

**INCORPORATED VILLAGE OF MINEOLA**  
**MINEOLA, NEW YORK**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MAY 31, 2009**

INCORPORATED VILLAGE OF MINEOLA  
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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

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, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2009, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

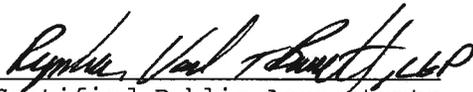
As discussed in Note 2 to the financial statements, the Village adopted the provisions of Government Accounting Standards Board No. 45, (GASB 45) Financial Reporting for Post Employment Benefit Plans other than Pension Plans (OPEB) for the year ended May 31, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2009, on our consideration of the Incorporated Village of Mineola, New York'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 11, budgetary comparison information on pages 52 through 53 and schedule of funding progress for post-employment benefits other than pensions on page 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Mineola, New York's, basic financial statements. The Other Supplementary Information, listed on pages 55 through 57, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Cynthia Van Tasselt, CPA  
Certified Public Accountants

Mineola, New York  
October 8, 2009

INCORPORATED VILLAGE OF MINEOLA  
MINEOLA, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED MAY 31, 2009

Management's Discussion and Analysis

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, 2009. 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 assets are comprised of the following:

- (1) At the end of the current fiscal year, unreserved fund balance for the General Fund was \$2,191,619 which represents 12.58% of total General Fund expenditures.
- (2) The Water Fund provided revenues in excess of expenditures in the amount of \$11,890, which resulted in a fund balance of \$127,814 as of May 31, 2009.
- (3) Governmental Funds fund balances increased approximately \$577,000 during the year ended May 31, 2009. The general fund accounted for approximately \$735,000 of this increase. The Capital Projects fund balance decreased approximately \$194,000. The Capital Projects fund balance will increase when the Bond Anticipation Notes are redeemed from appropriations or refinanced from a future Bond sale.
- (4) General Long Term Debt exclusive of other post employment benefits payable decreased \$2,173,186 during the fiscal year.

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.

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 whole Village. The Statement of Net Assets presents information on all of the Incorporated Village of Mineola's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 Assets combines

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

Village-wide Financial Statements (cont'd)

and consolidates the government funds' balance sheet with capital assets and long-term obligations. The Statement of Activities presents information showing how the Village's net assets 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 Assets 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 Assets and the Statement of Activities) and governmental funds is detailed in a reconciliation following each of the fund financial statements. The Incorporated Village of Mineola maintains seven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for each major fund and the consolidated non-major funds. The Village reports the general, water and capital projects funds as major funds.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

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 Assets and Changes in Fiduciary Net Assets. The activities of these funds are excluded from the Village-wide financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Financial Analysis of the Village as a Whole

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

Condensed Summary of Net Assets  
Governmental Activities  
As of May 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 5,690,943	\$ 5,135,448
Capital Assets	<u>29,108,922</u>	<u>30,708,424</u>
<u>Total Assets</u>	<u>\$ 34,799,865</u>	<u>\$ 35,843,872</u>
Long-Term Liabilities	\$ 26,014,451	\$ 25,931,514
Other Liabilities	<u>5,269,814</u>	<u>5,566,261</u>
<u>Total Liabilities</u>	<u>\$ 31,284,265</u>	<u>\$ 31,497,775</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	\$ 8,742,961	\$ 8,995,820
Restricted	31,559	446,280
Unrestricted (Deficit)	<u>(5,258,920)</u>	<u>(5,096,003)</u>
<u>Total Net Assets</u>	<u>\$ 3,515,600</u>	<u>\$ 4,346,097</u>

Total assets decreased \$1,044,007 and total liabilities decreased \$213,510 from the prior year, which results in a \$830,497 decrease in net assets.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

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

Summary of Changes in Net Assets

Governmental Activities  
For the Year Ended May 31,  
2009 and 2008

	<u>May 31, 2009</u>	<u>% of Totals</u>	<u>May 31, 2008</u>	<u>% of Totals</u>
<u>Revenues:</u>				
<u>Program Revenues</u>				
Charge for Services	\$ 5,591,651	27.5%	\$ 5,709,544	27.3%
Operating Grants and Contributions	46,670	.2%	41,963	.2%
Capital Grants and Contributions	270,864	1.3%	918,663	4.4%
<u>General Revenues</u>				
Real Property Taxes	12,451,874	61.3%	12,048,716	57.7%
Other Tax Items	67,202	.3%	50,184	.3%
Non-Property Tax Items	869,453	4.3%	840,721	4.0%
Investment Earnings	394,988	2.0%	488,717	2.3%
State Aid	615,407	3.1%	798,440	3.8%
<u>Total Revenues and Special Items</u>	<u>\$ 20,308,109</u>	<u>100.0%</u>	<u>\$ 20,896,948</u>	<u>100.0%</u>
<u>Expenses</u>				
General Government Support	\$ 4,903,074	23.2%	\$ 4,757,634	24.9%
Public Safety	2,143,281	10.0%	1,826,754	9.6%
Health	81,116	.4%	72,595	.4%
Transportation	3,308,475	15.7%	2,434,455	12.7%
Economic Assistance and Opportunity	6,022	.0%	92,931	.5%
Culture and Recreation	3,601,964	17.1%	3,031,255	15.9%
Home and Community Services	6,032,262	28.5%	5,777,933	30.2%
Interest on Long-Term Debt	1,062,412	5.0%	1,108,459	5.8%
<u>Total Expenses</u>	<u>\$ 21,138,606</u>	<u>100.0%</u>	<u>\$ 19,102,016</u>	<u>100.0%</u>
Increase (Decrease) in Net Assets	<u>\$ (830,497)</u>		<u>\$ 1,794,932</u>	

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

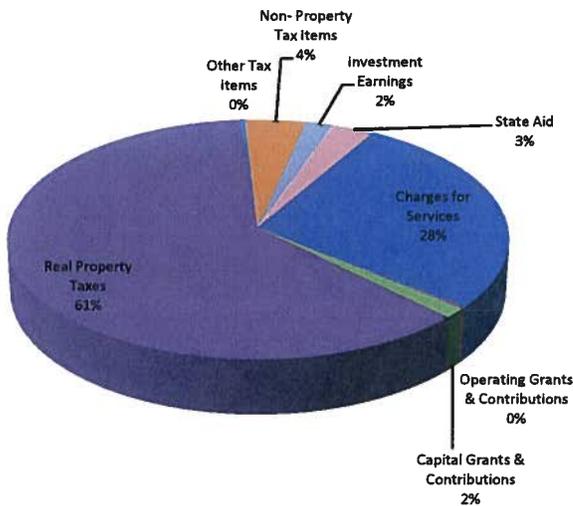
Financial Analysis of the Village as a Whole (cont'd)

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

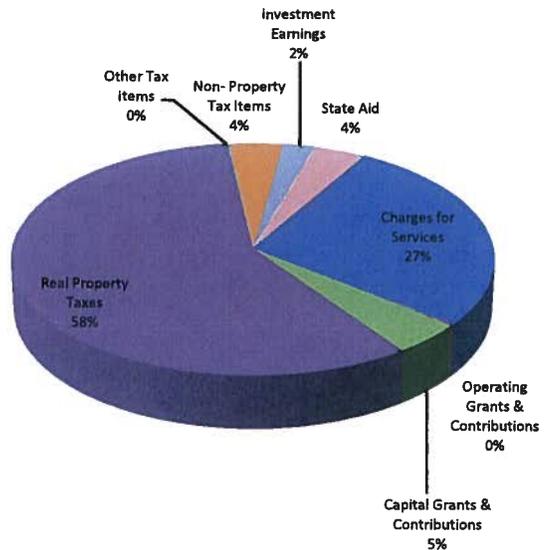
Furthermore, the above shows that total governmental activities cost \$21,138,606 for the fiscal year ended May 31, 2009. The most significant governmental expenses for the Village was to provide home and community services, and general government support. These expenses were offset by revenues collected from a variety of sources. The major components of home and community services are water, sanitation and sewer services. The major components of general government support are the clerk's, the treasurer's, and the Village Justice's offices, payments on settled tax certioraris and unallocated insurance.

