

INCORPORATED VILLAGE OF MINEOLA
MINEOLA, NEW YORK

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

INCORPORATED VILLAGE OF MINEOLA
TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2020

	<u>PAGE(S)</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>	1-3
<u>MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)</u>	4-11
<u>BASIC FINANCIAL STATEMENTS:</u>	
<u>Village-Wide Financial Statements</u>	
Statement of Net Position	12
Statement of Activities	13
<u>Fund Financial Statements</u>	
Balance Sheet - Governmental Funds	14
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	17
Statement of Fiduciary Net Position	18
<u>Notes to the Financial Statements</u>	19-61
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - General Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Water Fund	63
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios	64
Schedule of the Village's Proportionate Share of the Net Pension Liability	65
Schedule of Village Contributions	66
Schedule of Changes in the Village's Length of Service Award Program (LOSAP) Total Pension Liability	67
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
Non-Major Funds - Combining Balance Sheet	68
Non-Major Funds - Combining Statement of Revenues, Expenditures and Changes in Fund Balances	69
<u>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	70-71

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Mineola, New York (The "Village"), as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Mineola, New York, as of May 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4 through 11 and 62 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information on pages 68 through 69 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.


RYNKAR, VAIL & BARRETT, LLP

Mineola, New York
October 21, 2020

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

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, 2020. The Village's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

Financial Highlights

Total net position is comprised of the following:

- (1) At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,973,025 which represents 25.96% of total General Fund expenditures and uses for the current year. Assigned fund balance for encumbrances was \$4,721,540.
- (2) Governmental Funds fund balances decreased approximately \$2,117,000 during the year ended May 31, 2020. The general fund decreased approximately \$639,000. The water fund decreased approximately \$1,523,000. The general fund decrease is due to an increase in home and community expenditures relating to sewer improvements. The water fund decrease is primarily due to an increase in home and community expenditures relating to well improvements.
- (3) Noncurrent Liabilities, exclusive of other postemployment benefits payable and pension liabilities, decreased \$1,170,420 during the fiscal year. See Note 8 for details on pension liabilities and Note 9 for details on the other postemployment benefits.
- (4) The Village's operations have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. Numerous sectors of the United States and World economies are suffering damage and the long-term economic and business consequences remain unknown. Despite the physical Village Hall building being closed to the general public during the COVID-19 Pause, the Incorporated Village of Mineola continuously provided all Village service's and functions without interruption. The current known affects include the reduction in meter and fine collections due to temporary changes to parking regulations and a reduction in building permits.

Overview of the Financial Statements

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

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

Village-wide Financial Statements

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

Fund Financial Statements

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

Governmental Funds - The majority of the Village's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the Village-wide statements, readers may better understand the long-term effect of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is detailed in a reconciliation following each of the fund financial 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, 2020

Fund Financial Statements (cont'd)

Reporting the Village's Fiduciary Responsibilities

The Village is the fiduciary for certain amounts held on behalf of others. All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activity of this fund is excluded from the Village-wide financial statements because the Village cannot use these assets to finance its operations. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Financial Analysis of the Village as a Whole

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

	<u>May 31, 2020</u>	<u>May 31, 2019</u>
<u>Assets</u>		
Current and Other Assets	\$ 23,302,516	\$ 23,765,677
Capital Assets	31,654,430	27,621,043
<u>Total Assets</u>	<u>\$ 54,956,946</u>	<u>\$ 51,386,720</u>
<u>Deferred Outflows of Resources</u>		
Deferred Amount on Refunding	\$ 228,384	\$ 299,567
Deferred Outflows of Resources Pensions Related	5,226,301	1,695,338
Deferred Outflows of Resources Other Postemployment Benefits	11,788,623	2,502,350
<u>Total Deferred Outflows of Resources</u>	<u>\$ 17,243,308</u>	<u>\$ 4,497,255</u>
<u>Liabilities</u>		
Current Liabilities	\$ 9,690,365	\$ 3,078,361
Other Postemployment Benefits Payable	61,109,328	50,994,585
Pension Liabilities	13,862,005	8,377,762
Long-Term Liabilities	2,116,737	7,795,670
<u>Total Liabilities</u>	<u>\$ 86,778,435</u>	<u>\$ 70,246,378</u>
<u>Deferred Inflows of Resources</u>		
Deferred Inflows of Resources Pension Related	\$ 612,846	\$ -0-
Deferred Inflows of Resources Other Postemployment Benefits	3,142,818	1,078,104
<u>Total Deferred Inflows of Resources</u>	<u>\$ 3,755,664</u>	<u>\$ 1,078,104</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	\$ 27,038,920	\$ 21,963,498
Restricted:		
Fire Service Award	3,875,741	3,802,418
Capital Reserves	1,275,986	2,537,962
Unrestricted (Deficit)	(50,524,492)	(43,744,385)
<u>Total Net Position (Deficit)</u>	<u>\$ (18,333,845)</u>	<u>\$ (15,440,507)</u>

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

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

Total assets and total deferred outflows of resources increased \$16,316,279 and total liabilities and deferred inflows of resources increased \$19,209,617 from the prior year, which results in a \$2,893,338 decrease in net position.

Summary of Changes in Net Position

Governmental Activities
For the Year Ended May 31,
2020 and 2019

	<u>May 31, 2020</u>	<u>% of Totals</u>	<u>May 31, 2019</u>	<u>% of Totals</u>
<u>Revenues:</u>				
<u>Program Revenues</u>				
Charges for Services	\$ 8,923,073	34.3%	\$ 9,116,212	35.2%
Operating Grants and Contributions	188,890	0.7%	224,157	0.9%
Capital Grants and Contributions	513,765	2.0%	602,663	2.3%
<u>General Revenues</u>				
Real Property Taxes	13,875,091	53.4%	13,711,165	53.0%
Other Tax Items	53,271	0.2%	48,315	0.2%
Non-Property Tax Items	959,512	3.7%	981,057	3.8%
Use of Money and Property	766,780	3.0%	527,544	2.0%
State Aid	698,761	2.7%	671,277	2.6%
 <u>Total Revenues and Special Items</u>	 \$ 25,979,143	 100.0%	 \$ 25,882,390	 100.0%
 <u>Program Expenses:</u>				
General Government Support	\$ 6,415,885	22.2%	\$ 6,416,966	24.4%
Public Safety	3,286,629	11.4%	2,607,563	9.9%
Health	104,766	0.4%	102,049	0.4%
Transportation	5,288,002	18.3%	4,952,320	18.8%
Economic Assistance and Opportunity	14,412	0.1%	14,412	0.1%
Culture and Recreation	4,655,551	16.1%	4,465,746	17.0%
Home and Community Services	8,947,261	30.9%	7,503,752	28.6%
Interest on Long-Term Debt	159,975	0.6%	216,165	0.8%
 <u>Total Expenses</u>	 \$ 28,872,481	 100.0%	 \$ 26,278,973	 100.0%
 Increase (Decrease) in Net Position	 \$ (2,893,338)		 \$ (396,583)	
 Beginning Net Position (Deficit)	 (15,440,507)		 (15,043,924)	
 Ending Net Position (Deficit)	 <u>\$ (18,333,845)</u>		 <u>\$ (15,440,507)</u>	

