

INCORPORATED VILLAGE OF MINEOLA  
MINEOLA, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2016

INCORPORATED VILLAGE OF MINEOLA  
TABLE OF CONTENTS  
AS OF AND FOR THE YEAR ENDING MAY 31, 2016

	<u>PAGE</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1-3
<u>MANAGEMENT DISCUSSION AND ANALYSIS (MD&amp;A)</u>	4-12
<u>BASIC FINANCIAL STATEMENTS:</u>	
<u>Village-Wide Financial Statements</u>	
Statement of Net Position	13
Statement of Activities	14
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	18
Statement of Fiduciary Net Position	19
Statement of Changes in Fiduciary Net Position	20
<u>Notes to the Financial Statements</u>	21-56
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund	57
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Water Fund	58
Schedule of Funding Progress for Postemployment Benefits Other Than Pensions	59
Schedule of the Village's Proportionate Share of the Net Pension Liability	60
Schedule of Village Contributions	61
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Non-Major Funds - Combining Balance Sheet	62
Non-Major Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
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 <i>Government Auditing Standards</i>	64-65



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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, 2016, 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, 2016, 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, 2016, the Village adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB No. 68*. 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 and required supplementary information on pages 4 through 12 and 57 through 61 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 62 through 63 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was 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 is 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 September 29, 2016, 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.

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RYNKAR, VAIL & BARRETT, LLP

Mineola, New York  
September 29, 2016

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2016

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, 2016. 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 \$6,240,361 which represents 27.2% of total General Fund expenditures and uses for the current year. Assigned fund balance for encumbrances was \$163,670.
- (2) Governmental Funds fund balances decreased approximately \$268,000 during the year ended May 31, 2016. The general fund decreased approximately \$1,404,000. The water fund increased approximately \$1,120,000. The general fund decrease is primarily due to planned spending from the park improvements capital reserve and the fire service equipment capital reserve. The water fund increase is primarily due to an increase in water sales and the establishment of a capital reserve fund.
- (3) Noncurrent Liabilities, exclusive of other postemployment benefits payable and net pension liability, decreased \$1,445,984 during the fiscal year. See Note 10 for details on net pension liability and Note 11 for details on the other postemployment benefits.
- (4) The Village made major improvements to Memorial Park. The improvements include the addition of an amphitheatre, tennis courts, a comfort station, and brick pavers throughout the park. The total cost of these improvements as of May 31, 2016 was \$2,304,504. The funding came from a capital reserve that was previously funded from developer's incentive payments and Community Development Funds.

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, 2016

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 governmental 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 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

INCORPORATED VILLAGE OF MINEOLA  
MINEOLA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MAY 31, 2016

Fund Financial Statements (cont'd)

Governmental Funds (cont'd)

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 and water 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

As described in Note 2, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* for the year ended May 31, 2016. The adoption of these statements resulted in a restatement of the Village's opening net position as of June 1, 2015 in the amount of \$403,071 as indicated in Note 3. Prior year balances in the Management's Discussion and Analysis have been updated to reflect the restatement.

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, 2016

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

Condensed Summary of Net Position

Governmental Activities

As of May 31, 2016 and 2015

	<u>May 31, 2016</u>	<u>May 31, 2015</u>
<u>Assets</u>		
Current and Other Assets	\$ 10,989,217	\$ 11,643,111
Capital Assets	<u>29,872,441</u>	<u>27,646,354</u>
<u>Total Assets</u>	<u>\$ 40,861,658</u>	<u>\$ 39,289,465</u>
<u>Deferred Outflows of Resources</u>		
Deferred Amount on Refunding	\$ 513,116	\$ 584,300
Deferred Outflows of Resources - NYSERS Pension Related	<u>3,162,740</u>	<u>347,452</u>
<u>Total Deferred Outflows of Resources</u>	<u>\$ 3,675,856</u>	<u>\$ 931,752</u>
<u>Liabilities</u>		
Current Liabilities	\$ 2,996,994	\$ 3,837,390
Other Postemployment Benefits Payable	17,635,926	15,015,230
Net Pension Liability	3,391,430	750,523
Long-Term Liabilities	<u>12,606,332</u>	<u>14,052,316</u>
<u>Total Liabilities</u>	<u>\$ 36,630,682</u>	<u>\$ 33,655,459</u>
<u>Deferred Inflows of Resources</u>		
Deferred Inflows of Resources - NYSERS Pension Related	<u>\$ 425,317</u>	<u>\$ -0-</u>
<u>Total Deferred Inflow of Resources</u>	<u>\$ 425,317</u>	<u>\$ -0-</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	\$ 20,426,821	\$ 16,805,825
Restricted:		
Capital Reserves	655,702	2,715,174
Unrestricted (Deficit)	<u>(13,601,008)</u>	<u>(12,955,241)</u>
<u>Total Net Position</u>	<u>\$ 7,481,515</u>	<u>\$ 6,565,758</u>

Total assets and total deferred outflows of resources increased \$4,316,297 and total liabilities and deferred inflows of resources increased \$3,400,540 from the prior year, which results in a \$915,757 increase in net position.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2016

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

Summary of Changes in Net Position

Governmental Activities  
For the Year Ended May 31,  
2016 and 2015

	<u>May 31, 2016</u>	<u>% of Totals</u>	<u>May 31, 2015</u>	<u>% of Totals</u>
<u>Revenues:</u>				
<u>Program Revenues</u>				
Charge for Services	\$ 9,116,772	36.0%	\$ 6,198,800	27.9%
Operating Grants and Contributions	131,575	0.5%	164,954	0.8%
Capital Grants and Contributions	425,763	1.7%	471,568	2.1%
<u>General Revenues</u>				
Real Property Taxes	13,603,462	53.8%	13,432,062	60.5%
Other Tax Items	52,567	0.2%	53,860	0.2%
Non-Property Tax Items	920,191	3.6%	936,552	4.2%
Use of Money and Property	367,240	1.5%	323,423	1.5%
State Aid	693,236	2.7%	613,173	2.8%
	<u>\$ 25,310,806</u>	<u>100.0%</u>	<u>\$ 22,194,392</u>	<u>100.0%</u>
<u>Program Expenses:</u>				
General Government Support	\$ 4,580,083	18.8%	\$ 4,907,441	20.3%
Public Safety	2,304,747	9.4%	2,367,055	9.8%
Health	102,833	0.4%	100,783	0.4%
Transportation	4,788,187	19.6%	4,740,533	19.6%
Economic Assistance and Opportunity	14,413	0.1%	14,412	0.1%
Culture and Recreation	5,623,209	23.1%	4,834,371	20.0%
Home and Community Services	6,572,564	26.9%	6,750,098	27.9%
Interest on Long-Term Debt	409,013	1.7%	468,788	1.9%
	<u>\$ 24,395,049</u>	<u>100.0%</u>	<u>\$ 24,183,481</u>	<u>100.0%</u>
Increase (Decrease) in Net Position	\$ 915,757		\$ (1,989,089)	
Beginning Net Position	6,565,758		8,957,918	
Prior Period Adjustment (See Note 3)	-0-		(403,071)	
Ending Net Position	<u>\$ 7,481,515</u>		<u>\$ 6,565,758</u>	