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

**May 31, 2009**



**May 31, 2008**



INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

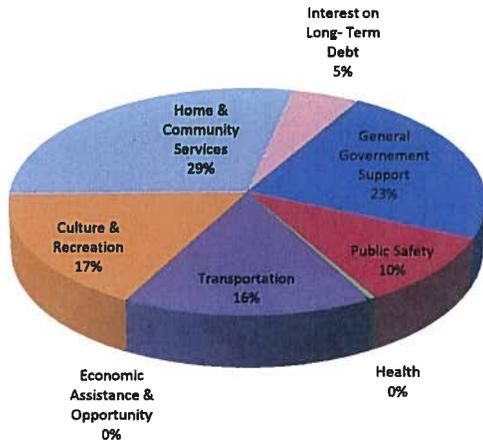
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

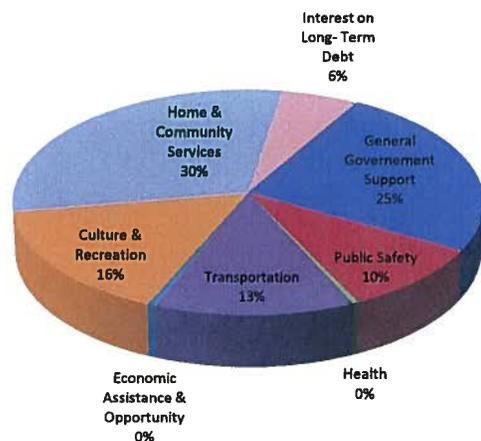
Financial Analysis of the Village as a Whole (cont'd)

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

**May 31, 2009**



**May 31, 2008**



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 \$1,740,936, of which \$1,708,244 is unreserved, indicating availability for continuing Village operating purposes.

The total ending fund balances of governmental funds show an increase of \$577,179 from the prior year. This increase is primarily the result of total expenditures less than budgeted appropriations.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

General Fund Budgetary Highlights

For the 2008/2009 fiscal year, total charges to appropriations on a budgetary basis were \$17,428,269 compared to the budgeted amount of \$18,241,099. Actual amounts available for appropriation on a budgetary basis were \$18,163,840 as compared to the budget amount of \$18,241,099.

On a budgetary basis, the Village has an actual General Fund fund balance of \$2,191,619 as of the fiscal year ended, compared to the budgeted fund balance of \$1,456,048. The variance from budgeted fund balance of \$735,571 is primarily due to a \$77,259 decrease in actual revenues from estimated revenues and a decrease of \$812,830 in actual expenditures from appropriations. The decrease in actual revenues over budgeted revenues came primarily from State Aid.

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, 2009 was \$29,108,922. See Note 6 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, 2009</u>	<u>May 31, 2008</u>
<u>Non-Depreciable Assets:</u>		
Land	\$ 390,000	\$ 390,000
<u>Depreciable Assets:</u>		
Infrastructure and Improvements	18,744,993	19,742,471
Improvements other than Buildings	833,358	1,034,325
Buildings	7,312,354	7,589,750
Vehicles, Machinery & Equipment	1,828,217	1,951,878
<u>Total</u>	<u>\$ 29,108,922</u>	<u>\$ 30,708,424</u>

Long-Term Debt

At the end of the fiscal year, the Village had total bonded debt outstanding in the amount of \$23,933,791, a decrease of \$1,855,037 from the fiscal year ended May 31, 2008. This amount is bonded by the full faith and credit of the Incorporated Village of Mineola, New York.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

Capital Asset and Debt Administration (cont'd)

Long-Term Debt (cont'd)

Outstanding Bonds

	<u>Governmental Activities</u>	
	<u>May 31, 2009</u>	<u>May 31, 2008</u>
General Obligation		
Serial Bonds	\$23,705,791	\$25,446,282
Bond Anticipation Notes	<u>228,000</u>	<u>342,000</u>
<u>Total</u>	<u>\$23,933,791</u>	<u>\$25,788,282</u>

See Note 7 for additional information about the Village's long-term debt.

Economic Factors and Next Year's Budgets

The Incorporated Village of Mineola grew steadily between 1950 and 1970 at which time the U.S. Census reported a population of 21,845. The population in the Village showed declines for the 1980 and 1990 census. For 2000, the census reports a small population increase to 19,234 persons. Similar trends in population were reported for the Town and County.

Income levels for Village residents are below those for the Town and County but are significantly higher than the State averages. Per capita income in the Village was \$28,890 in 2000 compared to \$23,389 for the State. Median income for families residing in the Village was \$71,042 in 2000, while the median family income in the State as a whole in 2000 was \$51,691.

According to U.S. Census data, the civilian labor force in the Village dropped by 2.2% during the ten-year period between 1990 and 2000. Village residents holding jobs classified as professional or managerial accounted for 38.4% of employed residents which is comparable to State averages but below Town and County levels.

The Village provides its residents with many of the services traditionally provided by Village governments. In addition, the Town and County furnish certain other services. The Village provides the following services: refuse collection, refuse disposal under contract to the Town; highway and public facilities maintenance; water supply; sewage collection; a local justice court that is responsible for enforcing provisions of the State's Vehicle and Traffic Law and local ordinances as well as having jurisdiction over certain civil and criminal matters; cultural and recreational activities; building code enforcement; and planning and zoning administration. The Mineola Public Library (a Village supported library) provides library services to Village residents.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2009

Economic Factors and Next Year's Budgets (cont'd)

Fire protection is furnished by a volunteer fire department, which maintains two fire houses in the Village.

Analysis of economic factors and trends are helpful to the Village's budgetary process. For the fiscal year 2010, the Village approved a total General Fund budget of \$18,187,678. The Village's total assessed valuation for fiscal year 2010 amounts to approximately \$2,873,805,848. The fiscal year 2010 tax rate is 2.998 for Homestead Properties and 8.437 for Non-Homestead Properties per \$1,000 assessed valuation.

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 ASSETS

AS OF MAY 31, 2009

<u>ASSETS</u>	<u>Government Activities</u>	
Cash and Cash Equivalents	\$	2,746,945
Tax Sale Certificates Receivable (Net of \$614,889, allowance)		-0-
Water Rents Receivable		803,034
Accounts Receivable		270,450
Due from Fiduciary Fund		182,240
Due from Other Governments		83,610
Inventory - Books, Periodicals, etc.		1,529,671
Deferred Bond Costs		74,993
Non-Current Assets:		
Capital Assets		
Land	\$	390,000
Depreciable Capital Assets, net	28,718,922	<u>29,108,922</u>
 <u>TOTAL ASSETS</u>		 <u>\$ 34,799,865</u>
 <u>LIABILITIES</u>		
Accounts Payable	\$	677,159
Accrued Liabilities		198,591
Due to Employees' Retirement System		67,708
Accrued Interest Payable		302,250
Bonds Anticipation Notes Payable		771,000
Deferred Revenue		20,598
Non-Current Liabilities:		
Due Within One Year	\$	3,232,508
Due in More Than One Year	26,014,451	<u>29,246,959</u>
 <u>TOTAL LIABILITIES</u>		 <u>\$ 31,284,265</u>
 <u>NET ASSETS</u>		
Investment in Capital Assets, Net of Related Debt	\$	8,742,961
Restricted for:		
Capital Projects		30,656
Special Revenue - Community Development Grant		903
Unrestricted (Deficit)		<u>(5,258,920)</u>
 <u>NET ASSETS</u>		 <u>\$ 3,515,600</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING MAY 31, 2002

Functions/Programs	Expenses		Charges for Services		Program Revenues		Capital Grants and Contributions		Net (Expense) Revenue and Changes in Net Assets
<b>Governmental Activities:</b>									
General Government	\$ 4,903,074	\$ 2,223,063	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ (2,680,011)
Public Safety	2,143,281	20,543	25,000				2,500		(2,095,238)
Health	81,116	-0-	-0-				-0-		(81,116)
Transportation	3,308,475	731,697	-0-				152,487		(2,424,291)
Economic Assistance and Opportunity	6,022	-0-	-0-				5,529		(493)
Culture and Recreation	3,601,964	146,932	21,670				-0-		(3,433,362)
Home and Community	6,032,262	2,469,416	-0-				110,348		(3,452,498)
Interest on Long-Term Debt	1,062,412	-0-	-0-				-0-		(1,062,412)
<b>Total Governmental Activities</b>	<b>\$ 21,138,606</b>	<b>\$ 5,591,651</b>	<b>\$ 46,670</b>	<b>\$ 270,864</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 270,864</b>	<b>\$ -0-</b>	<b>\$ (15,229,421)</b>

General Revenues:

Real Property Taxes	\$ 12,451,874
Other Tax Items	67,202
Non-Property Tax Items	869,453
Use of Money and Property	394,988
State Aid	615,407

Total General Revenues

\$ 14,398,924

Changes in Net Assets

\$ (830,497)