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

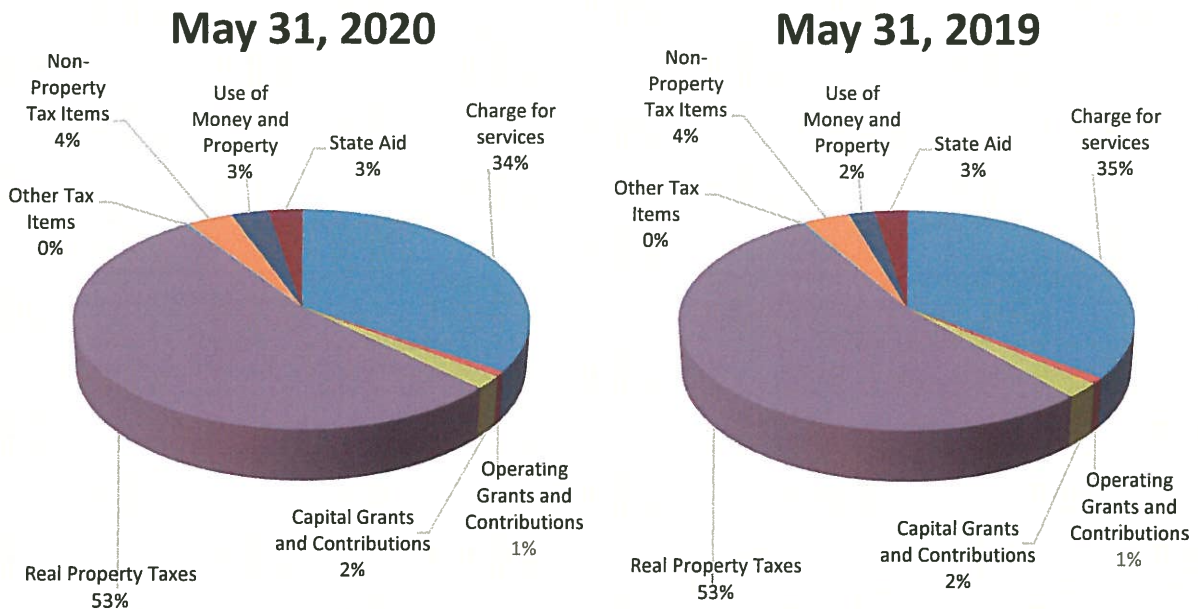
FOR THE FISCAL YEAR ENDED MAY 31, 2020

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 \$28,872,481 for the fiscal year ended May 31, 2020. The most significant governmental expenses for the Village were to provide home and community services, general government support, transportation, culture and recreation and public safety. 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. The major components of transportation are street maintenance, administration, snow removal and street lighting. The major components of culture and recreation are the Village's library, pool and parks. The major components of public safety are the Village's fire service protection and safety inspection.

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



INCORPORATED VILLAGE OF MINEOLA

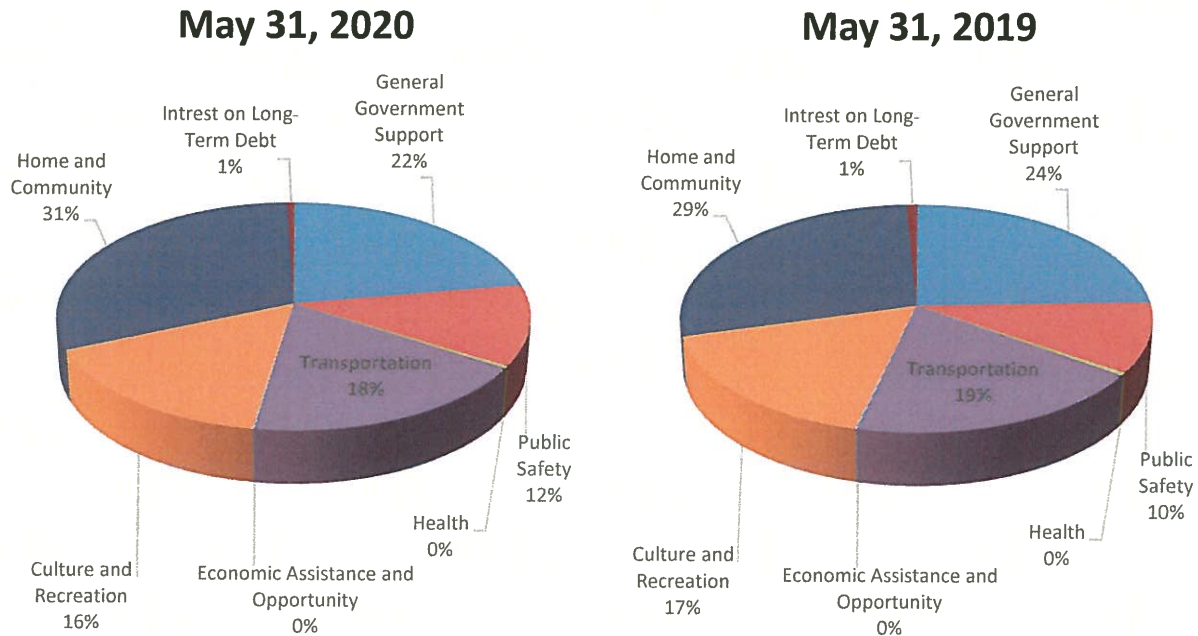
MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

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

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



Financial Analysis of the Village's Funds

Governmental Funds

As previously discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$17,847,376, indicating availability for continuing Village operating purposes.

The total ending fund balances of governmental funds report a decrease of \$2,116,603 from the prior year. The decrease in fund balance was primarily due to the increase in home and community services expenditures.

General Fund Budgetary Highlights

The Village's 2019/2020 original general fund budget planned for \$21,141,621 of appropriations. During the year the original budgeted appropriations were revised to \$23,127,468. Actual expenditures and other financing uses (interfund transfers out) for the year were \$23,006,867, a decrease of \$120,601 from the revised budget. The Village expended 99.5% of its revised budget.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

Financial Analysis of the Village's Funds (cont'd)

General Fund Budgetary Highlights (cont'd)

The Village's original budget planned to decrease fund balance \$448,261 which equals the general fund encumbrances from the previous year.

