRENT LIABILITIES

Long-Term Debt transactions for the year ended May 31, 2014 can be summarized as follows:

	Balance			Noncurrent Liabilities		
	June 1, 2013	Additions	Reductions	Balance May 31, 2014	Due Within One Year	Due In More Than One Year
Serial Bonds Payable	\$ 15,395,000	\$ -0-	\$ 1,840,000	\$ 13,555,000	\$ 1,610,000	\$ 11,945,000
Premium on Bonds	1,089,367	726,666	182,763	1,633,270	-0-	1,633,270
Judgments and Claims Payable	444,679	577,498	444,679	577,498	577,498	-0-
Compensated Absences	1,918,152	207,671	-0-	2,125,823	44,388	2,081,435
<u>Totals</u>	<u>\$ 18,847,198</u>	<u>\$ 1,511,835</u>	<u>\$ 2,467,442</u>	<u>\$ 17,891,591</u>	<u>\$ 2,231,886</u>	<u>\$ 15,659,705</u>

Serial Bonds Payable

The Village had issued serial bonds primarily to provide for the acquisition and construction of major capital facilities, payments of judgments and claims, retire bond anticipation notes payable or refund previously issued serial bonds. The serial bonds are direct obligations and pledge the full faith and credit of the Village.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 8 - NONCURRENT LIABILITIES (continued)

The following is a summary of serial bonds payable at May 31, 2014:

<u>Serial Bonds</u>	<u>‡</u>	<u>Principal</u>
1996 Environmental Facilities Corp. Issue Final Payment Dated 7/15/16	1.67‡	\$ 115,000
1998 Environmental Facilities Corp. Issue Final Payment Due 7/15/18	2.02‡	125,000
2007 Public Improvement Issue Series A Final Payment Due 10/1/15	3.68‡	755,000
2007 Public Improvement Issue Series B Final Payment Due 7/15/18	3.72‡	1,555,000
2012 Refunding Serial Bonds Final Payment Due 8/15/23	4.94‡	<u>11,005,000</u>
Total Principal of Bonds Outstanding		\$ 13,555,000
Unamortized Accrued Premium on Refunding Bonds		<u>1,633,270</u>
<u>Total</u>		<u>\$ 15,188,270</u>

Serial bonds outstanding at May 31, 2014 have principal and interest payments due as follows:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 31, 2015	\$ 1,610,000	\$ 597,724	\$ 2,207,724
May 31, 2016	1,670,000	534,059	2,204,059
May 31, 2017	1,355,000	470,019	1,825,019
May 31, 2018	1,380,000	405,842	1,785,842
May 31, 2019	1,410,000	339,860	1,749,860
May 31, 2020-2024	<u>6,130,000</u>	<u>797,250</u>	<u>6,927,250</u>
	\$ 13,555,000	\$ 3,144,754	\$ 16,699,754
Unamortized Premium on Refunding Bonds	<u>1,633,270</u>	<u>(1,633,270)</u>	<u>-0-</u>
Total	<u>\$ 15,188,270</u>	<u>\$ 1,511,484</u>	<u>\$ 16,699,754</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 8 - NONCURRENT LIABILITIES (continued)

Serial Bonds Payable (cont'd)

The Village received a \$110,087 bond premium on refinanced bonds issued in March 2007 and a \$1,957,140 premium on refinanced bonds issued in June 2012. The premiums are being amortized over the life of the bonds using the straight-line method. During the current year, the Village amortized \$182,763 of the bond premium by reducing interest expense on the Village-Wide Financial Statements.

Judgment and Claims Payable

The following is a summary of Judgments and Claims Payable as of May 31, 2014:

	Total	Due Within One Year	Due in More Than One Year
Tax Certiorari	\$ 346,100	\$ 346,100	\$ -0-
Workers Compensation	231,398	231,398	-0-
	\$ 577,498	\$ 577,498	\$ -0-

Tax Certiorari

The Village has recorded a liability for tax certioraris in the amount of \$346,100 as of May 31, 2014. This entire amount was paid in the subsequent fiscal year.