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

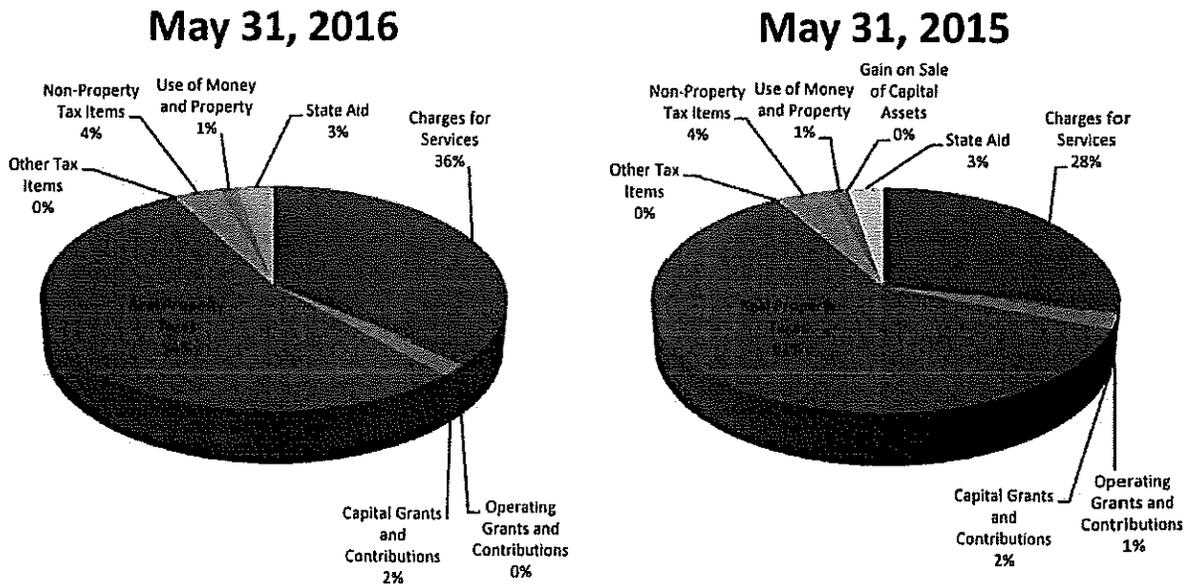
FOR THE FISCAL YEAR ENDED MAY 31, 2016

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 \$24,395,049 for the fiscal year ended May 31, 2016. The most significant governmental expenses for the Village were to provide home and community services, culture and recreation, transportation 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 culture and recreation are the Village's library, pool and parks. The major components of transportation are street maintenance, administration snow removal and street lighting. 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

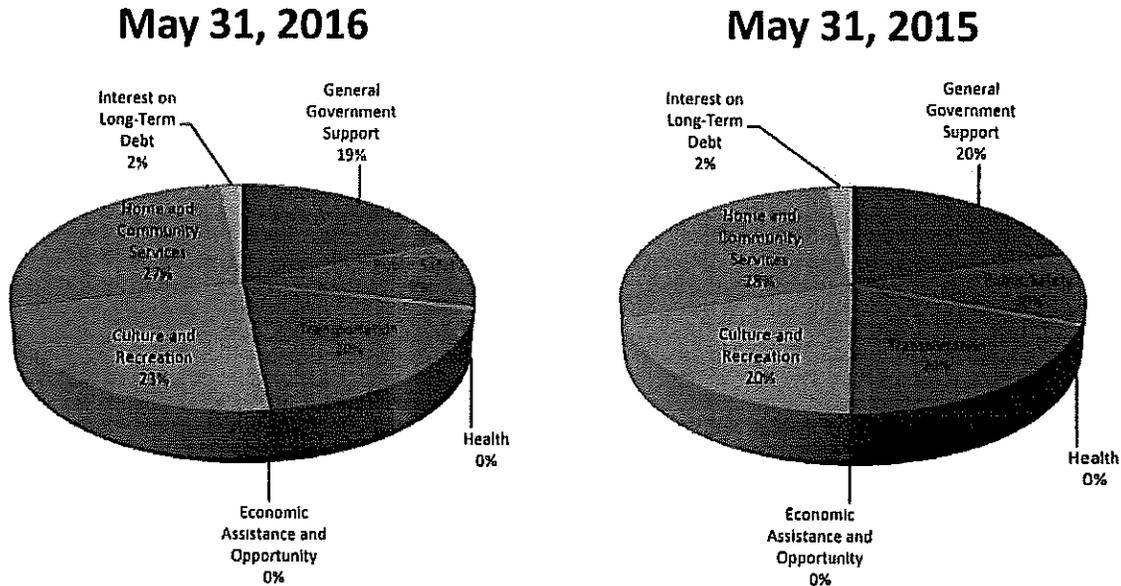
MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2016

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 \$7,756,154, indicating availability for continuing Village operating purposes.

The total ending fund balances of governmental funds report a decrease of \$268,262 from the prior year. The decrease in fund balance was primarily due to the planned use of fund balance for the park improvement projects and fire service equipment purchases.

General Fund Budgetary Highlights

The Village's 2015/2016 original general fund budget planned for \$21,921,394 of appropriations. The Village's revised general fund budget was adjusted to actual revenues and expenditures. Actual expenditures and other financing uses (interfund transfers out) for the year were \$22,964,584, an increase of \$1,043,190 from the original budget. The Village's revised budget includes using its capital reserve to acquire fire fighting equipment and improvements to Village parks.

INCORPORATED VILLAGE OF MINEOLA  
MINEOLA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MAY 31, 2016

General Fund Budgetary Highlights (cont'd)

The Village's original budget planned to decrease fund balance \$2,547,639 which equals the general fund encumbrances from the previous year.

The actual planned decrease in the fund balance was only \$1,404,487. The Village realized additional revenues from developer's incentive payments, fines and forfeitures and state aid reimbursements realized from expenditures due to Hurricane Sandy in a previous year.

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, 2016 was \$29,872,441. 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, 2016</u>	<u>May 31, 2015</u>
<u>Non-Depreciable Assets:</u>		
Land	\$ 390,000	\$ 390,000
Construction in Progress	3,402,503	1,644,584
 <u>Depreciable Assets:</u>		
Infrastructure and Improvements	14,732,777	15,688,951
Improvements Other Than Buildings	323,035	280,628
Buildings	7,250,218	7,082,400
Vehicles, Machinery & Equipment	3,773,908	2,559,791
<u>Total</u>	<u>\$ 29,872,441</u>	<u>\$ 27,646,354</u>

Long-Term Debt

At the end of the fiscal year, the Village had total bonded debt outstanding in the amount of \$11,547,439, a decrease of \$1,848,068 from the fiscal year ended May 31, 2015. 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, 2016

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 September 2, 2014 the contribution rate would be reduced approximately 9% to 18.2% of payroll for the current 2015-16 fiscal year. The New York State Comptroller announced on September 4, 2015, the contribution rate will be reduced approximately 15% to 15.5% of payroll for the 2016-2017 fiscal year.

For the fiscal year ended May 31, 2017, the Village adopted a general fund budget that has \$19,605,221 of appropriations which is approximately \$86,000 greater than this year's general fund budget. The real estate tax levy for the fiscal year ended May 31, 2017 is \$13,348,895 which is equal to the prior year.

The appropriation budget adopted for the water fund for the fiscal year ended May 31, 2017 is approximately \$17,000 (5.6%) greater than the current year's water budget appropriations. The increase in appropriations includes an increase of approximately \$71,000 in home and community services, a \$10,000 decrease in employee benefits and a decrease in debt service of \$44,000.

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 2019-2020 fiscal year. The Village's annual tax levy may exceed the cap if at least 60% of the Village board approves such increase. The adopted budgets for the fiscal years ended May 31, 2016 and May 31, 2017 were both in compliance with this legislation.