Net Assets - Beginning of Period

4,346,097

Net Assets - End of Period

\$ 3,515,600

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

BALANCE SHEET

GOVERNMENTAL FUNDS

MAY 31, 2009

	Major Governmental Funds			Non-Major Governmental Funds	Totals
	General	Water	Capital Projects		
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,355,140	\$ 363,929	\$ 313	\$ 27,563	\$ 2,746,945
Tax Sale Certificates Receivable (Net of \$614,889 allowance)	-0-	-0-	-0-	-0-	-0-
Water Rents Receivable	-0-	401,629	-0-	-0-	401,629
Accounts Receivable	56,463	3,795	-0-	1,310	61,568
Due From Other Funds	907,558	134,282	291,044	241,125	1,574,009
Due From Other Governments	-0-	-0-	-0-	83,610	83,610
<b>Total Assets</b>	\$ 3,319,161	\$ 903,635	\$ 291,357	\$ 353,608	\$ 4,867,761
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 467,115	\$ 107,508	\$ 13,360	\$ 89,176	\$ 677,159
Accrued Liabilities	122,276	13,045	-0-	63,270	198,591
Due to Employees' Retirement System	52,135	6,094	-0-	9,479	67,708
Bond Anticipation Notes Payable	-0-	-0-	771,000	-0-	771,000
Due to Other Funds	486,016	649,174	180,434	76,145	1,391,769
Deferred Revenue	-0-	-0-	-0-	20,598	20,598
<b>Total Liabilities</b>	\$ 1,127,542	\$ 775,821	\$ 964,794	\$ 258,668	\$ 3,126,825
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$ -0-	\$ 25,000	\$ 7,692	\$ -0-	\$ 32,692
Unreserved:					
Appropriated	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Unappropriated (Deficit)	2,191,619	102,814	(681,129)	94,940	1,708,244
	2,191,619	102,814	(681,129)	94,940	1,708,244
<b>Total Fund Balances</b>	\$ 2,191,619	\$ 127,814	\$ (673,437)	\$ 94,940	\$ 1,740,936
<b>Total Liabilities and Fund Balances</b>	\$ 3,319,161	\$ 903,635	\$ 291,357	\$ 353,608	\$ 4,867,761

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 ASSETS  
AS OF MAY 31, 2009

Total Fund Balances - Governmental Funds \$ 1,740,936

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

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

Capital Assets - Non-Depreciable	\$ 390,000	
Capital Assets - Depreciable	66,954,329	
Accumulated Depreciation	<u>(38,235,407)</u>	\$ 29,108,922

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

Water Rents Receivable	\$ 401,405	
Accounts Receivable	<u>208,882</u>	610,287

Inventory of Books, Periodicals, etc. are recorded on the Statement of Net Assets but not reported on the funds statement. 1,529,671

Bond Issuance Costs are amortized over the life of the bonds payable in the Statement of Net Assets 74,993

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

General Obligation Bonds Payable	\$ (23,705,791)	
Bond Anticipation Notes Payable	(228,000)	
Compensated Absences	(1,482,232)	
Claims and Judgments Payable	(1,668,624)	
Fire Service Awards	(159,991)	
Other Post Employment Benefits Payable	<u>(2,002,321)</u>	(29,246,959)

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 Assets. (302,250) 1,774,664

Net Assets of Governmental Activities \$ 3,515,600

See Accompanying Notes to Basic Financial Statements

**INCORPORATED VILLAGE OF MINEOLA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED MAY 31, 2009**

	Major Governmental Funds			Non-Major Governmental Funds	Totals
	General	Water	Capital Projects		
<b>REVENUES</b>					
Real Property Taxes	\$ 12,451,874	\$ -0-	\$ -0-	\$ -0-	\$ 12,451,874
Other Tax Items	67,202	-0-	-0-	-0-	67,202
Non-Property Tax Items	871,355	-0-	-0-	-0-	871,355
Departmental Income	910,192	2,482,466	-0-	71,760	3,464,418
Use of Money and Property	378,601	16,322	-0-	65	394,988
Licenses and Permits	642,774	-0-	-0-	-0-	642,774
Fines and Forfeitures	1,448,598	-0-	-0-	-0-	1,448,598
Sale of Property and Compensation for Loss	20,839	1,393	-0-	-0-	22,232
Miscellaneous	40,669	1,317	-0-	4,010	45,996
Interfund Revenues	230,000	-0-	-0-	-0-	230,000
State Aid	778,560	-0-	5,529	13,504	797,593
Federal Aid	-0-	-0-	-0-	135,348	135,348
<b>Total Revenues</b>	<b>\$ 17,840,664</b>	<b>\$ 2,501,498</b>	<b>\$ 5,529</b>	<b>\$ 224,687</b>	<b>\$ 20,572,378</b>
<b>EXPENDITURES</b>					
General Government Support	\$ 3,917,204	\$ -0-	\$ 30,791	\$ -0-	\$ 3,947,995
Public Safety	1,198,094	-0-	-0-	25,000	1,223,094
Health	74,418	-0-	-0-	-0-	74,418
Transportation	1,721,314	-0-	110,689	-0-	1,832,003
Economic Assistance and Opportunity	-0-	-0-	6,022	-0-	6,022
Culture and Recreation	681,077	-0-	-0-	1,714,631	2,395,708
Home and Community Services	2,613,975	1,418,608	257,077	110,348	4,400,008
Employee Benefits	2,569,530	273,401	-0-	330,329	3,173,260
Debt Service, Principal	1,483,984	318,034	-0-	279,225	2,081,243
Debt Service, Interest	680,108	205,621	-0-	210,719	1,096,448
<b>Total Expenditures</b>	<b>\$ 14,939,704</b>	<b>\$ 2,215,664</b>	<b>\$ 404,579</b>	<b>\$ 2,670,252</b>	<b>\$ 20,230,199</b>
Excess (Deficiency) of					
Revenues Over Expenditures	\$ 2,900,960	\$ 285,834	\$ (399,050)	\$ (2,445,565)	\$ 342,179
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond Anticipation Notes Redeemed from					
Appropriations	\$ -0-	\$ -0-	\$ 235,000	\$ -0-	\$ 235,000
Transfers In	323,176	26,056	-0-	2,488,565	2,837,797
Transfers Out	(2,488,565)	(300,000)	(30,568)	(18,664)	(2,837,797)
<b>Total Other Financing Sources and Uses</b>	<b>\$ (2,165,389)</b>	<b>\$ (273,944)</b>	<b>\$ 204,432</b>	<b>\$ 2,469,901</b>	<b>\$ 235,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 735,571</b>	<b>\$ 11,890</b>	<b>\$ (194,618)</b>	<b>\$ 24,336</b>	<b>\$ 577,179</b>
<b>Fund Balances - (Deficit) - June 1, 2008</b>	<b>1,456,048</b>	<b>115,924</b>	<b>(478,819)</b>	<b>70,604</b>	<b>1,163,757</b>
<b>Fund Balances - (Deficit) - May 31, 2009</b>	<b>\$ 2,191,619</b>	<b>\$ 127,814</b>	<b>\$ (673,437)</b>	<b>\$ 94,940</b>	<b>\$ 1,740,936</b>

See Accompanying Notes to Basic Financial Statements  
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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, 2009

Net Change in Fund Balances \$ 577,179

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	\$ (1,969,310)	
Capital Outlay	<u>369,809</u>	(1,599,501)

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.

Amortization of Bond Issuance Costs	\$ (10,218)	
Decrease in Accrued Interest Payable	25,240	
Increase in Compensated Absences	<u>(99,374)</u>	(84,352)

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

40,204

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds statements.

(34,269)

The issuance of long-term debt and increases in obligations under lease obligations payable provide current financial resources to governmental funds, while the repayment of the principal of long term debt, lease obligations payable and payment of long term liabilities use current financial resources of governmental funds.