Workers' Compensation

The Village self insures its liability for workers' compensation and its claims are handled by a third party administrator. The premium for workers' compensation is shared by the General, Water, Swimming Pool and Library funds. The Village estimates its workers' compensation liability by consulting with its third party administrator and legal counsel. As of May 31, 2014, the Village estimates its workers' compensation liability to be \$231,398. The Village estimates the amount of workers' compensation that will be paid in the next twelve months to be \$231,398 and reports that amount as due within one year.

The following is a summary of the changes in claim liabilities for the previous and current fiscal year ended May 31:

Fiscal Year May 31	Beginning Balance	Claims Incurred Net of Adjustment to Reserves	Payments	Ending Balance
2013	\$ 166,888	\$ 241,109	\$ 226,018	\$ 181,979
2014	181,979	305,468	256,049	231,398

Compensated Absences

The Village's liability for vested or accumulated compensated absences, such as accrued vacation and sick pay, is \$2,125,823 and has been accrued in the Statement of Net Position.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 8 - NONCURRENT LIABILITIES (continued)

Compensated Absences (cont'd)

The Village records the current portion of this liability based on specific employees that have announced their retirement and are due an amount for compensated absences at May 31, 2014.

NOTE 9 - INTERFUND TRANSACTIONS

Due from and due to other Funds consists of the following at May 31, 2014:

<u>Major Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 1,017,093	\$ 182,099
Water	-0-	-0-
Capital	-0-	839,302
<u>Total Major Funds</u>	<u>\$ 1,017,093</u>	<u>\$ 1,021,401</u>
<u>Non-Major Funds</u>		
Special Grant	\$ -0-	\$ 25,001
Library	107,725	-0-
Swimming Pool	74,374	-0-
<u>Total Non-Major Funds</u>	<u>\$ 182,099</u>	<u>\$ 25,001</u>
<u>Total Governmental Activities</u>	<u>\$ 1,199,192</u>	<u>\$ 1,046,402</u>
<u>Fiduciary Funds</u>		
Trust and Agency	-0-	152,790
<u>TOTALS</u>	<u>\$ 1,199,192</u>	<u>\$ 1,199,192</u>

Interfund revenue transfers and interfund expenditure transfers for the year ending May 31, 2014 were as follows:

<u>Major Funds</u>	<u>Interfund Revenue Transfers</u>	<u>Interfund Expenditure Transfers</u>
General	\$ 301,000	\$ 2,980,996
Water	1,500	300,000
Capital	254,716	-0-
<u>Total Major Funds</u>	<u>\$ 557,216</u>	<u>\$ 3,280,996</u>
<u>Non-Major Funds</u>		
Library	\$ 2,083,712	\$ -0-
Swimming Pool	642,568	2,500
Special Grant	-0-	-0-
<u>Total Non-Major Funds</u>	<u>\$ 2,726,280</u>	<u>\$ 2,500</u>
<u>TOTALS</u>	<u>\$ 3,283,496</u>	<u>\$ 3,283,496</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 9 - INTERFUND TRANSACTIONS (continued)

The Governmental Funds' Interfund Receivable from the Fiduciary Fund, in the amount of \$152,790, is reported on the Village-wide Statement of Net Position as Due from Fiduciary Fund.

NOTE 10 - PENSION PLANS

The Village provides retirement benefits for substantially all its full time employees and participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple employer, public employee retirement system.

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits using the aggregate actuarial funding method. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State Retirement System, 110 State Street, Albany, New York 12244.

Funding Policy

The ERS is noncontributory except for employees who either joined the System after July 27, 1976, with less than ten years of membership or ten years of credited service, who contribute 3% of their salary, or joined the system on or after January 1, 2010, who contribute 3% of their salary throughout active membership. Employees who join the system on or after April 1, 2012 are Tier 6 members. These members must contribute on a graduated scale between 3 and 6 percent of their earnings throughout active membership. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	<u>ERS</u>
May 31, 2014	\$1,276,068
May 31, 2013	1,072,567
May 31, 2012	1,041,371

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Funding Policy (cont'd)

The Village contributions made to the System were equal to 100 percent of the contributions required for each year.