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, 2016

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and Cash Equivalents	
Unrestricted	\$ 7,186,267
Restricted	655,702
Tax Sale Certificates Receivable (Net of \$598,521 allowance)	-0-
Water Rents Receivable	992,252
Accounts Receivable	232,008
Due from Fiduciary Fund	213,762
Due from Other Governments	126,371
Inventory - Books, Periodicals, etc.	1,582,855
Noncurrent Assets:	
Capital Assets	
Non-Depreciable Capital Assets	\$ 3,792,503
Depreciable Capital Assets, net	<u>26,079,938</u>
	<u>29,872,441</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 40,861,658</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Amount on Refunding	513,116
Deferred Outflows of Resources - NYSERS Pension Related	<u>3,162,740</u>
<u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 3,675,856</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 454,922
Accrued Liabilities	197,901
Retainage Payable	151,793
Due to Employees' Retirement System	150,871
Accrued Interest Payable	149,935
Unearned Revenues	26,287
Noncurrent Liabilities:	
Due Within One Year	1,865,285
Due in More Than One Year	12,606,332
Other Postemployment Benefits Payable	17,635,926
Net Pension Liability	<u>3,391,430</u>
 <u>TOTAL LIABILITIES</u>	 <u>\$ 36,630,682</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - NYSERS Pension Related	<u>\$ 425,317</u>
 <u>NET POSITION</u>	
Investment in Capital Assets, Net of Related Debt	\$ 20,426,821
Restricted:	
Capital Reserves	655,702
Unrestricted (Deficit)	<u>(13,601,008)</u>
 <u>NET POSITION</u>	 <u>\$ 7,481,515</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING MAY 31, 2016

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities		
<b>Governmental Activities:</b>						
General Government	\$ 4,580,083	\$ 4,422,491	\$ -0-	\$ 4,050	\$ (153,542)	
Public Safety	2,304,747	2,202	106,289	-0-	(2,196,256)	
Health	102,833	-0-	-0-	-0-	(102,833)	
Transportation	4,788,187	877,464	-0-	224,605	(3,686,118)	
Economic Assistance and Opportunity	14,413	-0-	-0-	-0-	(14,413)	
Culture and Recreation	5,623,209	151,397	25,286	-0-	(5,446,526)	
Home and Community	6,572,564	3,663,216	-0-	197,108	(2,712,238)	
Interest on Long-Term Debt	409,013	-0-	-0-	-0-	(409,013)	
<b>Total Governmental Activities</b>	<b>\$ 24,195,049</b>	<b>\$ 9,116,772</b>	<b>\$ 131,575</b>	<b>\$ 425,763</b>	<b>\$ (14,720,939)</b>	

General Revenues:  
 Real Property Taxes \$ 13,603,462  
 Other Tax Items 52,567  
 Non-Property Tax Items 920,191  
 Use of Money and Property 367,240  
 State Aid 693,236

Total General Revenues \$ 15,636,696

Changes in Net Position

Net Position - Beginning of Period, Restated \$ 915,757

Net Position - End of Period \$ 6,565,758

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

BALANCE SHEET

GOVERNMENTAL FUNDS

MAY 31, 2016

	Major Governmental Funds		Non-Major Governmental Funds	Totals
	General	Water		
<b>ASSETS</b>				
Cash and Cash Equivalents				
Unrestricted	\$ 6,814,025	\$ 362,403	\$ 9,839	\$ 7,186,267
Restricted	35,702	620,000	-0-	655,702
Tax Sale Certificates Receivable (Net of \$598,521 allowance)	-0-	-0-	-0-	-0-
Water Rents Receivable	-0-	346,120	-0-	346,120
Accounts Receivable	49,947	772	7,194	57,913
Due from Other Funds	265,235	-0-	145,760	410,995
Due from Other Governments	95,703	-0-	30,568	126,271
<b>Total Assets</b>	<b>\$ 7,360,612</b>	<b>\$ 1,329,285</b>	<b>\$ 193,461</b>	<b>\$ 8,783,368</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 383,166	\$ 37,336	\$ 34,420	\$ 454,922
Accrued Liabilities	173,957	8,598	15,246	197,901
Due to Employees' Retirement System	117,986	12,055	20,820	150,871
Due to Other Funds	145,760	36,123	15,350	197,233
Unearned Revenues	-0-	-0-	26,287	26,287
<b>Total Liabilities</b>	<b>\$ 820,879</b>	<b>\$ 94,122</b>	<b>\$ 112,123</b>	<b>\$ 1,027,214</b>
Fund Balances				
Restricted:				
Capital Reserves	35,702	620,000	-0-	655,702
Assigned:				
Water	-0-	615,083	-0-	615,083
Special Grant	-0-	-0-	-0-	-0-
Library	-0-	-0-	19,429	19,429
Swimming Pool	-0-	-0-	61,909	61,909
General	163,670	-0-	-0-	163,670
Unassigned:				
General	6,240,361	-0-	-0-	6,240,361
<b>Total Fund Balances</b>	<b>\$ 6,439,733</b>	<b>\$ 1,235,083</b>	<b>\$ 81,338</b>	<b>\$ 7,756,154</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,360,612</b>	<b>\$ 1,329,285</b>	<b>\$ 193,461</b>	<b>\$ 8,783,368</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, 2016

Total Fund Balances - Governmental Funds \$ 7,756,154

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	\$ 3,792,503	
Capital Assets - Depreciable	75,654,951	
Accumulated Depreciation	<u>(49,575,013)</u>	\$ 29,872,441

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

Water Rents Receivable	\$ 646,132	
Accounts Receivable	<u>174,095</u>	820,227

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

1,582,855

Governmental funds recognize revenue and expenditures incurred under the modified accrual method. The Statement of Net Position recognizes revenues received and expenditures incurred under the full accrual method. Deferred inflows and outflows related to pensions that will be recognized in future periods amounted to:

Deferred Outflows of Resources Pension Related	\$ 3,162,740	
Deferred Inflows of Resources Pension Related	<u>(425,317)</u>	2,737,423

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	\$ (11,547,439)	
Compensated Absences	(2,437,639)	
Claims and Judgments Payable	(486,539)	
Other Postemployment Benefits Payable	(17,635,926)	
Net Pension Liability	(3,391,430)	
Retainage Payable	<u>(151,793)</u>	(35,650,766)

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

513,116

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>(149,935)</u>	<u>(274,639)</u>
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Net Position of Governmental Activities