The actual decrease in the fund balance was \$638,740. The Village expenditures exceeded revenues.

Capital Asset and Debt Administration

Capital Assets

The Village's investment in capital assets, net of accumulated depreciation, for governmental activities as of May 31, 2020 was \$27,038,920. See Note 5 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, 2020</u>	<u>May 31, 2019</u>
<u>Non-Depreciable Assets:</u>		
Land	\$ 390,000	\$ 390,000
Construction in Progress	6,615,264	1,711,899
<u>Depreciable Assets:</u>		
Infrastructure and Improvements	11,028,950	11,921,086
Improvements Other Than Buildings	3,215,810	2,957,148
Buildings	7,139,006	7,097,823
Vehicles, Machinery & Equipment	3,265,400	3,543,087
<u>Total</u>	<u>\$ 31,654,430</u>	<u>\$ 27,621,043</u>
<u>Long-Term Debt</u>		

At the end of the fiscal year, the Village had total bonded debt outstanding in the amount of \$5,597,644, a decrease of \$1,278,968 from the fiscal year ended May 31, 2019. This amount is bonded by the full faith and credit of the Incorporated Village of Mineola, New York.

See Note 6 for additional information about the Village's long-term debt.

INCORPORATED VILLAGE OF MINEOLA

MINEOLA, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

Economic Factors and Next Year's Budgets

For the fiscal year ended May 31, 2021, the Village adopted a general fund budget that has \$20,905,068 of appropriations which is approximately \$26,103 greater than this year's general fund budget. The real estate tax levy for the fiscal year ended May 31, 2021 is \$13,633,077 which is approximately \$155,948 greater than the prior year.

The appropriation budget adopted for the water fund for the fiscal year ended May 31, 2021 is approximately \$34,000 (1.23%) less than the current year's water budget appropriations. The decrease in appropriations includes a decrease in personal services, supplies, utilities and repairs offset by an increase in employee benefits.

New York State approved legislation that will limit the increase in the property tax levy of all governments, including Villages to the lesser of 2% or the rate of inflation. The laws do allow for certain statutory adjustments to this cap and it will remain in effect permanently. The Village's annual tax levy may exceed the cap if at least 60% of the Village board approves such increase. The adopted budgets for the fiscal years ended May 31, 2020 and May 31, 2021 were both in compliance with this legislation.

Contacting the Village's Financial Management

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

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF NET POSITION

AS OF MAY 31, 2020

<u>ASSETS</u>	<u>Governmental Activities</u>	
Cash and Cash Equivalents		
Unrestricted	\$	14,519,990
Restricted		1,275,986
Restricted Investments		3,875,741
Tax Sale Certificates Receivable (Net of \$640,076 allowance)		-0-
Water Rents Receivable		1,263,593
Accounts Receivable		394,419
Due from Fiduciary Fund		105,008
Due from Other Governments		299,800
Inventory - Books, Periodicals, etc.		1,543,459
Prepaid Expenses		14,920
Security Deposits		9,600
Noncurrent Assets:		
Capital Assets		
Non-Depreciable Capital Assets	\$	7,005,264
Depreciable Capital Assets, net	24,649,166	31,654,430
 <u>TOTAL ASSETS</u>	\$	<u>54,956,946</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Amount on Refunding	\$	228,384
Deferred Outflows of Resources - Pensions Related		5,226,301
Deferred Outflows of Resources - Other Postemployment Benefits		11,788,623
 <u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>	\$	<u>17,243,308</u>
 <u>LIABILITIES</u>		
Accounts Payable	\$	1,095,632
Accrued Liabilities		1,590,793
Retainage Payable		644,473
Due to Employees' Retirement System		281,423
Accrued Interest Payable		73,281
Noncurrent Liabilities:		
Due Within One Year		6,004,763
Due in More Than One Year		2,116,737
Other Postemployment Benefits Payable		61,109,328
Pension Liabilities		13,862,005
 <u>TOTAL LIABILITIES</u>	\$	<u>86,778,435</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows of Resources - Pensions Related	\$	612,846
Deferred Inflows of Resources - Other Postemployment Benefits		3,142,818
 <u>TOTAL DEFERRED INFLOWS OF RESOURCES</u>	\$	<u>3,755,664</u>
 <u>NET POSITION</u>		
Investment in Capital Assets, Net of Related Debt	\$	27,038,920
Restricted:		
Fire Service Award	\$	3,875,741
Capital Reserves	1,275,986	5,151,727
Unrestricted (Deficit)		(50,524,492)
 <u>NET POSITION (Deficit)</u>	\$	<u>(18,333,845)</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDING MAY 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Governmental Activities:</u>					
General Government	\$ 6,415,885	\$ 4,534,471	\$ 80,710	\$ -0-	\$ (1,800,704)
Public Safety	3,286,629	-0-	102,607	-0-	(3,184,022)
Health	104,766	-0-	-0-	-0-	(104,766)
Transportation	5,288,002	924,810	-0-	277,715	(4,085,477)
Economic Assistance and Opportunity	14,412	-0-	-0-	-0-	(14,412)
Culture and Recreation	4,655,551	160,208	5,573	18,066	(4,471,704)
Home and Community	8,947,261	3,303,584	-0-	217,984	(5,425,693)
Interest on Long-Term Debt	159,975	-0-	-0-	-0-	(159,975)
<u>Total Governmental Activities</u>	<u>\$ 28,872,481</u>	<u>\$ 8,923,073</u>	<u>\$ 188,890</u>	<u>\$ 513,765</u>	<u>\$ (19,246,753)</u>
<u>General Revenues:</u>					
Real Property Taxes					\$ 13,875,091
Other Tax Items					53,271
Non-Property Tax Items					959,512
Use of Money and Property					766,780
State Aid					698,761
<u>Total General Revenues</u>					<u>\$ 16,353,415</u>
<u>Changes in Net Position</u>					<u>\$ (2,893,338)</u>
Net Position (Deficit) - Beginning of Period					<u>(15,440,507)</u>
Net Position (Deficit) - End of Period					<u>\$ (18,333,845)</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEROLA

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF MAY 31, 2020

	<u>Major Governmental Funds</u>			<u>Non-Major Governmental Funds</u>	
	<u>General</u>	<u>Water</u>	<u>Capital Projects</u>		<u>Totals</u>
<u>ASSETS</u>					
Cash and Cash Equivalents					
Unrestricted	\$ 13,213,621	\$ 1,305,282	\$ -0-	\$ 1,087	\$ 14,519,990
Restricted	-0-	1,275,986	-0-	-0-	1,275,986
Restricted Investments	3,875,741	-0-	-0-	-0-	3,875,741
Tax Sale Certificates Receivable (Net of \$640,076 allowance)	-0-	-0-	-0-	-0-	-0-
Water Rents Receivable	-0-	579,484	-0-	-0-	579,484
Accounts Receivable	175,630	4,532	-0-	35,243	215,405
Due from Other Funds	112,225	40,375	-0-	420,169	572,769
Due from Other Governments	196,171	-0-	-0-	103,629	299,800
Prepaid Expenditures	14,920	-0-	-0-	-0-	14,920
Security Deposits	9,600	-0-	-0-	-0-	9,600
<u>Total Assets</u>	<u>\$ 17,597,908</u>	<u>\$ 3,205,659</u>	<u>\$ -0-</u>	<u>\$ 560,128</u>	<u>\$ 21,363,695</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 761,762	\$ 174,556	\$ -0-	\$ 159,314	\$ 1,095,632
Accrued Liabilities	1,510,998	57,145	-0-	22,650	1,590,793
Due to Employees' Retirement System	239,043	18,701	-0-	23,679	281,423
Due to Other Funds	420,169	-0-	40,375	7,217	467,761
<u>Total Liabilities</u>	<u>\$ 2,931,972</u>	<u>\$ 250,402</u>	<u>\$ 40,375</u>	<u>\$ 212,860</u>	<u>\$ 3,435,609</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenues	\$ 80,710	\$ -0-	\$ -0-	\$ -0-	\$ 80,710
<u>Fund Balances</u>					
NonSpendable:					
Prepays	\$ 14,920	\$ -0-	\$ -0-	\$ -0-	\$ 14,920
Restricted:					
Fire Service Award	3,875,741	-0-	-0-	-0-	3,875,741
Capital Reserves	-0-	1,275,986	-0-	-0-	1,275,986
Assigned:					
Water	-0-	1,679,271	-0-	-0-	1,679,271
Special Grant	-0-	-0-	-0-	-0-	-0-
Library	-0-	-0-	-0-	94,853	94,853
Swimming Pool	-0-	-0-	-0-	252,415	252,415
General	4,721,540	-0-	-0-	-0-	4,721,540
Capital Projects	-0-	-0-	1,844,673	-0-	1,844,673
Unassigned	5,973,025	-0-	(1,885,048)	-0-	4,087,977
<u>Total Fund Balances</u>	<u>\$ 14,585,226</u>	<u>\$ 2,955,257</u>	<u>\$ (40,375)</u>	<u>\$ 347,268</u>	<u>\$ 17,847,376</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 17,597,908</u>	<u>\$ 3,205,659</u>	<u>\$ -0-</u>	<u>\$ 560,128</u>	<u>\$ 21,363,695</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
AS OF MAY 31, 2020

Total Fund Balances - Governmental Funds \$ 17,847,376

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

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

Capital Assets - Non-Depreciable	\$ 7,005,264	
Capital Assets - Depreciable	81,931,218	
Accumulated Depreciation	<u>(57,282,052)</u>	\$ 31,654,430

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

Water Rents Receivable	\$ 684,109	
Accounts Receivable	<u>179,014</u>	863,123

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

1,543,459

Accrued receivables that will be collected in the future, but are not available soon enough to pay for the current period's expenditures and, therefore, have been deferred in the governmental funds.

80,710

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

Deferred Outflows of Resources Pensions Related	\$ 5,226,301	
Deferred Outflows of Resources Other Postemployment Benefits	11,788,623	
Deferred Inflows of Resources Pensions Related	(612,846)	
Deferred Inflows of Resources Other Postemployment Benefits	<u>(3,142,818)</u>	13,259,260

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

General Obligation Bonds Payable	\$ (5,597,644)	
Compensated Absences	(2,121,671)	
Claims and Judgments Payable	(402,185)	
Other Postemployment Benefits Payable	(61,109,328)	
Pension Liabilities	(13,862,005)	
Retainage Payable	<u>(644,473)</u>	(83,737,306)

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

228,384

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

(73,281) (36,181,221)

Net Position of Governmental Activities \$ (18,333,845)

INCORPORATED VILLAGE OF MINEOLA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED MAY 31, 2020

	Major Governmental Funds			Non-Major Governmental Funds	Totals
	General	Water	Capital Projects		
<u>REVENUES</u>					
Real Property Taxes	\$ 13,875,091	\$ -0-	\$ -0-	\$ -0-	\$ 13,875,091
Other Tax Items	53,271	-0-	-0-	-0-	53,271
Non-Property Tax Items	965,238	-0-	-0-	-0-	965,238
Departmental Income	1,076,011	3,181,627	-0-	131,716	4,389,354
Use of Money and Property	843,756	25,631	-0-	-0-	869,387
Licenses and Permits	2,136,780	-0-	-0-	-0-	2,136,780
Fines and Forfeitures	1,636,228	-0-	-0-	-0-	1,636,228
Sale of Property and Compensation for Loss	19,119	-0-	-0-	35,954	55,073
Miscellaneous	668,091	570	-0-	6,391	675,052
State Aid	994,542	-0-	-0-	5,573	1,000,115
Federal Aid	-0-	-0-	-0-	217,984	217,984
<u>Total Revenues</u>	<u>\$ 22,268,127</u>	<u>\$ 3,207,828</u>	<u>\$ -0-</u>	<u>\$ 397,618</u>	<u>\$ 25,873,573</u>
<u>EXPENDITURES</u>					
General Government Support	\$ 4,741,686	\$ 2,990	\$ -0-	\$ 1,384	\$ 4,746,060
Public Safety	1,527,033	-0-	-0-	-0-	1,527,033
Health	88,963	-0-	-0-	-0-	88,963
Transportation	3,104,323	-0-	-0-	-0-	3,104,323
Economic Assistance and Opportunity	-0-	-0-	-0-	-0-	-0-
Culture and Recreation	495,247	-0-	-0-	1,893,628	2,388,875
Home and Community Services	5,237,480	3,873,568	40,375	269,012	9,420,435
Employee Benefits	4,323,352	475,305	-0-	531,955	5,330,612
Debt Service, Principal	651,786	223,069	-0-	230,145	1,105,000
Debt Service, Interest	164,495	56,297	-0-	58,083	278,875
<u>Total Expenditures</u>	<u>\$ 20,334,365</u>	<u>\$ 4,631,229</u>	<u>\$ 40,375</u>	<u>\$ 2,984,207</u>	<u>\$ 27,990,176</u>
Excess (Deficiency) of <u>Revenues Over Expenditures</u>	<u>\$ 1,933,762</u>	<u>\$ (1,423,401)</u>	<u>\$ (40,375)</u>	<u>\$ (2,586,589)</u>	<u>\$ (2,116,603)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ 100,000	\$ -0-	\$ -0-	\$ 2,672,502	\$ 2,772,502
Transfers Out	(2,672,502)	(100,000)	-0-	-0-	(2,772,502)
<u>Total Other Financing Sources and Uses</u>	<u>\$ (2,572,502)</u>	<u>\$ (100,000)</u>	<u>\$ -0-</u>	<u>\$ 2,672,502</u>	<u>\$ -0-</u>
<u>Net Change in Fund Balances</u>	<u>\$ (638,740)</u>	<u>\$ (1,523,401)</u>	<u>\$ (40,375)</u>	<u>\$ 85,913</u>	<u>\$ (2,116,603)</u>
Fund Balances - June 1, 2019	15,223,966	4,478,658	-0-	261,355	19,963,979
<u>Fund Balances - May 31, 2020</u>	<u>\$ 14,585,226</u>	<u>\$ 2,955,257</u>	<u>\$ (40,375)</u>	<u>\$ 347,268</u>	<u>\$ 17,847,376</u>