Annual payments are due by each December 15<sup>th</sup>, and cover the fiscal year through the ensuing March 31. The system uses the aggregate actuarial funding method and the required contribution was based on the System's fiscal year ended March 31, 2013. The average contribution rate for the fiscal year ended March 31, 2013, including retirement incentive contributions was 18.9% of payroll. Significant actuarial assumptions used to determine employer contributions was an 7.5% interest rate, a 4.9% salary scale and a 2.7% inflation rate.

Village Sponsored Fire Service Award Program

The Incorporated Village of Mineola financial statements are for the year ended May 31, 2014. The information contained in this note is based on information for the Incorporated Village of Mineola Service Award Program for the program year ending on December 31, 2014, which is the most recent program year.

Length of Service Awards Program - LOSAP

The Incorporated Village of Mineola (the "Sponsor") established a defined benefit 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, 1991 for the active volunteer firefighter members of the Mineola 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 Incorporated Village of Mineola is the sponsor of the program and the program administrator.

Program Description

Under the program, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age". The amount of the service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter activities.

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five (5) years of firefighting service or upon attaining the program's entitlement age while an active volunteer. The program's entitlement age is age 60. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Village Sponsored Fire Service Award Program (cont'd)

Participation, Vesting and Service Credit (cont'd)

in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Mineola Fire Department.

On September 10, 2009, Village residents approved a public referendum that amended its Length of Service Award Program (LOSAP) so as to permit a firefighter to earn additional service credits subsequent to reaching entitlement age (age 60). This means that active volunteer firefighters age 60 or more can earn annual service credits in accordance with the LOSAP Plan, provided he or she accomplishes required firefighter activities in a calendar year.

Benefits

A participant's service award benefit is paid as a ten year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of service credit earned by the volunteer under the point system. The maximum number of years of service credit a participant may earn is 40 years under the program. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. The program provides death and disability benefits equal to the actuarial value of the participant's earned service award at the time of death or disablement. The program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self insured" and are paid from the program trust fund. For a complete explanation of the program, see the Program Document a copy of which is available from the Village Clerk.

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Village Sponsored Fire Service Award Program (cont'd)

Fiduciary Investment and Control (cont'd)

The Board of Trustees has retained Penflex, Inc. to assist in the administration of the program. The services provided by Penflex, Inc. are the Preparation of Service Award payment certification and trustee directive letters, recertification due to service adjustment, preparation of IRS Forms 1099 and 1096, preparation and mailing to clients of IRS Form 1096 transmittal package with instructions.

Based on the certified calendar year volunteer firefighter listings Penflex determines and certifies in writing to the Board of Trustees the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The person(s) authorized by the Board of Trustees then authorizes, in writing, the custodian of the Incorporated Village of Mineola's SAP trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex and the written directive from the authorized representative of the Board of Trustees. Administrative expenses are authorized for payment by the Board of Trustees in the same manner as any other invoice presented to the Village for payment and are an expenditure of the 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 Board of Trustees created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Village Clerk. The Board of Trustees is the program trustee.

Authority to invest the program assets is vested in the program trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with a written investment policy statement adopted by the Board of Trustees. The Board of Trustees has retained RBC Wealth Management to provide investment management and custodial services and Comerica Bank to pay benefits to participants.

The Board of Trustees is required to retain an actuary to determine the amount of the Village's contributions to the plan. The actuary retained by the Village for this purpose is Tony Fiorillo of Penflex, Inc. Mr. Fiorillo is a member of the Society of Actuaries and the American Academy of Actuaries.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Accrued Service Awards as of 1/1/14	<u>\$ 3,591,081</u>
Less: Assets Available for Benefits	
Money Market	\$ 184,730
U.S. Equities	101,648
International Equities	171,577
Taxable Fixed Income	1,265,797
Mixed Assets	1,402,337
Other Assets	<u>171,870</u>
Total Net Assets Available for Benefits	<u>\$ 3,297,959</u>
Total Unfunded (Excess) Benefits	\$ 293,122
Less: Unfunded Liability for Separately Amortized Costs	<u>(241,461)</u>
Unfunded Normal (Excess) Benefits	<u>\$ 51,661</u>