Repayment of Debt Principal	\$ 1,846,244	
Claims and Judgments Payable	456,815	
Fire Service Awards	(40,433)	
Lease Obligations Payable	1,142	
Amortization of Net Premium on Bonds Payable	8,795	
Other Post Employment Benefits Payable	<u>(2,002,321)</u>	<u>270,242</u>

Changes in Net Assets of Governmental Activities

\$ (830,497)

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AS OF MAY 31, 2009

	<u>Fire Service Award</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ -0-	\$ 226,324
Investment in Securities	2,150,705	-0-
Deferred Expenditures	<u>3,540</u>	<u>-0-</u>
<u>Total Assets</u>	<u>\$ 2,154,245</u>	<u>\$ 226,324</u>
<u>LIABILITIES</u>		
Developer Deposits	\$ -0-	\$ 22,950
Village Justice Liabilities	-0-	720
Due to Other Funds:		
General	-0-	182,240
Other Liabilities	<u>-0-</u>	<u>20,414</u>
<u>Total Liabilities</u>	<u>\$ -0-</u>	<u>\$ 226,324</u>
<u>NET ASSETS</u>		
Held in Trust for Fire Service Award	<u>\$ 2,154,245</u>	

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED MAY 31, 2009

	<u>Fire Service Award</u>
<u>Additions:</u>	
Contribution:	
Employer	\$ 119,558
Investment Earnings:	
Interest	47,041
Dividends	61,441
Realized Gain on Investments, net	<u>69,727</u>
<u>Total Additions</u>	<u>\$ 297,767</u>
<u>Deductions:</u>	
Benefits	\$ 196,673
Unrealized Loss on Investments	<u>453,427</u>
<u>Total Deductions</u>	<u>\$ 650,100</u>
<u>Change in Net Assets</u>	\$ (352,333)
Net Assets - June 1, 2008	<u>2,506,578</u>
Net Assets - May 31, 2009	<u><u>\$ 2,154,245</u></u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

Financial Reporting Entity

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

The Village provides the following basic services: Refuse Collection, Refuse Disposal under contract with the Town of North Hempstead, Highway and Public Facilities Maintenance, Water Supply, Sewage Collection, Justice Court, Culture and Recreation, and 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 Assets 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, 2009  
(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 assets.

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

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(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 a Special Revenue Fund used to account for Water Operations.
- 3) Capital Fund - Used to account for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

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

- 1) Debt Service Fund - Used to account for current payment of interest and principal on indebtedness (serial bonds, capital notes and bond anticipation notes payable) and for financial resources accumulated in a reserve for future interest and principal payments on indebtedness.
- 2) Special Revenue Fund - The Village accounts for resources restricted to, or designated for, specific purposes by the Village in a special revenue fund. Special Revenue funds include the following:
  - a) Special Grant - Community development used to account for federal funds received as community development block grant programs.
  - b) Public Library - used to account for the operations of the public library.
  - c) Swimming Pool - used to account for the operations of the swimming pool.

Additionally, the Village reports the following fund type:

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Village-Wide and Fiduciary Fund Financial Statements

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

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

Governmental Fund Financial Statements (cont'd)

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 a fund balance reserve. The Village intends to honor these commitments and provide for the expenditure in the subsequent year.

Other Accounting Policies

Cash and Cash Equivalents

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

Accounts Receivable

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

Interfund Receivables and Payables

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

Refer to Note 8 for detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

Property Taxes

Village real property taxes are levied annually no later than June 1 and become a lien on March 15. Taxes are collected during the period June 1 to February 28.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Village's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

Inventories and Prepaid Items

Inventories of materials and supplies are not reflected as assets. Disbursements for inventory type items are considered expenditures at the time of purchase. Books, periodicals, etc. available in the Public Library have been recorded as an inventoriable item at estimated historical cost. Prepaid items represent payment made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the statement of Net Assets 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.

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

Other Accounting Policies (cont'd)

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

Deferred Bond Costs

This amount consists of bond issuance costs incurred when bonds were issued. The issuance costs are amortized over the term of the refunding bonds.

Deferred Revenue

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

Compensated Absences

The Village provides vacation pay and sick time benefits to its employees. Vacation time is to be used within the year unless the employee has requested and received permission from the Village Board to carry any unused vacation time over to the subsequent year. 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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

Other Accounting Policies (cont'd)

Compensated Absences (cont'd)

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 through May 31, 2009. 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.

Payables and Accrued Liabilities

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

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 Assets. Bond premiums and discounts, as well as issuance costs, 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 deferred charges and amortized over the term of the related debt.

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.

Post Employment Benefits

In addition to the retirement benefits described in Note 9, the Incorporated Village of Mineola provides post employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

Other Accounting Policies (cont'd)

Post Employment Benefits (cont'd)

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. For the fiscal year ended May 31, 2009, the Village adopted GASB 45 which accrues the Village's total anticipated obligation for health benefits due an employee during the employee's active service period. See Note 12 for further details.

Equity Classifications

Village-Wide Financial Statements- Net Assets

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

Investment in Capital Assets, Net of Retained Debt -

The component of net assets 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 assets that is restricted when constraints placed on net asset 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 Assets do not meet the definition of the two preceding categories. Unrestricted Net Assets often have constraints on resources imposed by management which can be removed or modified.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (cont'd)

Other Accounting Policies (cont'd)

Equity Classifications (cont'd)

Governmental Fund Financial Statements - Fund Balances

In the fund financial statements, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance. The following is a description of the Village's reserved and unreserved fund balances:

Reserved Fund Balance

That portion of fund balance which is not available for appropriation or which has been legally segregated by outside parties for use for a specific purpose.

Reserve for Encumbrances (Commitments) - This reserve represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year.

Unreserved Fund Balance

Represents the portion of fund balance that is not reserved. It is composed of undesignated and designated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represents tentative plans for future use of financial resources.

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended May 31, 2009, the Village implemented GASB Statement No. 45 (GASB 45), Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans (OPEB). GASB 45 establishes standards for the measurement, recognition, and display of other post-employment benefit expenses/ expenditures and related liabilities, note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. See Note 12 for further details.

NOTE 3 - 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 assets of governmental activities

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

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

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

Long-term revenue and expense differences

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 3 - 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 Assets. 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 Assets.

Reclassifications and eliminations

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

NOTE 4 - 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 25, the governing board adopts the budget by May 1st.

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 4 - STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY (continued)

Budget Basis of Accounting:

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

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

NOTE 5 - CASH AND CASH EQUIVALENTS

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 demand, time deposits, certificates of deposit with a maturity of three months or less when purchased.

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, 2009 the Village's Aggregate bank balance disclosed in the financial statements was either covered by depository insurance or collateralized with \$4,899,705 of securities held by the pledging financial institution in the Village's name. As of May 31, 2009, the Village did not have any deposits subject to custodial credit risk.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 6 - CAPITAL ASSET ACTIVITY

Capital asset activity for the Village for the year ended

May 31, 2009, was as follows:

<u>Government Activities:</u>	<u>Beginning Balance</u>	<u>Additions and Reclassification</u>	<u>Retirements</u>	<u>Ending Balance</u>
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 390,000	\$ -0-	\$ -0-	\$ 390,000
Total capital assets not being depreciated	\$ 390,000	\$ -0-	\$ -0-	\$ 390,000
<u>Depreciable Capital Assets</u>				
Infrastructure	\$38,097,850	\$ -0-	\$ -0-	\$38,097,850
Improvements other than buildings	3,837,485	-0-	-0-	3,837,485
Buildings	15,823,124	-0-	-0-	15,823,124
Machinery and equipment	<u>9,788,572</u>	<u>369,808</u>	<u>(962,510)</u>	<u>9,195,870</u>
Total depreciable assets	<u>\$67,547,031</u>	<u>\$ 369,808</u>	<u>\$ (962,510)</u>	<u>\$66,954,329</u>
<u>Less Accumulated Depreciation:</u>				
Infrastructure	\$18,355,379	\$ 997,478	\$ -0-	\$19,352,857
Improvements other than buildings	2,803,160	200,967	-0-	3,004,127
Buildings	8,233,374	277,396	-0-	8,510,770
Machinery and equipment	<u>7,836,694</u>	<u>493,469</u>	<u>(962,510)</u>	<u>7,367,653</u>
Total accumulated depreciation	<u>\$37,228,607</u>	<u>\$ 1,969,310</u>	<u>\$ (962,510)</u>	<u>\$38,235,407</u>
Total net depreciable capital assets	<u>\$30,318,424</u>	<u>\$ (1,599,502)</u>	<u>\$ -0-</u>	<u>\$28,718,922</u>
Total Net Capital Assets	<u>\$30,708,424</u>			<u>\$29,108,922</u>

Depreciation expense was charged to governmental functions as follows:

General Government Support	\$ 119,177
Public Safety	391,627
Transportation	859,580
Culture and Recreation	262,188
Home and Community Services	<u>336,738</u>
Total Depreciation Expense	<u>\$1,969,310</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 7 - NON-CURRENT LIABILITIES

Long-Term Debt transactions for the year ended May 31, 2009 can be summarized as follows:

	Balance June 1, 2008	Additions	Reductions	Balance May 31, 2009	<u>Noncurrent Liabilities</u>	
					Due Within One Year	Due In More Than One Year
Serial Bonds Payable	\$ 25,446,828	\$ -0-	\$ 1,741,037	\$ 23,705,791	\$ 1,755,000	\$ 21,950,791
Bond Anticipation Notes Payable	342,000	-0-	114,000	228,000	114,000	114,000
Firefighters Service Award, Pension Plan Payable	119,558	159,991	119,558	159,991	159,991	-0-
Judgments and Claims Payable	2,125,439	1,668,624	2,125,439	1,668,624	1,182,525	486,099
Compensated Absences	1,382,858	99,374	-0-	1,482,232	20,992	1,461,240
Installment Purchase Debt	1,141	-0-	1,141	-0-	-0-	-0-
Other Post Employment Benefits Payable	-0-	2,002,321	-0-	2,002,321	-0-	2,002,321
<u>Totals</u>	<u>\$ 29,417,824</u>	<u>\$ 3,930,310</u>	<u>\$ 4,101,175</u>	<u>\$ 29,246,959</u>	<u>\$ 3,232,508</u>	<u>\$ 26,014,451</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.