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED MAY 31, 2020

Net Change in Fund Balances

\$ (2,116,603)

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	\$ (2,027,383)	
Capital Outlay	<u>6,060,770</u>	4,033,387

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

Decrease in Accrued Interest Payable	16,115	
Increase in Compensated Absences	(46,378)	
Increase in Retainage Payable	<u>(559,675)</u>	(589,938)

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

(12,059)

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

24,860

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

80,710

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

Repayment of Debt Principal	\$ 1,105,000	
Amortization of Deferral on Advance Refunding	(71,183)	
Change in Claims and Judgments Payable	(62,170)	
Amortization of Premium on Bonds Payable	173,968	
Other Postemployment Benefits Expense	<u>(10,114,743)</u>	(8,969,128)

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

Increase in Pension Liabilities	\$ (5,484,243)	
Increase in Deferred Outflows of Resources Pensions Related	3,530,963	
Decrease in Deferred Inflows of Resources Pensions Related	465,258	
Increase in Deferred Outflows of Resources Other Postemployment Benefits	9,286,273	
Increase in Deferred Inflows of Resources Other Postemployment Benefits	<u>(3,142,818)</u>	4,655,433

Changes in Net Position of Governmental Activities

\$ (2,893,338)

INCORPORATED VILLAGE OF MINEOLA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AS OF MAY 31, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 109,274
Prepaid Expenditures	<u>-0-</u>
<u>Total Assets</u>	<u>\$ 109,274</u>
<u>LIABILITIES</u>	
Due to Other Funds:	
General	\$ 105,008
Guaranty and Bid Deposits	-0-
Other Liabilities	<u>4,266</u>
<u>Total Liabilities</u>	<u>\$ 109,274</u>
<u>NET POSITION</u>	

See Accompanying Notes to Basic Financial Statements

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

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

Financial Reporting Entity

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

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

The financial reporting entity of the Incorporated Village of Mineola consists of its primary government. All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

Basis of Presentation

Village-Wide Financial Statements

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Presentation (cont'd)

Village-Wide Financial Statements (cont'd)

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

Fund Financial Statements

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

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

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

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Presentation (cont'd)

Fund Financial Statements (cont'd)

The Village reports the following major governmental funds:

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

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

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

The Village also reports the following fund type:

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

Village-Wide and Fiduciary Fund Financial Statements

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental Fund Financial Statements

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

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

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

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

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

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other Accounting Policies

Cash and Cash Equivalents

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

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

Accounts Receivable

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

Interfund Receivables and Payables

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

Refer to Note 7 for detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Property Taxes

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

Inventories and Prepaid Items

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other Accounting Policies (cont'd)

Capital Assets

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

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

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

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

<u>Assets</u>	<u>In 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

Unearned Revenue

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other Accounting Policies (cont'd)

Compensated Absences

The Village provides vacation pay, personal time and sick time benefits to its employees based on the terms of two separate union contracts. Nonunion employees compensated absences provisions are the same as union employees. Vacation time is to be used within one year of said employee's anniversary date unless the employee has requested and received permission from the Village Board to carry up to five vacation days over to the subsequent year. Employees with more than one year of service shall be entitled to six personal leave days per calendar year, said days to vest on an employee's anniversary date of employment. Employees in their first year of service shall only accumulate personal leave days at the rate of one day for each two months of service to a maximum of six days for the first year of service. If an employee does not utilize his or her personal leave time during the course of the calendar year within which it accrues, that portion which is not used will be added to his or her accumulated sick time. Sick time allowance accumulates from date of employment at the rate of twelve days per year, with no maximum accumulation for purposes of use. Unused accumulated sick time will be payable upon separation from service provided the employee shall have had eight years of actual employment, if hired prior to January 1, 1995, and ten years of actual employment if hired after January 1, 1995, with the Village subject to a maximum accumulation of 115 days or 100 days, respectively, and 115 days for Library employees through May 31, 2018. For any employee hired on or after January 1, 2015 the maximum number of sick days which may be accumulated for pay at the time of separation shall be 90 for both the Village and the Library. Payments for accumulated sick time shall only be payable upon retirement of an employee and further provided that the employee was not dismissed for disciplinary reasons for which no payment shall be made. However, any employee who shall have accumulated at least fifty sick days may, on an annual basis, redeem up to twenty days of the excess sick days accumulated over fifty days at the rate of 75% of value of the employee's rate of pay on October 1 of the year of election to redeem.

Compensated absences are reported as a liability in both the Statement of Net Position and the governmental funds balance sheet when an eligible employee announces their retirement before June 1, 2020 and paid this liability after May 31, 2020. All other compensated absences due to employees at year end are reported only in the statement of net position.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other Accounting Policies (cont'd)

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has four types of items that qualify for reporting in this category. The government-wide financial statements report deferred amount on refunding. This amount is deferred and amortized as a component of interest expense over the shorter of the life of the refunded or refunding debt. The second item relates to the pensions reported in the Village-wide Statement of Net Position. This represents the effect of the net change in the Village's proportion of the collective net pension liability or total pension liability and difference during the measurement period between the Village's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the Village's contribution to the New York State Employees Retirement System and the Length of Service Award Program subsequent to the measurement date. The last item represents the change of assumptions for other postemployment benefits.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Other Accounting Policies (cont'd)

Deferred Outflows/Inflows of Resources (cont'd)

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

Postemployment Benefits

In addition to the retirement benefits described in Note 8, the Incorporated Village of Mineola provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the Village and its employee groups. Substantially all of the current Village employees may become eligible for these benefits if they reach normal retirement age while working for the Village. The Village pays the cost of the retired employee's premiums to an insurance company which provides health care insurance.