Separately Amortized Costs

The Village and its volunteer fire department reached an agreement that entitles firefighters additional service credit after they have reached entitlement age. In 2010, an amount of \$238,032 post entitlement age service cost was established and is being amortized over 10 years at a 6% interest rate which results in a \$30,510 annual payment. Additional post entitlement age service costs of \$39,261, \$38,859, \$38,119 and \$42,570 were incurred in 2011, 2012, 2013 and 2014 which are being amortized over 3 years at a 6% interest rate resulting in \$13,856, \$13,714, \$13,453 and \$15,024 annual payments.

Receipts and Disbursements

Plan Net Assets, January 1, 2013	<u>\$ 3,136,020</u>
Changes during the year:	
Plan contributions	\$ 190,426
Investment income earned	168,504
Changes in fair market value of investments	(96,374)
Administrative and Other Fees/Charges	(19,977)
Benefits Paid	<u>(80,640)</u>
Plan Net Assets, December 31, 2013	<u>\$ 3,297,959</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Program Financial Condition (cont'd)

Contributions

The required contributions for the current Village fiscal year end and the two preceding years were:

<u>Service Award Program Year End</u>	<u>Sponsor's Fiscal Year End</u>	<u>Sponsor's Contribution Recommended By Actuary</u>	<u>Sponsor's Actual Contribution</u>
December 31, 2013	May 31, 2014	\$190,426	\$190,426
December 31, 2012	May 31, 2013	196,939	196,939
December 31, 2011	May 31, 2012	173,366	173,366

Administration Fees

Fees paid to administrative/actuarial services provider	\$10,540
Fees paid for investment managements	\$19,244
Other administration fees	\$ 733

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is the Attained Age Normal Frozen Initial Liability method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments 6.0%  
Tables used for:

Post Entitlement Age mortality:	1994 Unisex Pensioner Male Mortality Table projected with scale AA to 2007
*Pre Entitlement Age mortality:	None
*Pre Entitlement Age disability:	None
*Pre Entitlement Age withdrawal:	None
*Pre Entitlement Age service credit accruals:	100%

\*For program cost calculation purposes, all pre-entitlement age active volunteer firefighter participants are assumed to: survive to the entitlement age; remain active and earn 50 points each year; and, begin to be paid service awards upon attainment of the entitlement age.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Village provides medical, Medicare Part B reimbursement and life insurance benefits to its retirees in accordance with its employment contracts. A retiree must be 55 years old with 5 years of service to be eligible for these benefits as a retiree. These postemployment health care benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. As of June 1, 2011, (the census data and plan information provided by the Village for the June 1, 2011 actuarial valuation) there were 185 active and retired employees (including surviving spouses) participating in the Village's OPEB plan.

Funding Policy

The Village pays an insurance company monthly the actual amount invoiced for health care benefits provided to retirees' and recognizes this amount as an expenditure in the governmental funds on the "pay as you go" basis.

Presently, New York State does not authorize a local government to create or fund a trust for the exclusive payment of other post employment benefits and requires the Village to fund OPEB benefits on the "pay as you go" basis.

Annual OPEB Cost

The Village's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The Village has calculated the ARC and related information using the entry age actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed thirty years. The remaining amortization period at May 31, 2014 is 24.32 years. The following table shows the components of the Village's annual OPEB cost for the year and the amount actually contributed to the plan.