\$ 7,481,515

INCORPORATED VILLAGE OF MINEOLA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	Major Governmental Funds		Non-Major Governmental Funds	Totals
	General	Water		
<b>REVENUES</b>				
Real Property Taxes	\$ 13,603,462	\$ -0-	\$ -0-	\$ 13,603,462
Other Tax Items	52,567	-0-	-0-	52,567
Non-Property Tax Items	920,826	-0-	-0-	920,826
Departmental Income	1,073,735	2,874,031	92,855	4,040,621
Use of Money and Property	365,644	1,596	-0-	367,240
Licenses and Permits	1,924,587	620,000	-0-	2,544,587
Fines and Forfeitures	1,864,962	-0-	-0-	1,864,962
Sale of Property and Compensation for Loss	20,383	-0-	-0-	20,383
Miscellaneous	505,651	304	6,476	512,431
State Aid	1,128,180	-0-	25,286	1,153,466
Federal Aid	-0-	-0-	97,108	97,108
<b>Total Revenues</b>	<b>\$ 21,460,097</b>	<b>\$ 3,495,931</b>	<b>\$ 221,725</b>	<b>\$ 25,177,753</b>
<b>EXPENDITURES</b>				
General Government Support	\$ 4,237,432	\$ 1,795	\$ 2,834	\$ 4,242,061
Public Safety	2,742,671	-0-	-0-	2,742,671
Health	89,092	-0-	-0-	89,092
Transportation	3,499,899	-0-	-0-	3,499,899
Economic Assistance and Opportunity	-0-	-0-	-0-	-0-
Culture and Recreation	1,912,168	-0-	1,789,483	3,700,651
Home and Community Services	2,602,108	1,554,996	104,197	4,261,301
Employee Benefits	3,925,136	301,146	479,999	4,706,281
Debt Service, Principal	1,022,324	314,138	333,538	1,670,000
Debt Service, Interest	309,211	104,156	120,592	534,059
<b>Total Expenditures</b>	<b>\$ 20,340,141</b>	<b>\$ 2,276,231</b>	<b>\$ 2,829,643</b>	<b>\$ 25,446,015</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,119,956	\$ 1,219,700	\$ (2,607,918)	\$ (268,262)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ 100,000	\$ -0-	\$ 2,624,443	\$ 2,724,443
Transfers Out	(2,624,443)	(100,000)	-0-	(2,724,443)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (2,524,443)</b>	<b>\$ (100,000)</b>	<b>\$ 2,624,443</b>	<b>\$ -0-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,404,487)</b>	<b>\$ 1,119,700</b>	<b>\$ 16,525</b>	<b>\$ (268,262)</b>
<b>Fund Balances - (Deficit) - June 1, 2015</b>	<b>7,844,220</b>	<b>115,383</b>	<b>64,813</b>	<b>8,024,416</b>
<b>Fund Balances - (Deficit) - May 31, 2016</b>	<b>\$ 6,439,733</b>	<b>\$ 1,235,083</b>	<b>\$ 81,338</b>	<b>\$ 7,756,154</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, 2016

Net Change in Fund Balances \$ (268,262)

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	\$ (1,945,682)	
Capital Outlay	<u>4,171,769</u>	2,226,087

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	18,159	
Increase in Compensated Absences	(77,718)	
Increase in Retainage Payable	<u>(61,481)</u>	(121,040)

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. (52,056)

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 133,049

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	\$ 1,670,000	
Amortization of Deferral on Advance Refunding	(71,184)	
Change in Claims and Judgments Payable	92,725	
Amortization of Premium on Bonds Payable	178,070	
Other Postemployment Benefits Expense	<u>(2,620,696)</u>	(751,085)

Increases or Decreases in the proportionate share of net pension liability, deferred outflows of resources pension related, and deferred inflows of resources pension related reported in the Statement of Activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Increase in Net Pension Liability	\$ (2,640,907)	
Increase in Deferred Outflows of Resources Pension Related	2,815,288	
Increase in Deferred Inflows of Resources Pension Related	<u>(425,317)</u>	<u>(250,936)</u>

Changes in Net Position of Governmental Activities \$ 915,757

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AS OF MAY 31, 2016

	<u>Fire Service Award</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ -0-	\$ 244,979
Investment in Securities	3,243,505	-0-
Prepaid Expenditures	<u>8,200</u>	<u>-0-</u>
<u>Total Assets</u>	<u>\$ 3,251,705</u>	<u>\$ 244,979</u>
<u>LIABILITIES</u>		
Due to Other Funds:		
General	\$ -0-	\$ 213,762
Guaranty and Bid Deposits	-0-	\$ 30,000
Other Liabilities	<u>-0-</u>	<u>1,217</u>
<u>Total Liabilities</u>	<u>\$ -0-</u>	<u>\$ 244,979</u>
<u>NET POSITION</u>		
Held in Trust for Fire Service Award	<u>\$ 3,251,705</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, 2016

	<u>Fire Service Award</u>
<u>Additions:</u>	
Contribution:	
Employer	\$ 201,956
Investment Earnings:	
Interest and Dividends	109,403
Net Change in Fair Market Value of Investments	<u>(257,469)</u>
<u>Total Additions</u>	<u>\$ 53,890</u>
<u>Deductions:</u>	
Benefits and Fees	<u>\$ 161,129</u>
<u>Total Deductions</u>	<u>\$ 161,129</u>
<u>Change in Net Position</u>	\$ (107,239)
Net Position - June 1, 2015	<u>3,358,944</u>
Net Position - May 31, 2016	<u>\$ 3,251,705</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016

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 and Disposal, 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, 2016  
(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, deferred outflows of resources, liabilities, deferred inflows of resources, 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, 2016  
(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.

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.
- 4) 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.

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, deferred outflows of resources, liabilities and deferred inflows of resources 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, 2016  
(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, 2016  
(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.

Certain cash balances are restricted by legal obligations, such as legal reserves.

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

In the governmental fund financial statements, inventories of materials and supplies are not reflected as assets. Disbursements for inventory type items are considered expenditures at the time of purchase. In the Village-wide financial statements 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, 2016  
(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, 2016

(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 115 days or 100 days, respectively, and 115 days for Library employees through May 31, 2016. For any employee hired on or after January 1, 2015 the maximum number of sick days which may be accumulated for pay at the time of separation shall be 90 for both the Village and the Library. 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.

Compensated absences are reported as a liability in both the Statement of Net Position and the governmental funds balance sheet when an eligible employee announces their retirement before June 1, 2016 and paid this liability after May 31, 2016. All other compensated absences due to employees at year end are reported only in the statement of net position.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(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 expenditures in the fund financial statements.

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 Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has three types of items that qualify 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. The second item relates to the pension reported in the Village-wide Statement of Net Position. This represents the effect of the net change in the Village's proportion of the collective net pension liability and difference during the measurement period between the Village's contributions and its proportionate share of total contributions to the pension system not included in pension expense. The third item is the Village's contribution to the New York State Employees Retirement System subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Village has one item that qualifies for reporting in this category. This represents the effect of the net change in the Village's proportion of the collective net pension liability and difference during the measurement periods between the Village's contributions and its proportionate share of total contributions to the pension system not included in pension expense.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Accounting Policies (cont'd)

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.

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 deferred outflows of resources and liabilities and deferred inflows of resources. 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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Equity Classifications (cont'd)

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 three:

Restricted -

Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted fund balances, generally referred to as reserves in accordance with New York State law, are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. Fund balance reserves currently in use by the Village include the following:

Capital Reserves - (GML Section 6-c)

The General Fund capital reserve is used to accumulate moneys to finance the cost of capital purchases for an aerial truck, a transport bus and mandated escape systems. The capital reserve in the water fund is used to accumulate moneys to finance the cost of capital improvements for water production, distribution and quality control infrastructure.

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.

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 68 and GASB Statement No. 71. Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The statements establish standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The Statements also require enhanced note disclosures and schedules of required supplementary information.

NOTE 3 - RESTATEMENT OF BEGINNING NET POSITION

The Village implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68* during the year ended May 31, 2016. As a result, the opening balance in Net Position at June 1, 2015 on the Statement of Activities was adjusted to reflect the recognition of the Village's proportionate share of the net pension liability and deferred outflows of resources related to the Village's participation in the New York State Employees' Retirement System.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 3 - RESTATEMENT OF BEGINNING NET POSITION (continued)

	<u>Governmental Activities</u>
Net Position at May 31, 2015 previously stated	\$ 6,968,829
GASB Statement No. 68 implementation:	
Less: Recognition of beginning New York State Employees' Retirement System Liability	(750,523)
Add: Recognition of beginning New York State Employees' Retirement System Deferred Outflows of Resources	168,881
GASB Statement No. 71 implementation:	
Add: Recognition of beginning deferred outflow of resources for contributions subsequent to the measurement date	<u>178,571</u>
Net Position June 1, 2015, as restated	<u>\$ 6,565,758</u>

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 five 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, 2016  
(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.