The following is a summary of serial bonds payable at May 31, 2009:

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 7 - NON-CURRENT LIABILITIES (cont'd)

Serial Bonds Payable (cont'd)

<u>Serial Bonds</u>	<u>%</u>	<u>Principal</u>
1989 Public Improvement Issue Final Payment Dated 9/1/09	6.55	\$ 65,000
1996 Environmental Facilities Corp. Issue Final Payment Dated 7/15/16	3.63	280,000
1998 Environmental Facilities Corp. Issue Final Payment Due 7/15/18	4.97	245,000
1999 Tax Certiorari Issue Final Payment Due 7/15/09	5.26	40,000
2003 Public Improvement Issue Final Payment Due 8/15/23	4.49	16,690,000
2007 Public Improvement Issue Series A Final Payment Due 10/1/15	3.68	3,505,000
2007 Public Improvement Issue Series B Final Payment Due 7/15/18	3.72	<u>2,820,000</u>
Total Principal of Bonds Outstanding		\$ 23,645,000
Unamortized Accrued Premium on Refunding Bonds		
Net of the Deferred Amount on Refunding		<u>60,791</u>
Total		<u>\$ 23,705,791</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 7 - NON-CURRENT LIABILITIES (cont'd)

Serial Bonds Payable (cont'd)

Serial bonds outstanding at May 31, 2009 have principal and interest payments due as follows:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 31, 2010	\$ 1,755,000	\$ 976,598	\$ 2,731,598
May 31, 2011	1,720,000	908,045	2,628,045
May 31, 2012	1,775,000	839,569	2,614,569
May 31, 2013	1,820,000	767,811	2,587,811
May 31, 2014	1,835,000	694,683	2,529,683
May 31, 2015-2019	8,015,000	2,433,500	10,448,500
May 31, 2020-2024	<u>6,725,000</u>	<u>844,168</u>	<u>7,569,168</u>
	\$ 23,645,000	\$ 7,464,374	\$ 31,109,374
Unamortized Premium on Refunding Bonds Net of the Deferred Amount on Refunding	<u>60,791</u>	<u>(60,791)</u>	<u>-0-</u>
Total	<u>\$ 23,705,791</u>	<u>\$ 7,403,583</u>	<u>\$ 31,109,374</u>

The Village received a \$110,087 bond premium on the refinanced bonds in March 2007. The premium is being amortized over the life of the bonds using the straight-line method. During the current year, the Village amortized \$11,807 of the bond premium by reducing interest expense on the Village-Wide Financial Statements.

Bond Anticipation Notes Payable

On June 24, 2005, the Village used two Bond Anticipation Notes (BANS) to purchase vehicles and parking meter equipment. On June 16, 2008, the Village redeemed \$114,000 of these BANS and issued \$228,000 of BANS at an interest rate of 2.12% that mature on June 5, 2009. On June 5, 2009, the Village redeemed \$114,000 of the May 31, 2009 BAN obligation and issued the remaining \$114,000 BAN at an interest rate of 1.79%.

Fire Service Award Program

As of May 31, 2009, the Village has a \$159,991 liability for the plan year beginning January 1, 2009 for its Fire Service Award Program. This amount is appropriated and will be expended in the next fiscal year.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 7 - NON-CURRENT LIABILITIES (cont'd)

Judgment and Claims Payable

The following is a summary of Judgments and Claims Payable as of May 31, 2009:

	<u>Total</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
Tax Certiorari	\$ 1,336,065	\$ 849,966	\$ 486,099
Workers Compensation	332,559	332,559	-0-
	<u>\$ 1,668,624</u>	<u>\$ 1,182,525</u>	<u>\$ 486,099</u>

Tax Certiorari

The Village has recorded a liability for tax certioraris in the amount of \$1,336,065 as of May 31, 2009. According to the various settlements, \$849,966 will be expended from the General Fund for the fiscal year ending May 31, 2010. The remaining balance, \$486,099 will be paid after May 31, 2010.

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, 2009, the Village estimates its workers' compensation liability to be \$332,559 and anticipates paying the liability in the fiscal year ended May 31, 2010.

The following is a summary of the changes in claim liabilities for the fiscal year ended May 31, 2009.

<u>Balance June 1, 2008</u>	<u>Claims Incurred</u>	<u>Payments</u>	<u>Balance May 31, 2009</u>
<u>\$454,207</u>	<u>\$ 40,710</u>	<u>\$ 162,358</u>	<u>\$332,559</u>

Compensated Absences

The Village's liability for vested or accumulated compensated absences, such as accrued vacation and sick pay, is \$1,482,232 and has been accrued in the Statement of Net Assets.

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, 2009.

Other Post Employment Benefits Payable

Please see Note 12 for details on the adoption of this new accounting principle.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 8 - INTERFUND TRANSACTIONS

Due from and due to other Funds consists of the following at May 31, 2009:

<u>Major Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 907,558	\$ 486,016
Water	134,282	649,174
Capital	<u>291,044</u>	<u>180,434</u>
<u>Total Major Funds</u>	<u>\$ 1,332,884</u>	<u>\$ 1,315,624</u>
 <u>Non-Major Funds</u>		
Community Development	\$ 46,152	\$ 76,145
Library	135,454	-0-
Swimming Pool	59,519	-0-
Debt Service	<u>-0-</u>	<u>-0-</u>
<u>Total Non-Major Funds</u>	<u>\$ 241,125</u>	<u>\$ 76,145</u>
 <u>Total Governmental Activities</u>	 <u>\$ 1,574,009</u>	 <u>\$ 1,391,769</u>
 <u>Fiduciary Funds</u>		
Trust and Agency	<u>-0-</u>	<u>182,240</u>
 <u>TOTALS</u>	 <u>\$ 1,574,009</u>	 <u>\$ 1,574,009</u>

Interfund revenue transfers and interfund expenditure transfers for the year ending May 31, 2009 were as follows:

<u>Major Funds</u>	<u>Interfund Revenue Transfers</u>	<u>Interfund Expenditure Transfers</u>
General	\$ 323,176	\$ 2,488,565
Water	26,056	300,000
Capital	<u>-0-</u>	<u>30,568</u>
<u>Total Major Funds</u>	<u>\$ 349,232</u>	<u>\$ 2,819,133</u>
 <u>Non-Major Funds</u>		
Library	\$ 1,869,622	\$ -0-
Swimming Pool	618,943	2,500
Debt Service	<u>-0-</u>	<u>16,164</u>
 <u>Total Non- Major Funds</u>	 <u>\$ 2,488,565</u>	 <u>\$ 18,664</u>
 <u>TOTALS</u>	 <u>\$ 2,837,797</u>	 <u>\$ 2,837,797</u>

The Governmental Funds' Interfund Receivable from the Fiduciary Fund, in the amount of \$182,240, is reported on the Village-wide Statement of Net Assets as Due from Fiduciary Fund.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 9 - PENSION PLANS

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

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits using the aggregate actuarial funding method. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State Retirement System, 10 Corporate Woods Drive, Albany, New York 12211.

Funding Policy

The ERS is noncontributory except for employees who joined the System after July 27, 1976 and have less than ten years of membership or ten years of credited service. These employees contribute 3% of their salary. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

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

	<u>ERS</u>
May 31, 2009	\$ 405,988
May 31, 2008	521,880
May 31, 2007	522,063

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

Annual payments are due by each December 15<sup>th</sup>, and cover the fiscal year through the ensuing March 31. The systems uses the aggregate actuarial funding method and the required contribution was based on the System's fiscal year ended March 31, 2008. The average contribution rate for the fiscal year ended March 31, 2008, including retirement incentive contributions was 9.6% of payroll. Significant actuarial assumptions used to determine employer contributions was an 8% interest rate, a 5.4% salary scale and a 3% inflation rate.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 9 - PENSION PLANS (continued)

Village Sponsored Fire Service Award Program

The Incorporated Village of Mineola financial statements are for the year ended May 31, 2009. 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, 2008, which is the most recent program year.