Annual Required Contribution (ARC)	\$ 3,518,613
Interest on Net OPEB Obligation	409,813
Adjustment to ARC	<u>(481,025)</u>
Annual OPEB Expense	\$ 3,447,401
Contributions Made	<u>(1,248,725)</u>
Increase in OPEB Obligation	\$ 2,198,676
Net OPEB Obligation - beginning of year	<u>10,245,327</u>
Net OPEB Obligation - end of year	<u>\$ 12,444,003</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending May 31, 2014 and the preceding two years is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Covered Payroll</u>	<u>OPEB Cost % of Pay</u>
05/31/2012	\$ 3,139,200	32.4%	\$ 8,089,181	\$ 5,123,392	61.3%
05/31/2013	\$ 3,286,678	34.4%	\$10,245,327	\$ 5,328,328	61.7%
05/31/2014	\$ 3,447,401	36.2%	\$12,444,003	\$ 5,461,536	63.1%

Funded Status and Funding Progress

As of June 1, 2011, the most recent actuarial valuation date, the actuarial accrual liability for benefits was \$41,614,461. As previously mentioned, New York State does not authorize a local government to create or fund a trust for this plan, therefore the plan is 0% funded resulting in an unfunded actuarial accrued liability (UAAL) of \$41,614,461. The annual payroll of active employees (covered payroll) that participate in the plan was \$5,461,536, and the ratio of UAAL to cover payroll was 762.0%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the June 1, 2011, actuarial valuation, the entry age normal actuarial method was used. The actuarial assumptions included a 4% funding interest rate and the initial medical/drug trend rate of 9%/5% initially reduced by decrements to an ultimate rate of 5% after year 2015.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 12 - RISK MANAGEMENT

The Village of Mineola is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which are insured by general liability insurance. Commercial insurance policies are also obtained for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 13 - OPERATING LEASES

The Village leases property and equipment under operating leases. The maximum future non-cancelable operating lease payments are as follows:

<u>Year Ending May 31,</u>	<u>Amount</u>
2015	\$ 29,829
2016	18,698
2017	<u>172</u>
	<u>\$ 48,699</u>

NOTE 14 - CONTINGENCIES

Management has advised us that there are a number of real estate tax certiorari cases pending. The Village has always and will continue to vigorously defend against these cases. The Village cannot estimate the liability, if any, on the outcome of these cases. However, it is anticipated that these cases will not have a material effect on the Village's financial position.

NOTE 15 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The Governmental Accounting Standards (GASB) has issued pronouncements not yet required to be implemented by the Village of Mineola. The Statements that will impact the Village of Mineola are as follows:

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2014  
(Continued)

NOTE 15 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS  
(continued)

GASB Statement No. 67 - In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans- an Amendment of GASB Statement No. 25*. GASB 67 improves financial reporting by state and local government pension plans. The requirements of this statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. This statement is effective for the year ending May 31, 2015.

GASB Statement No. 68 - In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions- an Amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement is effective for the year ending May 31, 2016.

GASB Statement No. 71 - In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*. GASB 71 addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement is effective for the year ending May 31, 2016.

The Village's management has not yet determined the effect these statements will have on its financial statements.

NOTE 16 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through October 3, 2014, which is the date the financial statements were available to be issued.

INCORPORATED VILLAGE OF MINNEOLA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 - BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE FISCAL YEAR ENDED MAY 31, 2014