Pension Differences

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

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

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.

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016

(Continued)

NOTE 6 - CASH AND CASH EQUIVALENTS (continued)

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, 2016 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, 2016, the Village did not have any deposits subject to custodial credit risk.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 7 - CAPITAL ASSET ACTIVITY

Capital asset activity for the Village for the year ended  
May 31, 2016, 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>1,644,584</u>	<u>2,040,897</u>	<u>(282,978)</u>	<u>3,402,503</u>
 Total Capital Assets Not Being Depreciated	 \$ <u>2,034,584</u>	 \$ <u>2,040,897</u>	 \$ <u>(282,978)</u>	 \$ <u>3,792,503</u>
 <u>Depreciable Capital Assets</u>				
Infrastructure	\$ 40,931,543	\$ -0-	\$ -0-	\$ 40,931,543
Improvements other than Buildings	4,141,350	183,987	-0-	4,325,337
Buildings	17,630,177	500,717	-0-	18,130,894
Machinery and Equipment	<u>11,503,031</u>	<u>1,729,146</u>	<u>(965,000)</u>	<u>12,267,177</u>
 Total Depreciable Assets	 \$ <u>74,206,101</u>	 \$ <u>2,413,850</u>	 \$ <u>(965,000)</u>	 \$ <u>75,654,951</u>
 <u>Less Accumulated Depreciation:</u>	<u>Beginning Balance</u>	<u>Additions and Reclassifications</u>	<u>Retirements</u>	<u>Ending Balance</u>
Infrastructure	\$ 25,242,592	\$ 956,174	\$ -0-	\$ 26,198,766
Improvements Other Than Buildings	3,860,722	141,580	-0-	4,002,302
Buildings	10,547,777	332,899	-0-	10,880,676
Machinery and Equipment	<u>8,943,240</u>	<u>515,029</u>	<u>(965,000)</u>	<u>8,493,269</u>
 Total Accumulated Depreciation	 \$ <u>48,594,331</u>	 \$ <u>1,945,682</u>	 \$ <u>(965,000)</u>	 \$ <u>49,575,013</u>
 Total Net Depreciable Capital Assets	 \$ <u>25,611,770</u>	 \$ <u>468,168</u>	 \$ <u>-0-</u>	 \$ <u>26,079,938</u>
 Total Net Capital Assets	 \$ <u>27,646,354</u>			 \$ <u>29,872,441</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 7 - CAPITAL ASSET ACTIVITY (continued)

Depreciation expense was charged to governmental functions as follows:

General Government Support	\$	155,071
Public Safety		273,361
Transportation		759,832
Culture and Recreation		232,330
Home and Community Services		510,676
Economic Asset & Opportunity		<u>14,412</u>
<u>Total Depreciation Expense</u>	<u>\$</u>	<u>1,945,682</u>

NOTE 8 - NONCURRENT LIABILITIES

Long-Term Debt transactions for the year ended May 31, 2016 can be summarized as follows:

				Noncurrent Liabilities		
	Balance June 1, 2015	Additions	Reductions	Balance May 31, 2016	Due Within One Year	Due In More Than One Year
Serial Bonds Payable	\$ 11,945,000	\$ -0-	\$ 1,670,000	\$ 10,275,000	\$ 1,355,000	\$ 8,920,000
Premium on Bonds	1,450,507	-0-	178,068	1,272,439	-0-	1,272,439
Judgments and Claims Payable	579,264	486,539	579,264	486,539	486,539	-0-
Compensated Absences	<u>2,359,921</u>	<u>77,718</u>	<u>-0-</u>	<u>2,437,639</u>	<u>23,746</u>	<u>2,413,893</u>
<u>Totals</u>	<u>\$ 16,334,692</u>	<u>\$ 564,257</u>	<u>\$ 2,427,332</u>	<u>\$ 14,471,617</u>	<u>\$ 1,865,285</u>	<u>\$ 12,606,332</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, 2016  
(Continued)

NOTE 8 - NONCURRENT LIABILITIES (continued)

The following is a summary of serial bonds payable at May 31, 2016:

<u>Serial Bonds</u>	<u>%</u>	<u>Principal</u>
1996 Environmental Facilities Corp. Issue Final Payment Dated 7/15/16	1.67%	\$ 40,000
1998 Environmental Facilities Corp. Issue Final Payment Due 7/15/18	2.02%	75,000
2007 Public Improvement Issue Series B Final Payment Due 7/15/18	3.72%	970,000
2012 Refunding Serial Bonds Final Payment Due 8/15/23	4.94%	<u>9,190,000</u>
Total Principal of Bonds Outstanding		\$ 10,275,000
Unamortized Accrued Premium on Refunding Bonds		<u>1,272,439</u>
<u>Total</u>		<u>\$ 11,547,439</u>

Serial bonds outstanding at May 31, 2016 have principal and interest payments due as follows:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,105,000	278,875	1,383,875
May 31, 2021	1,160,000	222,250	1,382,250
May 31, 2022-2026	<u>3,865,000</u>	<u>296,125</u>	<u>4,161,125</u>
	\$ 10,275,000	\$ 2,012,971	\$ 12,287,971
Unamortized Premium on Refunding Bonds	<u>1,275,275</u>	<u>(1,275,275)</u>	<u>-0-</u>
Total	<u>\$ 11,550,275</u>	<u>\$ 737,696</u>	<u>\$ 12,287,971</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(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 \$178,070 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, 2016:

	<u>Total</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Tax Certiorari	\$ 255,000	\$ 255,000	\$ -0-
Workers Compensation	231,539	231,539	-0-
	<u>\$ 486,539</u>	<u>\$ 486,539</u>	<u>\$ -0-</u>

Tax Certiorari

The Village has recorded a liability for tax certioraris in the amount of \$255,000 as of May 31, 2016. 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, 2016, the Village estimates its workers' compensation liability to be \$231,539. The Village estimates the amount of workers' compensation that will be paid in the next twelve months to be \$231,539 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:

<u>Fiscal Year</u>	<u>Claims Incurred</u>			
<u>May 31</u>	<u>Beginning Balance</u>	<u>Net of Adjustment to Reserves</u>	<u>Payments</u>	<u>Ending Balance</u>
2016	\$ 253,564	\$ 128,259	\$ 150,284	\$ 231,539
2015	231,398	302,762	280,596	253,564
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 \$2,437,639 and has been accrued in the Statement of Net Position.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(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, 2016.