Length of Service Awards Program - LOSAP

The Incorporated Village of Mineola (the "Sponsor") established a defined benefit Service Award Program (referred to as a "LOSAP" - length of service award program - under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1991 for the active volunteer firefighter members of the Mineola Fire Department. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides municipally-funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Incorporated Village of Mineola is the sponsor of the program and the program administrator.

Program Description

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

Participation, Vesting and Service Credit

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 9 - PENSION PLANS (continued)

Village Sponsored Fire Service Award Program (cont'd)

Benefits

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

Fiduciary Investment and Control

After the end of each calendar year, the fire department prepares and certifies a list of names of all persons who were active volunteer members of the fire department during the year indicating which volunteers earned fifty points. The certified list is delivered to the Board of Trustees for the Board's review and approval. The fire department must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Trustees.

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

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 9 - PENSION PLANS (continued)

Village Sponsored Fire Service Award Program (cont'd)

Fiduciary Investment and Control (cont'd)

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 Edward J. Holohan of Penflex, Inc. Mr. Holohan is an Associate of the American Society of Actuaries.

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Accrued Service Awards as of 1/1/09	\$ 2,521,738
Less: Assets Available for Benefits	
Money Market	\$ 41,786
Interest & Dividends Receivable	3,058
U.S. Equities	115,018
International Equities	248,074
Taxable Fixed Income	1,510,758
Mixed Assets	261,162
Other Assets	-0-
Less: Liabilities	(143,998)
Plus: Advance Payments	<u>2,620</u>
Total Net Assets Available for Benefits	<u>\$ 2,038,478</u>
Total Unfunded (Excess) Benefits	483,260
Less: Unfunded Liability for Separately Amortized Costs	<u>(-0-)</u>
Unfunded Normal (Excess) benefits	<u>\$ 483,260</u>

Separately Amortized Costs

Prior service costs have been amortized.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 9 - PENSION PLANS (continued)

Program Financial Condition (cont'd)

Receipts and Disbursements

Plan Net Assets, beginning of year	\$ 2,481,696
Changes during the year:	
Plan contributions	119,558
Investment income earned	152,803
Changes in fair market value of investments	(525,538)
Administrative and Other Fees/ Charges	(14,603)
Benefits Paid	<u>(175,438)</u>
Plan Net Assets, end of year	<u>\$ 2,038,478</u>

Contributions

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

<u>Service Award</u> <u>Program Year End</u>	<u>Sponsor's</u> <u>Fiscal Year</u> <u>End</u>	<u>Sponsor's</u> <u>Contribution</u> <u>Recommended</u> <u>By Actuary</u>	<u>Sponsor's</u> <u>Actual</u> <u>Contribution</u>
December 31, 2007	May 31, 2009	\$119,558	\$119,558
December 31, 2006	May 31, 2008	131,738	131,738
December 31, 2005	May 31, 2007	153,602	153,602

As of May 31, 2009, the Village recorded the December 31, 2008 contribution recommended by the actuary as a long-term liability due within one year in the Statement of Net Assets. This liability, \$159,991, will be charged to the General Fund in the 2009/10 fiscal year and was paid by the Village on June 8, 2009.

Administration Fees

Fees paid to administrative/actuarial services provider	\$ 8,249
Fees paid for investment managements	\$ *
Other administration fees	\$ 624

\*The average expense ratio for the mutual funds purchased with program assets was 0.97% of the mutual fund balances during 2008. Although investment commissions may have been paid on other invested program assets, there were no investment fees paid on other invested program assets. All questions about program investments should be directed to Mr. David Rogers of RBC Wealth Management at (518) 432-5083.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 9 - PENSION PLANS (continued)

Funding Methodology and Actuarial Assumptions

Normal Costs

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

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

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

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

NOTE 10 - SHORT-TERM NOTES PAYABLE

Short-term debt may be authorized and issued to fund current operating costs prior to collection of revenues through the issuance of revenue or tax anticipation notes or to finance capital project expenditures prior to the issuance of permanent long-term debt, through the issuance of Bond Anticipation Notes. The following is a summary of short-term bond anticipation notes activity for the fiscal year ended May 31, 2009.

<u>Purpose</u>	<u>Short-Term Balance</u>			<u>Short-Term Balance May 31, 2009</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
	<u>June 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>			
Finance Various Water Improvements	\$ 60,000	\$ -0-	\$ 20,000	\$ 40,000	2.37%	05/31/10
Finance Acquisition of Fire Department Rescue Truck	196,000	-0-	65,000	131,000	2.37%	05/31/10
Finance Various DPW Equipment	700,000	-0-	140,000	560,000	3.35%	10/20/09
Finance Water Equipment	<u>50,000</u>	<u>-0-</u>	<u>10,000</u>	<u>40,000</u>	3.35%	10/20/09
<u>Total</u>	<u>\$1,006,000</u>	<u>\$ -0-</u>	<u>\$ 235,000</u>	<u>\$ 771,000</u>		

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 11 - DEFERRED COMPENSATION

The Village has adopted the New York State Deferred Compensation Plan Pursuant to Section 5 of the State Finance Law and Internal Revenue Code Section 457. The purpose of the plan is to encourage employees to make and continue their careers with the Village by providing all employees with a convenient and tax favored method of saving on a regular and long-term basis and, thereby, provide for their retirement.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Village provides medical, Medicare part B reimbursement, Life insurance, and dental in accordance with employment contracts. A retiree must be 55 years old with 5 years of service to be eligible. These post employment health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. As of March 1, 2009, there were 188 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.

The Village this year implemented the provision of Government Accounting Standards Board (GASB) Statement 45 - "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions." This Statement establishes standards for the measurement, recognition and display of OPEB expenses/ expenditures and related liabilities and note disclosure in the financial reports of governmental employers.

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.

Annual OPEB Cost

The Village's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC). The Village has calculated the ARC and related information using the entry age normal 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, 2009 is twenty-nine 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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Normal Cost	\$1,321,150
Amortization Payment	1,383,882
Interest on Net OPEB Obligation	<u>92,301</u>
Annual Required Contribution or Annual OPEB expense	\$2,797,333
Contributions Made	<u>795,012</u>
Increase in OPEB Obligation	\$2,002,321
Net OPEB Obligation - beginning of year	-0-
Net OPEB Obligation - end of year	<u>\$2,002,321</u>

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 2009 is as follows:

<u>Fiscal</u> <u>Year Ending</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>	<u>Covered</u> <u>Payroll</u>	<u>OPEB Cost</u> <u>% of Pay</u>
05/31/2009	\$2,797,333	28.4%	\$2,002,321	\$4,835,490	57.9%

Funded Status and Funding Progress

As of June 1, 2008, the most recent actuarial valuation date, the actuarial accrual liability for benefits was \$33,896,985. 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 \$33,896,985. The annual payroll of active employees (covered payroll) that participate in the plan was \$4,835,490, and the ratio of UAAL to cover payroll was 701.0%.

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.

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

The following actuarial assumptions were made:

1. Funding Interest Rate: An interest rate of 4.00% was used.

For the following demographic (mortality, retirement, disability and other termination of employment) assumptions we utilized rates developed in the report, "Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45" prepared by the Department of Civil Service's actuarial consultant were used:

2. Mortality: Unisex pre-retirement mortality rates from Exhibit 2-2 of the above report (combined accidental and all other death rates) and postretirement mortality rates for healthy participants (sex distinct for non-police employees and retirees).

3. Retirement Rates:

<u>Age</u>	<u>Years of Service</u>		
	0-19	20-29	30+
55	5.37%	8.83%	28.22%
60	6.41%	11.77%	23.71%
65	19.90%	31.10%	27.76%
69	15.80%	21.04%	21.86%
70+	100.00%	100.00%	100.00%

4. Disability Rates:

<u>Age</u>	<u>Rates of Disability</u>
20	.051%
30	.051%
40	.142%
50	.396%
60	.950%

Post-Disability Mortality

<u>Age</u>	<u>Male Rate</u>	<u>Female Rate</u>
20	.3737%	.0362%
30	.3737%	.1323%
40	1.1961%	1.0370%
50	2.7754%	2.8678%
60	2.8017%	2.4157%

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009  
(Continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

5. Termination Rates:

	<u>Years of Service</u>					
<u>Age</u>	1	2	3	4	5-9	10+
15	16.96%	10.87%	8.42%	7.51%	7.09%	3.25%
25	16.51%	13.09%	9.33%	7.61%	6.83%	3.23%
30	15.07%	12.07%	9.06%	8.13%	5.78%	3.11%
40	11.94%	8.04%	6.23%	5.68%	4.41%	2.20%
50	11.16%	6.94%	5.23%	4.64%	3.47%	1.36%
60	11.21%	7.60%	6.48%	4.96%	3.34%	1.21%
69	12.21%	8.28%	8.10%	6.21%	3.38%	1.24%

6. Health Care Trend Rates and Benefit/Cost Sharing: It was assumed that health care costs would increase in accordance with the trend rates in the following table:

<u>Year</u>	<u>Medical Rates</u>	<u>Drug Rates</u>	<u>Dental Rates</u>
2008	10.0%	11.0%	5.0%
2009	9.0%	10.0%	5.0%
2010	8.0%	9.0%	5.0%
2011	7.0%	8.0%	5.0%
2012	6.0%	7.0%	5.0%
2013	5.0%	6.0%	5.0%
2014	5.0%	5.0%	5.0%

7. Participation Rate and Benefit/Cost Sharing: It was assumed that 100% of the current active employees covered under the plan on the day before retirement would enroll in the retiree medical plan upon retirement. It was also assumed that the Village would pay 100% of medical premiums for retirees and their spouses.