	Budgets		Actual	Over (Under) Revised Budget
	Original	Revised		
<b>REVENUES</b>				
Real Property Taxes	\$ 13,349,523	\$ 13,349,487	\$ 13,345,922	\$ (3,565)
Other Tax Items	65,000	65,000	48,115	(16,885)
Non-Property Tax Items	812,234	812,234	909,995	97,761
Departmental Income	1,060,000	1,060,000	1,136,693	76,693
Use of Money and Property	231,000	231,000	311,342	80,342
Licenses and Permits	541,000	2,272,155	5,554,549	3,283,394
Fines and Forfeitures	1,525,000	1,525,000	1,620,016	95,016
Sale of Property and Compensation for Loss	15,000	15,000	23,830	8,830
Miscellaneous	35,000	35,000	18,151	(16,849)
Interfund Revenues	230,000	230,000	230,000	-0-
State Aid	750,940	750,940	933,592	182,652
Federal Aid	-0-	-0-	541,260	541,260
<b>Total Revenues</b>	<b>\$ 18,614,697</b>	<b>\$ 20,344,816</b>	<b>\$ 24,673,465</b>	<b>\$ 4,328,649</b>
<b>EXPENDITURES</b>				
General Government Support	\$ 4,064,504	\$ 3,639,135	\$ 3,612,788	\$ (26,347)
Public Safety	1,209,171	1,384,640	1,384,640	-0-
Health	89,000	107,882	107,882	-0-
Transportation	2,537,302	3,569,844	3,325,011	(244,833)
Economic Assistance and Opportunity	-0-	-0-	-0-	-0-
Culture and Recreation	433,793	563,541	485,356	(78,185)
Home and Community Services	2,351,572	2,895,203	2,620,302	(274,901)
Employee Benefits	3,927,264	3,927,704	3,927,704	-0-
Debt Service, Principal	1,184,529	1,184,529	1,184,529	-0-
Debt Service, Interest	392,342	392,342	392,342	-0-
<b>Total Expenditures</b>	<b>\$ 16,189,417</b>	<b>\$ 17,664,820</b>	<b>\$ 17,040,554</b>	<b>\$ (624,266)</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ 2,425,280</b>	<b>\$ 2,679,996</b>	<b>\$ 7,632,911</b>	<b>\$ 4,952,915</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ 301,000	\$ 301,000	\$ 301,000	\$ -0-
Interfund Transfers Out	(2,726,280)	(2,980,996)	(2,980,996)	-0-
Sale of Capital Assets	-0-	-0-	233,023	233,023
<b>Total Other Financing Sources and Uses</b>	<b>\$ (2,425,280)</b>	<b>\$ (2,679,996)</b>	<b>\$ (2,446,973)</b>	<b>\$ 233,023</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 5,185,938</b>	<b>\$ 5,185,938</b>
<b>Fund Balance - Beginning</b>	<b>\$ 3,794,274</b>	<b>\$ 3,794,274</b>	<b>\$ 3,794,274</b>	<b>\$ -0-</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,794,274</b>	<b>\$ 3,794,274</b>	<b>\$ 8,980,212</b>	<b>\$ 5,185,938</b>

See Accompanying Notes to Basic Financial Statements  
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INCORPORATED VILLAGE OF MINNECA  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 - BUDGET AND ACTUAL - WATER FUND  
 FOR THE FISCAL YEAR ENDED MAY 31, 2014

	Budgets		Actual	Over (Under) Revised Budget
	Original	Revised		
<b>REVENUES</b>				
Departmental Income	\$ 2,606,850	\$ 2,606,850	\$ 2,440,466	\$ (166,384)
Use of Money and Property	2,573	2,573	2,573	-0-
Sale of Property and Compensation for Loss	-0-	-0-	-0-	-0-
Miscellaneous	10,119	-0-	280	280
State Sources	-0-	-0-	-0-	-0-
Federal Sources	-0-	-0-	-0-	-0-
<b>Total Revenues</b>	<b>\$ 2,619,542</b>	<b>\$ 2,609,423</b>	<b>\$ 2,443,319</b>	<b>\$ (166,104)</b>
<b>EXPENDITURES</b>				
General Government Support	-0-	\$ 1,824	\$ 1,824	\$ -0-
Home and Community Services	1,534,277	1,681,607	1,681,607	-0-
Employee Benefits	345,050	337,850	337,850	-0-
Debt Service - Principal	315,724	315,724	315,724	-0-
Debt Service - Interest	125,991	125,991	125,991	-0-
<b>Total Expenditures</b>	<b>\$ 2,321,042</b>	<b>\$ 2,462,996</b>	<b>\$ 2,462,996</b>	<b>\$ -0-</b>
<b>Excess of Revenue over Expenditures</b>	<b>\$ 298,500</b>	<b>\$ 146,427</b>	<b>\$ (19,677)</b>	<b>\$ (166,104)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ 1,500	\$ 1,500	\$ 1,500	\$ -0-
Interfund Transfers Out	(300,000)	(300,000)	(300,000)	-0-
<b>Total Other Financing Sources and Uses</b>	<b>\$ (298,500)</b>	<b>\$ (298,500)</b>	<b>\$ (298,500)</b>	<b>\$ -0-</b>
<b>Net Change in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ (152,073)</b>	<b>\$ (318,177)</b>	<b>\$ (166,104)</b>
Fund Balance - Beginning	\$ 1,007,818	\$ 1,007,818	\$ 1,007,818	\$ -
Fund Balance - Ending	\$ 1,007,818	\$ 855,745	\$ 689,641	\$ (166,104)