NOTE 9 - INTERFUND TRANSACTIONS

Due from and due to other Funds consists of the following at May 31, 2016:

<u>Major Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 265,235	\$ 145,760
Water	-0-	36,123
<u>Total Major Funds</u>	<u>\$ 265,235</u>	<u>\$ 181,883</u>
<u>Non-Major Funds</u>		
Special Grant	\$ -0-	\$ 15,350
Library	58,456	-0-
Swimming Pool	87,304	-0-
Capital	-0-	-0-
<u>Total Non-Major Funds</u>	<u>\$ 145,760</u>	<u>\$ 15,350</u>
<u>Total Governmental Activities</u>	<u>\$ 410,995</u>	<u>\$ 197,233</u>
<u>Fiduciary Funds</u>		
Trust and Agency	-0-	213,762
<u>TOTALS</u>	<u>\$ 410,995</u>	<u>\$ 410,995</u>

Interfund revenue transfers and interfund expenditure transfers for the year ending May 31, 2016 were as follows:

<u>Major Funds</u>	<u>Interfund Revenue Transfers</u>	<u>Interfund Expenditure Transfers</u>
General	\$ 100,000	\$ 2,624,443
Water	-0-	100,000
<u>Total Major Funds</u>	<u>\$ 100,000</u>	<u>\$ 2,724,443</u>
<u>Non-Major Funds</u>		
Library	\$ 1,938,147	\$ -0-
Swimming Pool	686,296	-0-
Special Grant	-0-	-0-
Capital	-0-	-0-
<u>Total Non-Major Funds</u>	<u>\$ 2,624,443</u>	<u>\$ -0-</u>
<u>TOTALS</u>	<u>\$ 2,724,443</u>	<u>\$ 2,724,443</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016

(Continued)

NOTE 9 - INTERFUND TRANSACTIONS (continued)

The Governmental Funds' Interfund Receivable from the Fiduciary Fund, in the amount of \$213,762, is reported on the Village-wide Statement of Net Position as Due from Fiduciary Fund.

NOTE 10 - PENSION PLANS

Employees' Retirement System (ERS)

General Information About the Pension Plan

Plan Description & Benefits Provided

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

Benefits Provided

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

*Tiers 1 and 2*

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Benefits Provided (cont'd)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

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

*Tiers 3, 4 and 5*

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

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

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

*Tier 6*

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016

(Continued)

NOTE 10 - PENSION PLANS (continued)

Benefits Provided (cont'd)

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

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

*Ordinary Disability Benefits*

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

*Accidental Disability Benefits*

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

*Ordinary Death Benefits*

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

*Post-Retirement Benefit Increases*

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Benefits Provided (cont'd)

met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>ERS</u>	<u>Annual Required Contribution</u>	<u>Amortization Reconciliation and Miscellaneous Adjustments</u>	<u>Total Payment</u>
May 31, 2016	\$1,036,803	(33,797)	\$1,003,006
May 31, 2015	1,151,608	(46,467)	1,105,141
May 31, 2014	1,228,928	47,140	1,276,068

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

At May 31, 2016, the Village reported a liability of \$3,391,430 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2016, the Village's proportion was 0.0211300 percent, which was a decrease of 0.0010864 from its proportion measured as of March 31, 2015.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

For the year ended May 31, 2016, the Village recognized pension expense of \$1,226,243. At May 31, 2016, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,138	\$ 401,997
Changes of Assumptions	904,392	-0-
Net difference between projected and actual earnings on pension plan investments	2,011,982	-0-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	78,357	23,320
Employer contributions subsequent to the measurement date	<u>150,871</u>	<u>-0-</u>
Total	<u>\$ 3,162,740</u>	<u>\$ 425,317</u>

\$150,871 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended March 31:</u>	
2017	\$658,608
2018	\$658,608
2019	\$658,608
2020	\$616,388
2021	\$ -0-

Actuarial Assumptions

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016

(Continued)

NOTE 10 - PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

Significant actuarial assumptions used in April 1, 2015 valuation were as follows:

Inflation rate	2.5%
Salary scale	
ERS	3.8%
Decrement tables	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Interest rate	7.0%
Mortality Improvement	Society of Actuaries Seale MP-2014

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

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate</u>
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return Strategies	3%	6.75%
Opportunistic Portfolio	3%	8.60%
Real Assets	3%	8.65%
Bonds & Mortgages	18%	4.00%
Cash	2%	2.25%
Inflation Indexed Bonds	2%	4.00%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016

(Continued)

NOTE 10 - PENSION PLANS (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (Asset)	7,647,428	3,391,430	(204,707)

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

	(Dollars in Thousands)
	Employees'
	<u>Retirement System</u>
Employers' total pension liability	\$ 172,303,544
Plan fiduciary net position	(156,253,265)
Employers' net pension liability	<u>\$ 16,050,279</u>
 Ratio of plan fiduciary net position to the employers' total pension liability	 90.7%

Village Sponsored Fire Service Award Program

The Incorporated Village of Mineola financial statements are for the year ended May 31, 2016. 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, 2015, 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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Village Sponsored Fire Service Award Program (cont'd)

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 the later of age 60 or age after first earning a year of service credit under the point system. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (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.

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Village Sponsored Fire Service Award Program (cont'd)

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.

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 Treasurer the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The Treasurer, as custodian of the Incorporated Village of Mineola's LOSAP trust funds, presents the service award to the Board of Trustees for approval at a board meeting. No service award benefit payment is made without the written certification from Penflex and approval, via resolution, from 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. A resolution each year at Organization Night authorizes the Treasurer to be the custodian of LOSAP.

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, 2016  
(Continued)

NOTE 10 - PENSION PLANS (continued)

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Accrued Service Awards as of 1/1/16	\$ 4,318,259
Less: Assets Available for Benefits	
Money Market	\$ 89,350
U.S. Equities	516,784
International Equities	511,222
Taxable Fixed Income	1,480,722
Mixed Assets	649,644
Other Assets	<u>25,769</u>
Total Net Assets Available for Benefits	\$ 3,273,491
Total Unfunded (Excess) Benefits	\$ 1,044,768
Less: Unfunded Liability for Separately Amortized Costs	<u>(83,139)</u>
Unfunded Normal (Excess) Benefits	<u>\$ 961,629</u>

As of January 1, 2016, the Village is amortizing the \$1,044,768 unfunded benefit over 15 years at a 5.56% interest rate.

Separately Amortized Costs

The service credit earned by firefighters after they attained the entitlement age of 60 years old, is amortized over a three year period at a 5.58% interest rate. The amount being amortized over this 3 year period is \$84,139.

Receipts and Disbursements

Plan Net Assets, January 1, 2015	\$ 3,350,539
Changes during the year:	
Plan contributions	\$ 201,956
Investment income earned	109,855
Changes in fair market value of investments	(249,577)
Administrative and Other Fees/Charges	(21,118)
Benefits Paid	<u>(118,164)</u>
Plan Net Assets, December 31, 2015	<u>\$ 3,273,491</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(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, 2015	May 31, 2016	\$201,956	\$201,956
December 31, 2014	May 31, 2015	202,422	202,422
December 31, 2013	May 31, 2014	190,426	190,426

Administration Fees

Fees paid to administrative/actuarial services provider	\$10,611
Fees paid for investment managements	\$20,289
Other administration fees	\$ 829

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 Cost method. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on program investments 5.5%  
Tables used for:

Post Entitlement Age mortality:	1994 Uninsured 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, 2016  
(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 October 1, 2014, (the census data and plan information provided by the Village for the June 1, 2014 actuarial valuation) there were 179 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, 2016 is 22.99 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)	\$ 3,964,619
Interest on Net OPEB Obligation	600,609
Adjustment to ARC	<u>(757,701)</u>
Annual OPEB Expense	\$ 3,807,527
Contributions Made	<u>(1,186,831)</u>
Increase in OPEB Obligation	\$ 2,620,696
Net OPEB Obligation - beginning of year	<u>15,015,230</u>
Net OPEB Obligation - end of year	<u>\$ 17,635,926</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(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, 2016 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>
05/31/2014	\$ 3,447,401	36.2%	\$12,444,003	\$ 5,461,536	63.1%
05/31/2015	\$ 3,643,049	29.4%	\$15,015,230	\$ 5,143,750	70.8%
05/31/2016	\$ 3,807,527	31.2%	\$17,635,926	\$ 5,349,500	71.2%

Funded Status and Funding Progress

As of June 1, 2014, the most recent actuarial valuation date, the actuarial accrual liability for benefits was \$42,744,340. 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 \$42,744,340. The annual payroll of active employees (covered payroll) that participate in the plan was \$5,143,750, and the ratio of UAAL to cover payroll was 831.0%.