Employees who terminate and are eligible to continue health coverage (Vestees) are assumed to elect coverage in accordance with the following table:

<u>Age</u>	<u>Percent</u>
<40	0.0%
40-43	5.0%
44	20.0%
45-46	30.0%
47-48	40.0%
49	50.0%
50-51	80.0%
52-54	100.0%

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

8. Percent Married:

It was assumed that 75% of the male and 50% of the female employees who elect retiree health care coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than their wives and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

9. Actuarial Value of Assets:

N/A

10. Per Capita Claims Cost:

Are based on the premiums levels of the plans utilized. The premium levels are summarized in the plan provisions. The premiums paid by the Village are independent of the Village's experience and demographic profile, and are expected to change consistent with a community rated plan. Thus we have applied the premiums with no additional adjustments other than future trend increases.

11. Administrative expenses:

Included in premiums used.

12. Participant Salary Increases:

3.50% annually

13. Payroll Growth Rate:

2.50% annually

NOTE 13 - DEFICIT FUND BALANCE

The Capital Projects Fund has a \$673,437 deficit fund balance at May 31, 2009. The Capital Projects Fund recognizes revenue from the proceeds of permanent financing. Proceeds from Bond Anticipation Notes (BANS) are not permanent financing unless the BANS are refinanced within 60 days after the end of the fiscal year. This deficit is due to the expenditure of BANS proceeds for its intended purpose. The capital projects fund deficit will be funded once the revenue is recorded. The revenue on these capital projects that are financed by BANS will be recorded as the BANS are redeemed or replaced with permanent financing from the issuance of bonds payable.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 14 - RISK MANAGEMENT

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

NOTE 15 - 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>
2010	\$ 27,160
2011	21,873
2012	4,584
2013	<u>3,846</u>
	<u>\$ 57,463</u>

NOTE 16 - CONTINGENCIES

The Equal Employment Opportunity Commission has commenced a lawsuit against the Village alleging discrimination against active volunteer firefighters age 60 and over. From its inception through June 30, 2009, the Village's Length of Service Award Program (LOSAP) did not allow active volunteer firefighters that reached entitlement age (age 60) to accrue additional service credit. The Village is vigorously defending itself in this action and cannot determine the amount of loss, if any, that may result from this action. Accordingly, the Village has not accrued any amount for a possible loss in these financial statements.

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.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2009

(Continued)

NOTE 17 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

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

Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions issued February 2009 will be effective for the Village for the fiscal year ending May 31, 2012. This statement establishes accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types.

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

NOTE 18 - SUBSEQUENT EVENT

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

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, 2009

	Budgets		Actual	Over (Under) Revised Budget
	Original	Revised		
<b>REVENUES</b>				
Real Property Taxes	\$ 12,472,657	\$ 12,472,657	\$ 12,451,874	\$ (20,783)
Other Tax Items	45,000	45,000	67,202	22,202
Non-Property Tax Items	813,487	813,487	871,355	57,868
Departmental Income	939,725	939,725	910,192	(29,533)
Use of Money and Property	375,000	375,000	378,601	3,601
Licenses and Permits	631,000	631,000	642,774	11,774
Fines and Forfeitures	1,450,000	1,450,000	1,448,598	(1,402)
Sale of Property and Compensation for Loss	10,000	10,000	20,839	10,839
Miscellaneous	25,000	25,000	40,669	15,669
Interfund Revenues	230,000	230,000	230,000	-0-
State Aid	948,230	948,230	778,560	(169,670)
Federal Aid	-0-	-0-	-0-	-0-
Other Financing Sources-Fund Balance	-0-	-0-	-0-	-0-
<b>Total Revenues</b>	<b>\$ 17,940,099</b>	<b>\$ 17,940,099</b>	<b>\$ 17,840,564</b>	<b>\$ (99,435)</b>

**EXPENDITURES**

General Government Support	\$ 4,470,371	\$ 4,221,995	\$ 3,917,204	\$ (304,791)
Public Safety	1,758,749	1,354,772	1,198,094	(156,678)
Health	78,000	74,617	74,418	(199)
Transportation	1,712,683	1,821,992	1,721,314	(100,678)
Economic Assistance and Opportunity	-0-	-0-	-0-	-0-
Culture and Recreation	595,064	706,029	681,077	(24,952)
Home and Community Services	2,680,193	2,697,486	2,613,975	(83,511)
Employee Benefits	2,776,000	2,699,692	2,569,530	(130,162)
Debt Service, Principal	1,166,407	1,483,984	1,483,984	-0-
Debt Service, Interest	515,067	691,967	680,108	(11,859)
<b>Total Expenditures</b>	<b>\$ 15,752,534</b>	<b>\$ 15,752,534</b>	<b>\$ 14,939,704</b>	<b>\$ (812,830)</b>
<b>Excess of Revenues over Expenditures</b>	<b>\$ 2,187,565</b>	<b>\$ 2,187,565</b>	<b>\$ 2,900,960</b>	<b>\$ 713,395</b>

**OTHER FINANCING SOURCES (USES)**

Interfund Transfers In	\$ 301,000	\$ 301,000	\$ 323,176	\$ 22,176
Interfund Transfers Out	(2,488,565)	(2,488,565)	(2,488,565)	-0-

**Total Other Financing**

<b>Sources and Uses</b>	<b>\$ (2,187,565)</b>	<b>\$ (2,187,565)</b>	<b>\$ (2,165,389)</b>	<b>\$ 22,176</b>
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**Net Change in Fund Balance**

Fund Balance - Beginning	1,456,048	-0-	735,571	735,571
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Fund Balance - Ending	1,456,048	1,456,048	1,456,048	-0-
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	1,456,048	1,456,048	2,191,619	735,571
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See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
- BUDGET AND ACTUAL - WATER FUND  
FOR THE FISCAL YEAR ENDED MAY 31, 2009

	Budgets		Actual	Over (Under) Revised Budget
	Original	Revised		
<b>REVENUES</b>				
Departmental Income	\$ 2,578,965	\$ 2,578,965	\$ 2,482,466	\$ (96,499)
Use of Money and Property	20,000	20,000	16,322	(3,678)
Sale of Property and Compensation for Loss	-0-	-0-	1,393	1,393
Miscellaneous	-0-	-0-	1,317	1,317
State Sources	-0-	-0-	-0-	-0-
Federal Sources	-0-	-0-	-0-	-0-
<b>Total Revenues</b>	<b>\$ 2,598,965</b>	<b>\$ 2,598,965</b>	<b>\$ 2,501,498</b>	<b>\$ (97,467)</b>
<b>EXPENDITURES</b>				
Transportation	-0-	-0-	-0-	-0-
Culture and Recreation	-0-	-0-	-0-	-0-
Home and Community Services	1,458,931	1,487,543	1,418,608	(68,935)
Employee Benefits	315,000	286,388	273,401	(12,987)
Debt Service - Principal	318,034	318,034	318,034	-0-
Debt Service - Interest	208,500	208,500	205,621	(2,879)
<b>Total Expenditures</b>	<b>\$ 2,300,465</b>	<b>\$ 2,300,465</b>	<b>\$ 2,215,664</b>	<b>\$ (84,801)</b>
<b>Excess of Revenue over Expenditures</b>	<b>\$ 298,500</b>	<b>\$ 298,500</b>	<b>\$ 285,834</b>	<b>\$ (12,666)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund Transfers In	\$ 1,500	\$ 1,500	\$ 26,056	\$ 24,556
Interfund Transfers Out	(300,000)	(300,000)	(300,000)	-0-
<b>Total Other Financing -- Sources and Uses</b>	<b>\$ (298,500)</b>	<b>\$ (298,500)</b>	<b>\$ (273,944)</b>	<b>\$ 24,556</b>
<b>Net Change in Fund Balance</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 11,890</b>	<b>\$ 11,890</b>
<b>Fund Balance - Beginning</b>	<b>\$ 115,924</b>	<b>\$ 115,924</b>	<b>\$ 115,924</b>	<b>\$ -</b>
<b>Fund Balance - Ending</b>	<b>\$ 115,924</b>	<b>\$ 115,924</b>	<b>\$ 127,814</b>	<b>\$ 11,890</b>