See Accompanying Notes to Basic Financial Statements

VILLAGE OF MINEOLA

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

FOR THE YEAR ENDED MAY 31, 2014

Valuation Date	Actuarial		Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability (AAL) Entry Age				
6/1/2008	\$ -0-	\$ 33,896,985	\$ 33,896,985	0%	\$ 4,835,490	701.0%
6/1/2011	\$ -0-	\$ 37,739,927	\$ 37,739,927	0%	\$ 5,123,392	736.6%



INCORPORATED VILLAGE OF MINNEOLA

COMBINED SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MAY 31, 2014

	Special Revenue Funds			Total Non-Major Governmental Funds
	Social Grants	Library	Swimming Pool	
<b>REVENUES</b>				
Departmental Income	\$ -0-	\$ 20,064	\$ 68,893	\$ 88,957
Use of Money and Property	-0-	-0-	-0-	-0-
Sale of Property and Compensation for Loss	-0-	-0-	-0-	-0-
Miscellaneous	-0-	5,026	40	5,066
State Aid	-0-	30,538	-0-	30,538
Federal Aid	127,809	-0-	-0-	127,809
<b>Total Revenue</b>	\$ 127,809	\$ 55,628	\$ 69,933	\$ 252,370
<b>EXPENDITURES</b>				
General Government Support	\$ -0-	\$ 2,455	\$ 1,095	\$ 3,550
Public Safety	25,000	-0-	-0-	25,000
Culture and Recreation	-0-	1,373,636	499,374	1,873,010
Home and Community Services	102,809	-0-	-0-	102,809
Employee Benefits	-0-	453,723	47,497	501,220
Debt Service - Principal	-0-	204,110	135,637	339,747
Debt Service - Interest	-0-	114,906	31,342	146,248
<b>Total Expenditures</b>	\$ 127,809	\$ 2,148,830	\$ 714,945	\$ 2,991,584
Excess (Deficiency) of Revenue over Expenditures	\$ -0-	\$ (2,093,202)	\$ (646,012)	\$ (2,739,214)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -0-	\$ 2,083,712	\$ 642,568	\$ 2,726,280
Transfers Out	-0-	-0-	(2,500)	(2,500)
<b>Total Other Financing Sources and Uses</b>	\$ -0-	\$ 2,083,712	\$ 640,068	\$ 2,723,780
<b>Net Change in Fund Balances</b>	\$ -0-	\$ (9,490)	\$ (5,944)	\$ (15,434)
Fund Balances - June 1, 2013	\$ -0-	\$ 56,919	\$ 63,079	\$ 119,998
Fund Balances - May 31, 2014	\$ -0-	\$ 47,429	\$ 57,135	\$ 104,564

INCORPORATED VILLAGE OF MINNEOLA

SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED MAY 31, 2014

PROJECT	Adjusted Budget	Revenues			Expenditures			May 31, 2014 Fund Balance (Deficit)
		Prior Year	Current Year	Total	Prior Year	Current Year	Total	
2012/13 Bruce Terrace Drainage	1,272,770	741,584	431,347	1,172,931	741,584	431,347	1,172,931	-0-
<b>Total</b>	<b>1,272,770</b>	<b>741,584</b>	<b>431,347</b>	<b>1,172,931</b>	<b>741,584</b>	<b>431,347</b>	<b>1,172,931</b>	<b>-0-</b>

INCORPORATED VILLAGE OF MINEOLA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MAY 31, 2014

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Total Federal Expenditures</u>
<u>United States Department of Homeland Security</u>			
Passed Through New York State: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-02-NY-4085-PW-00223	\$ 541,260
<u>United States Department of Housing and Urban Development</u>			
Passed Through Nassau County: Community Development Block Grants	14.218	Not Available	<u>127,809</u>
<u>Total Expenditures of Federal Awards</u>			<u>\$ 669,069</u>