Equity Classifications

Village-Wide Financial Statements - Net Position

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

Investment in Capital Assets, Net of Related Debt -

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity Classifications (cont'd)

Village-Wide Financial Statements - Net Position (cont'd)

Restricted -

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

Unrestricted -

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

Governmental Fund Financial Statements - Fund Balances

There are five classifications of fund balance: nonspendable, restricted, committed, assigned and unassigned. The Village currently only utilizes the following four:

Nonspendable -

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the prepaid expenditures recorded in the General Fund.

Restricted -

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

Fire Service Award - The Village established a defined benefit service award program pursuant to Article 11-A of the New York State General Municipal Law. The accumulated assets are restricted to pay benefits of the program.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity Classifications (cont'd)

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

Capital Reserves - (GML Section 6-c)

The capital reserve in the water fund is used to accumulate moneys to finance the cost of capital improvements for water production, distribution and quality control infrastructure.

Assigned -

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of the fund balance. Assigned fund balance in the general fund includes encumbrances and appropriated fund balance.

Unassigned -

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

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) restricted funds should be spent first unless otherwise required by law or agreement, then assigned and unassigned.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity Classifications (cont'd)

Fund Balance Classification (cont'd)

Use of Estimates

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

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

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

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

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

Long-term revenue and expense differences

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (cont'd)

Capital related differences

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

Long-term debt transaction differences

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

Pension Differences

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

Reclassifications and eliminations

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 3 - STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

Budgetary Information:

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

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

Budget Basis of Accounting:

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

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

NOTE 4 - CASH AND CASH EQUIVALENTS/INVESTMENTS

Cash and Cash Equivalents

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

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

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 4 - CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)

Cash and Cash Equivalents (cont'd)

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, 2020 the Village's Aggregate bank balance disclosed in the financial statements was either covered by depository insurance or collateralized with securities held by the pledging financial institution in the Village's name. As of May 31, 2020, the Village did not have any deposits subject to custodial credit risk.

Investments

The Village's Length of Service Award Program (LOSAP) for its firefighters consists of investments that are measured at fair value on a recurring basis. The Village's LOSAP categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the Village's LOSAP as of May 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>
Investment by Fair Value Level:		
Money Market Funds	\$ 195,959	\$ -0-
Federal Agency Obligations	-0-	15,014
Corporate Bonds	-0-	373,652
Municipal Bonds	-0-	1,359,769
Exchange Traded Funds	151,473	-0-
Equity Funds	<u>1,779,874</u>	<u>-0-</u>
<u>Total Investments at Fair Value</u>	<u>\$ 2,127,306</u>	<u>\$ 1,748,435</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 4 - CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)

Investments (cont'd)

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Federal agency securities, corporate bonds and municipal bonds classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk

The Village's LOSAP investments are subject to interest rate risk, which is the risk that an increase in market interest rates will adversely affect the fair value of the portfolio's fixed income securities. The Village's LOSAP investment policy limits bond maturities to a maximum average of 10 years. As of May 31, 2020, the Village's bond maturities were as follows:

<u>Investment Type</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-15 Years</u>	<u>Total</u>
Federal Agency Obligations	\$ -0-	\$ -0-	\$ 15,014	\$ -0-	\$ 15,014
Corporate Bonds	26,007	62,099	275,816	9,730	373,652
Municipal Bonds	30,124	538,248	713,935	77,462	1,359,769
	<u>\$ 56,131</u>	<u>\$ 600,347</u>	<u>\$ 1,004,765</u>	<u>\$ 87,192</u>	<u>\$ 1,748,435</u>

Credit Risk

The Village's LOSAP investment policy allows no more than 20% of the portfolio to be invested, directly or via underlying managers, in bonds that are unrated or below investment grade (BBB or Baa). As of May 31, 2020, credit ratings obtained from Moody's, for the fixed income portfolio are as follows:

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 4 - CASH AND CASH EQUIVALENTS/INVESTMENTS (Continued)

Investments (cont'd)

Credit Risk (cont'd)

<u>Investment Type</u>	Rating by Moody's						<u>Total</u>
	<u>Aaa</u>	<u>Aa1 through Aa3</u>	<u>A1 through A3</u>	<u>Baa1 through Baa3</u>	<u>Ba1 through Ba3</u>	<u>Not Rated</u>	
Federal Agency Obligations	\$15,014	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 15,014
Corporate Bonds	-0-	-0-	117,936	167,962	-0-	87,754	373,652
Municipal Bonds	-0-	162,781	361,298	-0-	-0-	835,690	1,359,769
	<u>\$15,014</u>	<u>\$ 162,781</u>	<u>\$ 479,234</u>	<u>\$ 167,962</u>	<u>\$ -0-</u>	<u>\$ 923,444</u>	<u>\$ 1,748,435</u>

\$736,584 of the \$923,444 not rated by Moody's is rated BBB + or greater by Standard & Poor's.

Concentration of Credit Risk

The Village's LOSAP investment policy minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the Village's LOSAP investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The maximum portion of the portfolio in a single diversified fund is 15%. The maximum portion of the portfolio in a single security is 5%. The Village was in compliance with this policy.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the custodian, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The investments of the Village are registered in the name of the Village.

NOTE 5 - CAPITAL ASSET ACTIVITY

Capital asset activity for the Village for the year ended May 31, 2020, was as follows:

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 5 - CAPITAL ASSET ACTIVITY (Continued)