See Accompanying Notes to Basic Financial Statements  
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VILLAGE OF MINEOLA

SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

FOR THE YEAR ENDED MAY 31, 2009

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/1/2008	\$ -0-	\$ 33,896,985	\$ 33,896,985	0%	\$ 4,835,490	701.0%

INCORPORATED VILLAGE OF MINEOLA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

MAY 31, 2009

	ASSETS			Special Revenue Funds		Total Non-Major Governmental Funds
	Debt Service Fund	Special Grant	Swimming Pool	Library		
<b>Cash</b>						
Cash and Cash Equivalents	\$ -0-	\$ 15,286	\$ 973	\$ 11,304		\$ 27,563
<b>Receivables</b>						
Accounts Receivable	\$ -0-	\$ -0-	\$ 1,310	\$ -0-		\$ 1,310
Due From Other Funds - General	\$ -0-	\$ -0-	135,454	59,519		194,973
Due From Other Funds - Capital Projects	\$ -0-	\$ -0-	46,152	-0-		46,152
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	\$ -0-	\$ 83,610	-0-	-0-		83,610
<b>Total Receivables</b>	\$ -0-	\$ 129,762	\$ 136,764	\$ 59,519		\$ 326,045
<b>Total Assets</b>	\$ -0-	\$ 145,048	\$ 137,737	\$ 70,823		\$ 353,608
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts Payable	\$ -0-	\$ 68,000	\$ 12,917	\$ 8,259		\$ 89,176
Accrued Liabilities	\$ -0-	\$ -0-	61,084	2,186		63,270
Due to Employees' Retirement System	\$ -0-	\$ -0-	7,448	2,031		9,479
Due to Other Funds - General	\$ -0-	\$ -0-	-0-	-0-		-0-
Due to Other Funds - Water	\$ -0-	\$ 76,145	-0-	-0-		76,145
Due to Other Funds - Library	\$ -0-	\$ -0-	-0-	-0-		-0-
Due to Other Funds - Debt Service	\$ -0-	\$ -0-	-0-	-0-		-0-
Deferred Revenue	\$ -0-	\$ -0-	-0-	20,598		20,598
<b>Total Liabilities</b>	\$ -0-	\$ 144,145	\$ 81,449	\$ 33,074		\$ 258,668
<b>Fund Balances Reserved:</b>						
Reserved for Encumbrances	\$ -0-	\$ -0-	\$ -0-	\$ -0-		\$ -0-
<b>Unreserved:</b>						
Appropriated	\$ -0-	\$ -0-	\$ -0-	\$ -0-		\$ -0-
Unappropriated	\$ -0-	\$ 903	\$ 56,288	\$ 37,749		\$ 94,940
<b>Total Fund Balances</b>	\$ -0-	\$ 903	\$ 56,288	\$ 37,749		\$ 94,940
<b>Total Liabilities and Fund Balances</b>	\$ -0-	\$ 145,048	\$ 137,737	\$ 70,823		\$ 353,608

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, 2009

	<u>Debt Service Fund</u>	<u>Special Grant</u>	<u>Special Revenue Funds</u>		<u>Swimming Pool</u>	<u>Total Non-Major Governmental Funds</u>
		<u>Library</u>				
<b>REVENUES</b>						
Departmental Income	\$ -0-	\$ -0-	\$ 15,159	\$ 56,601	\$ 71,760	
Use of Money and Property	-0-	-0-	47	18	65	
Miscellaneous	-0-	-0-	3,970	40	4,010	
State Aid	-0-	-0-	13,504	-0-	13,504	
Federal Aid	-0-	135,348	-0-	-0-	135,348	
Program Income	-0-	-0-	-0-	-0-	-0-	
<b>Total Revenues</b>	<b>\$ -0-</b>	<b>\$ 135,348</b>	<b>\$ 32,680</b>	<b>\$ 56,659</b>	<b>\$ 224,687</b>	
<b>EXPENDITURES</b>						
Public Safety	-0-	25,000	-0-	-0-	25,000	
Culture and Recreation	-0-	-0-	1,272,318	442,313	1,714,631	
Home and Community Services	-0-	110,348	-0-	-0-	110,348	
Employee Benefits	-0-	-0-	296,368	33,961	330,329	
Debt Service - Principal	-0-	-0-	166,623	112,602	279,225	
Debt Service - Interest	-0-	-0-	156,105	54,614	210,719	
<b>Total Expenditures</b>	<b>\$ -0-</b>	<b>\$ 135,348</b>	<b>\$ 1,891,414</b>	<b>\$ 643,490</b>	<b>\$ 2,670,252</b>	
Excess (Deficiency) of Revenues Over Expenditures	\$ -0-	\$ -0-	\$ (1,858,734)	\$ (586,831)	\$ (2,445,565)	
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-0-	-0-	1,869,622	618,943	2,488,565	
Transfers Out	(16,164)	-0-	-0-	(2,500)	(18,664)	
<b>Total Other Financing Sources and (Uses)</b>	<b>\$ (16,164)</b>	<b>\$ -0-</b>	<b>\$ 1,869,622</b>	<b>\$ 616,443</b>	<b>\$ 2,469,901</b>	
<b>Net Change in Fund Balances</b>	<b>\$ (16,164)</b>	<b>\$ -0-</b>	<b>\$ 10,888</b>	<b>\$ 29,612</b>	<b>\$ 24,336</b>	
Fund Balances - June 1, 2008	\$ 16,164	\$ 903	\$ 45,400	\$ 8,137	\$ 70,604	
<b>Fund Balances - May 31, 2009</b>	<b>\$ -0-</b>	<b>\$ 903</b>	<b>\$ 56,288</b>	<b>\$ 37,749</b>	<b>\$ 94,940</b>	

INCORPORATED VILLAGE OF MINEOLA

SCHEDULE OF CUMULATIVE REVENUES AND EXPENDITURES - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED MAY 31, 2009

PROJECT	Adjusted Budget	Revenues		Expenditures		May 31, 2009 Fund Balance (Deficit)	Anticipated Revenue When BANS Redeemed	Anticipated Fund Balance If No Future Expenditures
		Prior Year	Current Year	Prior Year	Current Year			
2005/06 Fire Rescue Truck	\$ 326,000	\$ 130,000	\$ 65,000	\$ 326,000	\$ -0-	\$ (131,000)	\$ 131,000	\$ -0-
2005/06 Rehab Well #4	100,000	40,000	20,000	75,444	24,556	(40,000)	40,000	-0-
2004/05 Vehicles BAN	350,000	350,000	-0-	343,988	6,012	-0-	-0-	-0-
2007/08 Vehicle BAN	700,000	-0-	140,000	320,787	357,743	(538,530)	560,000	21,470
2007/08 Water Improvement BANS	50,000	-0-	10,000	-0-	40,814	(30,814)	40,000	9,186
2007/08 Downtown Revitalization	75,000	18,750	5,529	24,279	6,022	16,907	-0-	16,907
2007/08 Downtown Beautification Fund	50,000	50,000	-0-	-0-	-0-	50,000	-0-	50,000
<b>Total</b>	<b>\$ 1,651,000</b>	<b>\$ 588,750</b>	<b>\$ 240,529</b>	<b>\$ 829,279</b>	<b>\$ 435,147</b>	<b>\$ (673,437)</b>	<b>\$ 771,000</b>	<b>\$ 97,563</b>

# RYNKAR, VAIL & BARRETT, LLP

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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 the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Incorporated Village of Mineola, New York as of and for the year ended May 31, 2009 which collectively comprise the Incorporated Village of Mineola's basic financial statements and have issued our report thereon dated October 8, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Incorporated Village of Mineola, New York's, internal control over financial reporting as a basis for designing our auditing procedures 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 Incorporated Village of Mineola, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Incorporated Village of Mineola, New York's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Incorporated Village of Mineola, New York's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Incorporated Village of Mineola, New York's financial statements that is more than inconsequential will not be prevented or detected by the Incorporated Village of Mineola, New York's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Incorporated Village of Mineola, New York's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Incorporated Village of Mineola, New York's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees, management and the appropriate Federal, New York State and Nassau County, New York regulatory agencies and is not intended to be and should not be used by anyone other than those specified parties.

  
Certified Public Accountants

Mineola, New York  
October 8, 2009