The Accompanying Notes are an Integral Part of this Schedule

INCORPORATED VILLAGE OF MINEOLA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED MAY 31, 2014

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by the Incorporated Village of Mineola, which is described in Note 1 to the Village's accompanying financial statements. Federal awards passed-through from other government agencies are included in the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of the Incorporated Village of Mineola, it is not intended to and does not present the financial position or changes in net position of the Incorporated Village of Mineola.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting which is described in Note 1 to the Village's accompanying financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The expenditures reported for the program Disaster Grants - Public Assistance (Presidentially Declared Disasters) CFDA number 97.036 in the amount of \$541,260 were incurred in the fiscal year ending May 31, 2013.

3. Major Program Determination

The Village has determined that all federal programs with expenditures of \$300,000 or more are Type A Programs for purposes of determining Major Programs.

4. Subrecipients

No amounts were provided to subrecipients.



22 Jericho Turnpike  
Mineola, NY 11501  
516.747.0110

747 Third Avenue  
New York, NY 10017  
212.785.1800

cpa@rynkarc.com  
www.rynkarc.com

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

Honorable Mayor and Board of Trustees  
Incorporated Village of Mineola  
155 Washington Avenue  
Mineola, New York 11501

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Mineola, Mineola, New York (the "Village"), as of and for the year ended May 31, 2014, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 3, 2014.

**Internal Control over Financial Reporting**

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

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

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

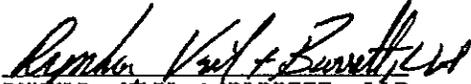
#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the Incorporated Village of Mineola, New York in a separate letter dated October 3, 2014.

#### Purpose of this Report

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

  
RYMKAR, VAIL & BARRETT, LLP

Mineola, New York  
October 3, 2014



22 Jericho Turnpike  
Mineola, NY 11501  
516.747.0110

747 Third Avenue  
New York, NY 10017  
212.785.1800

cpa@rynkarc.com  
www.rynkarc.com

INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Mayor and Board of Trustees  
Incorporated Village of Mineola  
155 Washington Avenue  
Mineola, New York 11501

**Report on Compliance for Each Major Federal Program**

We have audited the Incorporated Village of Mineola, New York's, (the "Village") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended May 31, 2014. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Village, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2014.

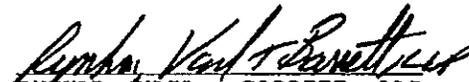
**Report on Internal Control Over Compliance**

Management of the Village, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
RYNKAR, VAIL & BARRETT, LLP

Mineola, New York  
October 3, 2014

INCORPORATED VILLAGE OF MINEOLA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED MAY 31, 2014

A) Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Incorporated Village of Mineola.
2. No material weaknesses were identified during the audit of the financial statements. No significant deficiencies were reported during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit of the financial statements of the Incorporated Village of Mineola.
4. No material weaknesses were disclosed during the audit of the major federal award programs. No significant deficiencies were reported during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal awards for the Incorporated Village of Mineola expresses an unmodified opinion.
6. No audit findings relative to the major Federal Award Programs that are required to be reported in accordance with Section 510 (a) of OMB Circular A-133 for the Incorporated Village of Mineola, were disclosed during the audit.
7. The program tested as a major program included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
97.036	<u>U.S. Department of Homeland Security</u> Disaster Grants - Public Assistance (Presidentially Declared Disasters)
8. The dollar threshold used to distinguish between type A and type B programs was \$300,000.
9. Auditee was not determined to be a low-risk auditee.

B) Findings - Financial Statement Audit

None reported.

C) Findings and Questioned Costs - Major Federal Award Programs Audit

None reported.

INCORPORATED VILLAGE OF MINEOLA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED MAY 31, 2014

Findings - Financial Statement Audit

None reported.

Findings and Questioned Costs - Major Federal Award Programs Audit

None reported.