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, 2014, 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 8.5%/5% initially reduced by decrements to an ultimate rate of 5% after year 2021.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

NOTE 12 - RISK MANAGEMENT

The Village of Mineola is exposed to various risks of loss related to torts; theft, damages to, and destruction of assets; errors and omissions; trip and full injuries; and natural disasters, all of which are insured by general liability insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The Village self insures its liability for worker's compensation. Please see Note 8 on page 39 for details on its estimated liability.

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>
2017	\$ 26,499
2018	26,499
2019	26,499
2020	18,099
2021	18,099
	<u>\$115,695</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:

GASB Statement No. 72 - In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. GASB 72 addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for the year ending May 31, 2017.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016

(Continued)

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

GASB Statement No. 73 - In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68 for pension plans and pensions that are within their respective scopes. This statement is effective for the year ending May 31, 2017.

GASB Statement No. 74 - In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. GASB No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for the year ending May 31, 2018.

GASB Statement No. 75 - In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB No. 75 improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for the year ending May 31, 2019.

GASB Statement No. 76 - In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. GASB No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement is effective for the year ending May 31, 2017.

GASB Statement No. 77 - In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. GASB No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement is effective for the year ending May 31, 2017.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2016  
(Continued)

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

GASB Statement No. 78 - In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple - Employer Defined Benefit Pension Plans*. GASB No. 78 addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This statement is effective for the year ending May 31, 2017.

GASB Statement No. 79 - In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB No. 79 addresses accounting and financial reporting for certain investment pools and pool participants. Specifically it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This statement is effective for the year ending May 31, 2017.

GASB Statement No. 80 - In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units an Amendment of GASB Statement No. 14*. GASB No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This statement is effective for the year ending May 31, 2018.

GASB Statement No. 81 - In March 2016, GASB issued Statement No. 81, *Irrevocable Split - Interest Agreements*. GASB No. 81 improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement is effective for the year ending May 31, 2018.

GASB Statement No. 82 - In March 2016, GASB issued Statement No. 82, *Pension Issues an Amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for the year ending May 31, 2018.

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 September 29, 2016 which is the date the financial statements were available to be issued.

**INCORPORATED VILLAGE OF MINEOLA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**- BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2016**

	Budgets		Actual	Over (Under) Revised Budget
	Original	Revised		
<b>REVENUES</b>				
Real Property Taxes	\$ 13,521,834	\$ 13,603,462	\$ 13,603,462	\$ -0-
Other Tax Items	65,000	52,567	52,567	-0-
Non-Property Tax Items	892,234	920,926	920,926	-0-
Departmental Income	1,060,000	1,073,735	1,073,735	-0-
Use of Money and Property	319,464	365,644	365,644	-0-
Licenses and Permits	541,600	1,924,587	1,924,587	-0-
Fines and Forfeitures	1,525,000	1,864,962	1,864,962	-0-
Sale of Property and Compensation for Loss	15,000	20,383	20,383	-0-
Miscellaneous	500,364	505,651	505,651	-0-
State Aid	833,759	1,128,180	1,128,180	-0-
Federal Aid	0	-0-	-0-	-0-
<b>Total Revenue</b>	<b>\$ 19,273,755</b>	<b>\$ 21,460,097</b>	<b>\$ 21,460,097</b>	<b>\$ -0-</b>
<b>EXPENDITURES</b>				
General Government Support	\$ 4,034,875	\$ 4,237,432	\$ 4,237,432	\$ -0-
Public Safety	2,827,072	2,742,671	2,742,671	-0-
Health	89,000	89,092	89,092	-0-
Transportation	3,023,494	3,499,899	3,499,899	-0-
Economic Assistance and Opportunity	-0-	-0-	-0-	-0-
Culture and Recreation	1,498,910	1,912,168	1,912,168	-0-
Home and Community Services	2,577,737	2,602,108	2,602,108	-0-
Employee Benefits	3,914,228	3,925,136	3,925,136	-0-
Debt Service, Principal	1,022,324	1,022,324	1,022,324	-0-
Debt Service, Interest	309,311	309,311	309,311	-0-
<b>Total Expenditures</b>	<b>\$ 19,296,251</b>	<b>\$ 20,340,141</b>	<b>\$ 20,340,141</b>	<b>\$ -0-</b>
<b>Excess of Revenue over Expenditures</b>	<b>\$ (23,196)</b>	<b>\$ 1,119,956</b>	<b>\$ 1,119,956</b>	<b>\$ -0-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ -0-
Interfund Transfers Out	(2,624,443)	(2,624,443)	(2,624,443)	-0-
<b>Total Other Financing Sources and Uses</b>	<b>\$ (2,524,443)</b>	<b>\$ (2,524,443)</b>	<b>\$ (2,524,443)</b>	<b>\$ -0-</b>
<b>Net Increase/(Decrease) in Fund Balance</b>	<b>\$ (2,547,639)</b>	<b>\$ (1,404,487)</b>	<b>\$ (1,404,487)</b>	<b>\$ -0-</b>
<b>Fund Balance - Beginning</b>	<b>7,844,220</b>	<b>7,844,220</b>	<b>7,844,220</b>	<b>-0-</b>
<b>Fund Balance - Ending</b>	<b>\$ 5,296,581</b>	<b>\$ 6,439,733</b>	<b>\$ 6,439,733</b>	<b>\$ -0-</b>

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGET BASIS OF ACCOUNTING**

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

INCORPORATED VILLAGE OF MANICOLA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
- BUDGET AND ACTUAL - WATER FUND  
FOR THE FISCAL YEAR ENDED MAY 31, 2016

	Budgets		Actual	Over (Under) Revised Budget
	Original	Revised		
<b>REVENUES</b>				
Departmental Income	\$ 2,464,962	\$ 2,464,962	\$ 2,874,031	\$ 409,069
Use of Money and Property	1,596	1,596	1,596	-0-
Licenses and Permits	-0-	-0-	620,000	620,000
Sale of Property and Compensation for Loss	-0-	-0-	-0-	-0-
Miscellaneous	7,000	-0-	304	304
State Sources	-0-	-0-	-0-	-0-
Federal Sources	-0-	-0-	-0-	-0-
<b>Total Revenues</b>	<b>\$ 2,473,558</b>	<b>\$ 2,466,558</b>	<b>\$ 3,495,931</b>	<b>\$ 1,029,373</b>
<b>EXPENDITURES</b>				
General Government Support	\$ 2,000	\$ 1,795	\$ 1,795	\$ -0-
Home and Community Services	1,631,124	1,645,323	1,554,996	(90,327)
Employee Benefits	326,600	301,146	301,146	-0-
Debt Service - Principal	314,138	314,138	314,138	-0-
Debt Service - Interest	104,156	104,156	104,156	-0-
<b>Total Expenditures</b>	<b>\$ 2,378,018</b>	<b>\$ 2,366,558</b>	<b>\$ 2,276,231</b>	<b>(90,327)</b>
<b>Excess of Revenue over Expenditures</b>	<b>\$ 95,540</b>	<b>\$ 100,000</b>	<b>\$ 1,219,700</b>	<b>\$ 1,119,700</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interfund Transfers Out	(100,000)	(100,000)	(100,000)	-0-
<b>Total Other Financing Sources and Uses</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ (100,000)</b>	<b>\$ -0-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (4,460)</b>	<b>\$ -0-</b>	<b>\$ 1,119,700</b>	<b>\$ 1,119,700</b>
<b>Fund Balance - Beginning</b>	<b>\$ 115,383</b>	<b>\$ 115,383</b>	<b>\$ 115,383</b>	<b>-0-</b>
<b>Fund Balance - Ending</b>	<b>\$ 110,923</b>	<b>\$ 115,383</b>	<b>\$ 1,235,083</b>	<b>\$ 1,119,700</b>