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions and Reclassifications</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets Not <u>Being Depreciated:</u>				
Land	\$ 390,000	\$ -0-	\$ -0-	\$ 390,000
Construction in Progress	<u>1,711,899</u>	<u>5,655,618</u>	<u>(752,253)</u>	<u>6,615,264</u>
Total Capital Assets <u>Not Being Depreciated</u>	<u>\$ 2,101,899</u>	<u>\$ 5,655,618</u>	<u>\$ (752,253)</u>	<u>\$ 7,005,264</u>
<u>Depreciable Capital Assets</u>				
Infrastructure	\$ 41,002,642	\$ 37,820	\$ -0-	\$ 41,040,462
Improvements other than Buildings	7,433,083	480,346	-0-	7,913,429
Buildings	19,019,128	394,435	-0-	19,413,563
Machinery and Equipment	<u>13,484,060</u>	<u>244,804</u>	<u>(165,100)</u>	<u>13,563,764</u>
<u>Total Depreciable Assets</u>	<u>\$ 80,938,913</u>	<u>\$ 1,157,405</u>	<u>\$ (165,100)</u>	<u>\$ 81,931,218</u>
<u>Less Accumulated Depreciation:</u>	<u>Beginning Balance</u>	<u>Additions and Reclassifications</u>	<u>Retirements</u>	<u>Ending Balance</u>
Infrastructure	\$ 29,081,556	\$ 929,956	\$ -0-	\$ 30,011,512
Improvements Other Than Buildings	4,475,935	221,684	-0-	4,697,619
Buildings	11,921,305	353,252	-0-	12,274,557
Machinery and Equipment	<u>9,940,973</u>	<u>522,491</u>	<u>(165,100)</u>	<u>10,298,364</u>
Total Accumulated <u>Depreciation</u>	<u>\$ 55,419,769</u>	<u>\$ 2,027,383</u>	<u>\$ (165,100)</u>	<u>\$ 57,282,052</u>
Total Net Depreciable <u>Capital Assets</u>	<u>\$ 25,519,144</u>	<u>\$ (869,978)</u>	<u>\$ -0-</u>	<u>\$ 24,649,166</u>
<u>Total Net Capital Assets</u>	<u>\$ 27,621,043</u>			<u>\$ 31,654,430</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 5 - CAPITAL ASSET ACTIVITY (cont'd)

Depreciation expense was charged to governmental functions as follows:

General Government Support	\$ 196,958
Public Safety	273,752
Transportation	747,022
Culture and Recreation	258,065
Home and Community Services	537,174
Economic Assistance & Opportunity	<u>14,412</u>
<u>Total Depreciation Expense</u>	<u>\$ 2,027,383</u>

NOTE 6 - NONCURRENT LIABILITIES

Long-Term Debt transactions for the year ended May 31, 2020 can be summarized as follows:

				Balance May 31, 2020	<u>Noncurrent Liabilities</u>	
	Balance June 1, 2019	Additions	Reductions		Due Within One Year	Due In More Than One Year
Serial Bonds Payable	\$ 6,130,000	\$ -0-	\$ 1,105,000	\$ 5,025,000	\$ 5,025,000	\$ -0-
Premium on Bonds	746,612	-0-	173,968	572,644	572,644	-0-
Judgments and Claims Payable	340,015	402,185	340,015	402,185	402,185	-0-
Compensated Absences	<u>2,075,293</u>	<u>46,378</u>	<u>-0-</u>	<u>2,121,671</u>	<u>4,934</u>	<u>2,116,737</u>
<u>Totals</u>	<u>\$ 9,291,920</u>	<u>\$ 448,563</u>	<u>\$ 1,618,983</u>	<u>\$ 8,121,500</u>	<u>\$ 6,004,763</u>	<u>\$ 2,116,737</u>

Serial Bonds Payable

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 6 - NONCURRENT LIABILITIES (cont'd)

The following is a summary of serial bonds payable at May 31, 2020:

<u>Serial Bonds</u>	<u>%</u>	<u>Principal</u>
2012 Refunding Serial Bonds		
Final Payment Due 8/15/23	2.22%	<u>5,025,000</u>
Total Principal of Bonds Outstanding		\$ 5,025,000
Unamortized Accrued Premium on Refunding Bonds		<u>572,644</u>
Total		<u>\$ 5,597,644</u>

All serial bonds outstanding at May 31, 2020 were redeemed on August 15, 2020 accordingly, interest and principal payments on these bonds is as follows:

<u>Fiscal Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
May 31, 2021	\$ 5,025,000	\$ 125,625	\$ 5,150,625
Unamortized Premium on Refunding Bonds	<u>572,644</u>	<u>(572,644)</u>	<u>-0-</u>
Total	<u>\$ 5,597,644</u>	<u>\$ (447,019)</u>	<u>\$ 5,150,625</u>

The Village received a \$110,087 bond premium on refinanced bonds issued in March 2007 and a \$1,957,140 premium on refinanced bonds issued in June 2012. The premiums are being amortized over the life of the bonds using the straight-line method. During the current year, the Village amortized \$173,968 of the bond premium by reducing interest expense on the Village-Wide Financial Statements.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 6 - NONCURRENT LIABILITIES (cont'd)

Judgment and Claims Payable

The following is a summary of Judgments and Claims Payable as of May 31, 2020:

	Total	Due Within One Year	Due in More Than One Year
Tax Certiorari	\$ 187,800	\$ 187,800	\$ -0-
Workers Compensation	214,385	214,385	-0-
	<u>\$ 402,185</u>	<u>\$ 402,185</u>	<u>\$ -0-</u>

Tax Certiorari

The Village has recorded a liability for tax certioraris in the amount of \$187,800 as of May 31, 2020. This entire amount was paid in the subsequent fiscal year.

Workers' Compensation

The Village self insures its liability for workers' compensation and its claims are handled by a third-party administrator. The premium for workers' compensation is shared by the General, Water, Swimming Pool and Library funds. The Village estimates its workers' compensation liability by consulting with its third party administrator and legal counsel. As of May 31, 2020, the Village estimates its workers' compensation liability to be \$214,385. The Village estimates the amount of workers' compensation that will be paid in the next twelve months to be \$214,385 and reports that amount as due within one year.

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

Fiscal Year	Claims Incurred		Net of Adjustment		
May 31	Beginning Balance	to Reserves	Payments	Ending Balance	
2020	\$ 139,415	\$ (748,571)	\$ (823,541)	\$ 214,385	
2019	152,048	329,654	342,287	139,415	
2018	424,833	(88,611)	184,174	152,048	

Compensated Absences

The Village's liability for vested or accumulated compensated absences, such as accrued vacation and sick pay, is \$2,121,671 and has been accrued in the Statement of Net Position.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 6 - NONCURRENT LIABILITIES (cont'd)

Compensated Absences (cont'd)

The Village records the current portion of this liability based on specific employees that have announced their retirement and are due an amount for compensated absences at May 31, 2020.