Note to Required Supplementary Information

Budget Basis of Accounting

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

VILLAGE OF MINEOLA

SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

FOR THE YEAR ENDED MAY 31, 2016

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%
6/1/2014	\$ -0-	\$ 42,744,340	\$ 42,744,340	0%	\$ 5,143,750	831.0%

INCORPORATED VILLAGE OF MINNEOLA

SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NYSERS PENSION PLAN

LAST 10 FISCAL YEARS \*

	2016	2015	2014 **	2013 **	2012 **	2011 **	2010 **	2009 **	2008 **	2007 **
Village's proportion of the net pension liability	0.0211300	0.0222164	N/A							
Village's proportionate share of the net pension liability	3,391,430	750,523	N/A							
Village's covered-employee payroll	6,951,168	5,900,727	N/A							
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.75%	12.72%	N/A							
Plan fiduciary net position as a percentage of the total pension liability	93.7	97.9%	N/A							

\* The amounts presented for each fiscal year were determined as of March 31.  
N/A = Not Available

Note to Required Supplementary Information

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

INCORPORATED VILLAGE OF MINEOLA  
 SCHEDULE OF VILLAGE CONTRIBUTIONS  
 NYSPERS PENSION PLAN  
 LAST 10 FISCAL YEARS \*

	2015	2016	2014 **	2013 **	2012 **	2011 **	2010 **	2009 **	2008 **	2007 **
Contractually required contribution	\$ 1,003,006	\$ 1,105,141	N/A							
Contributions in relation to the contractually required contribution	1,003,006	1,105,141	N/A							
Contribution deficiency (excess)	\$ -0-	\$ -0-	N/A							
Village's covered-employee payroll	6,222,046	6,515,589	N/A							
Contributions as a percentage of covered-employee payroll	16.12%	16.96%	N/A							

\* The amounts presented for each fiscal year were determined as of May 31.  
 N/A = Not Available

Note to Required Supplementary Information

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

INCORPORATED VILLAGE OF MINEOLA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

MAY 31, 2016

	Special Revenue Funds				Total Non-Major
	Special Grant	Library	Swimming Pool	Capital Projects	Governmental Funds
<b>ASSETS</b>					
Cash	0	2,232	7,607	-0-	9,839
Cash and Cash Equivalents					
Receivables					
Accounts Receivable	7,089	105	-0-	-0-	7,194
Due From Other Funds - General	-0-	58,456	87,304	-0-	145,760
Due From Other Funds - Capital Projects	-0-	-0-	-0-	-0-	-0-
Due From Other Funds - Trust and Agency	-0-	-0-	-0-	-0-	-0-
Due From Other Funds - Swimming Pool	-0-	-0-	-0-	-0-	-0-
Due From Other Funds - Library	-0-	-0-	-0-	-0-	-0-
Due From Other Governments	30,668	-0-	-0-	-0-	30,668
Prepaid Expenditures	-0-	-0-	-0-	-0-	-0-
Total Receivables	37,757	58,561	87,304	-0-	183,622
Total Assets	37,757	60,793	94,911	-0-	193,461
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	22,407	10,530	1,483	-0-	34,420
Accrued Liabilities	-0-	12,941	2,305	-0-	15,246
Due to Employees' Retirement System	-0-	17,893	2,927	-0-	20,820
Due to Other Funds - General	15,350	-0-	-0-	-0-	15,350
Due to Other Funds - Water	-0-	-0-	-0-	-0-	-0-
Due to Other Funds - Library	-0-	-0-	-0-	-0-	-0-
Due to Other Funds - Debt Service	-0-	-0-	-0-	-0-	-0-
Unearned Revenues	-0-	-0-	26,287	-0-	26,287
Total Liabilities	37,757	41,364	33,002	-0-	112,123
Fund Balances					
Assigned:					
Special Grant	-0-	-0-	-0-	-0-	-0-
Library	-0-	19,429	-0-	-0-	19,429
Swimming Pool	-0-	-0-	61,909	-0-	61,909
Unassigned	-0-	-0-	-0-	-0-	-0-
Total Fund Balances	-0-	19,429	61,909	-0-	81,338
Total Liabilities and Fund Balances	37,757	60,793	94,911	-0-	193,461

INCORPORATED VILLAGE OF MINEOLA  
 COMBINED SUMMARY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED MAY 31, 2016

	Special Revenue Funds				Total Non-Major Governmental Funds
	Special Grant	Library	Swimming Pool	Capital Projects	
<b>REVENUES</b>					
Departmental Income	\$ 7,089	\$ 19,274	\$ 66,492	\$ -0-	\$ 92,855
Use of Money and Property	-0-	-0-	-0-	-0-	-0-
Sale of Property and Compensation for Loss	-0-	-0-	-0-	-0-	-0-
Miscellaneous	-0-	6,415	61	-0-	6,476
State Aid	-0-	25,286	-0-	-0-	25,286
Federal Aid	97,108	-0-	-0-	-0-	97,108
<b>Total Revenues</b>	\$ 104,197	\$ 50,975	\$ 66,553	\$ -0-	\$ 221,725
<b>EXPENDITURES</b>					
General Government Support	-0-	1,597	1,237	-0-	2,834
Public Safety	-0-	-0-	-0-	-0-	-0-
Culture and Recreation	-0-	1,245,068	543,415	-0-	1,788,483
Home and Community Services	104,197	-0-	-0-	-0-	104,197
Employee Benefits	-0-	432,989	47,010	-0-	479,999
Debt Service - Principal	-0-	193,696	139,842	-0-	333,538
Debt Service - Interest	-0-	99,577	21,015	-0-	120,592
<b>Total Expenditures</b>	\$ 104,197	\$ 1,972,927	\$ 752,519	\$ -0-	\$ 2,829,643
Excess (Deficiency) of Revenues Over Expenditures	\$ -0-	\$ (1,921,952)	\$ (685,966)	\$ -0-	\$ (2,607,918)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-0-	1,938,147	686,296	-0-	2,624,443
Transfers Out	-0-	-0-	-0-	-0-	-0-
<b>Total Other Financing Sources and Uses</b>	\$ -0-	\$ 1,938,147	\$ 686,296	\$ -0-	\$ 2,624,443
<b>Net Change in Fund Balances</b>	\$ -0-	\$ 16,195	\$ 330	\$ -0-	\$ 16,525
<b>Fund Balances - June 1, 2015</b>	\$ -0-	\$ 3,234	\$ 61,579	\$ -0-	\$ 64,813
<b>Fund Balances - May 31, 2016</b>	\$ -0-	\$ 19,429	\$ 61,909	\$ -0-	\$ 81,338



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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, 2016, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated September 29, 2016.

**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*.

#### **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.

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RYNKAR, VAIL & BARRETT, LLP

Mineola, New York  
September 29, 2016