NOTE 7 - INTERFUND TRANSACTIONS

Due from and due to other Funds consists of the following at May 31, 2020:

<u>Major Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General	\$ 112,225	\$ 420,169
Water	40,375	-0-
Capital	-0-	40,375
<u>Total Major Funds</u>	<u>\$ 152,600</u>	<u>\$ 460,544</u>
<u>Non-Major Funds</u>		
Library	\$ 159,966	\$ -0-
Swimming Pool	260,203	-0-
Special Grant	-0-	7,217
<u>Total Non-Major Funds</u>	<u>\$ 420,169</u>	<u>\$ 7,217</u>
<u>Total Governmental Activities</u>	<u>\$ 572,769</u>	<u>\$ 467,761</u>
<u>Fiduciary Funds</u>		
Trust and Agency	-0-	105,008
<u>TOTALS</u>	<u>\$ 572,769</u>	<u>\$ 572,769</u>

Interfund revenue transfers and interfund expenditure transfers for the year ending May 31, 2020 were as follows:

<u>Major Funds</u>	<u>Interfund Revenue Transfers</u>	<u>Interfund Expenditure Transfers</u>
General	\$ 100,000	\$ 2,672,502
Water	-0-	100,000
Special Grant	-0-	-0-
<u>Total Major Funds</u>	<u>\$ 100,000</u>	<u>\$ 2,772,502</u>
<u>Non-Major Funds</u>		
Library	\$ 2,073,094	\$ -0-
Swimming Pool	599,408	-0-
Capital	-0-	-0-
<u>Total Non-Major Funds</u>	<u>\$ 2,672,502</u>	<u>\$ -0-</u>
<u>TOTALS</u>	<u>\$ 2,772,502</u>	<u>\$ 2,772,502</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 7 - INTERFUND TRANSACTIONS (cont'd)

The Governmental Funds' Interfund Receivable from the Fiduciary Fund, in the amount of \$105,008, is reported on the Village-wide Statement of Net Position as Due from Fiduciary Fund.

NOTE 8 - PENSION PLANS

The Village sponsors defined benefit pension plans for its employees and volunteer firefighters. The employees are entitled to pension benefits from the New York State and Local Employees' Retirement System and the firefighters plan is a Length of Service Award Program (LOSAP).

Below is the composition of each plan's balance in the Village's financial statements at May 31, 2020.

	<u>ERS</u>	<u>LOSAP</u>	<u>TOTAL</u>
Deferred Outflows- Pensions Related	\$ 3,898,745	\$ 1,039,242	\$ 4,937,987
Deferred Outflows- Subsequent Payments	<u>170,474</u>	<u>117,840</u>	<u>288,314</u>
Total Deferred Outflows	\$ 4,069,219	\$ 1,157,082	\$ 5,226,301
 Pension Liabilities	 \$ 6,033,724	 \$ 7,828,281	 \$ 13,862,005
 Deferred Inflows- Pensions Related	 \$ 170,840	 \$ 442,006	 \$ 612,846

The following is information about the two plans.

Employees' Retirement System (ERS)

General Information About the Pension Plan

Plan Description & Benefits Provided

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Employees' Retirement System (ERS) (cont'd)

Plan Description & Benefits Provided (cont'd)

Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

Tiers 1 and 2

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

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

Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Employees' Retirement System (ERS) (cont'd)

Plan Description & Benefits Provided (cont'd)

Tiers 3, 4 and 5

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

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

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

Tier 6

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

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Employees' Retirement System (ERS) (cont'd)

Plan Description & Benefits Provided (cont'd)

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

Disability Benefits

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

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Employees' Retirement System (ERS) (cont'd)

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The contribution paid during the current year was equal to 100 percent of the required payment. The contractually required contribution for the year ended May 31, 2020 was \$1,005,687.

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

At May 31, 2020, the Village reported a liability of \$6,033,724 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2020, the Village's proportion was 0.0227855 percent, which was an increase of 0.0015917 from its proportion measured as of March 31, 2019.

For the year ended May 31, 2020, the Village recognized pension expense of \$2,160,848. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Employees' Retirement System (ERS) (cont'd)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 355,109	\$ -0-
Changes of Assumptions	121,491	104,905
Net difference between projected and actual earnings on pension plan investments	3,093,180	-0-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	328,965	65,935
Employer contributions subsequent to the measurement date	<u>170,474</u>	<u>-0-</u>
<u>Total</u>	<u>\$ 4,069,219</u>	<u>\$ 170,840</u>

The amount of \$170,474 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Years ended May 31:</u>
2021	\$ 682,458
2022	\$ 924,046
2023	\$ 1,179,572
2024	\$ 941,830
2025	\$ -0-
Thereafter	\$ -0-

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Employees' Retirement System (ERS) (cont'd)

Actuarial Assumptions (cont'd)

Significant actuarial assumptions used in April 1, 2019 valuation were as follows:

Inflation rate	2.5%
Salary scale	
ERS	4.2%
Investment rate of return, including inflation	6.8% Compounded annually, net of investment expenses
Cost of Living Adjustment	1.3% Annually

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The previous actuarial valuation as of April 1, 2018 used a long-term expected rate of return of 7.0%.

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate</u>
Domestic Equity	36%	4.05%
International Equity	14%	6.15%
Private Equity	10%	6.75%
Real Estate	10%	4.95%
Absolute Return Strategies(1)	2%	3.25%
Opportunistic Portfolio	3%	4.65%
Real Assets	3%	5.95%
Bonds & Mortgages	17%	0.75%
Cash	1%	0.00%
Inflation-Indexed Bonds	4%	0.50%
	<u>100%</u>	

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Employees' Retirement System (ERS) (cont'd)

Actuarial Assumptions (cont'd)

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

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current assumption:

	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
Village's proportionate share of the net pension liability (Asset)	\$ 11,073,588	\$ 6,033,724	\$ 1,391,986

The components of the current-year net pension liability of the employers as of March 31, 2020, was as follows:

	(Dollars in Thousands)
	<u>Employees'</u>
	<u>Retirement System</u>
Employers' total pension liability	\$ 194,596,261
Plan fiduciary net position	<u>(168,115,682)</u>
Employers' net pension liability	<u>\$ 26,480,579</u>

Ratio of plan fiduciary net position to the employers' total pension liability	86.39%
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INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Village Sponsored Fire Service Award Program

General Information about the Pension Plan

The Incorporated Village of Mineola financial statements are for the year ended May 31, 2020. 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, 2019, which is the most recent program year.

Length of Service Awards Program - LOSAP

The Incorporated Village of Mineola (the "Sponsor") established a single employer 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.

Plan 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, becoming totally and permanently disabled, dying while an active volunteer, or upon attaining the program's entitlement age. The program's entitlement age is the later of age 60 or age after first earning a year of service credit under the point system. An active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five (5) years of active volunteer firefighting service rendered prior to the establishment of the program as an active volunteer firefighter member of the Mineola Fire Department.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Village Sponsored Fire Service Award Program (cont'd)

Benefits Provided

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 Firefly Admin, Inc. to assist in the administration of the program. The services provided by Firefly Admin, 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 Firefly Admin, Inc. determines and certifies in writing to the Treasurer the amount of the service award to be paid to a participant or to a participant's designated beneficiary. The Treasurer, as custodian of the Incorporated Village of Mineola's LOSAP trust funds, presents the service award to the Board of Trustees for approval at a board meeting. No service award benefit payment is made without the written certification from Firefly Admin, Inc. and approval, via resolution, from the Board of Trustees. Administrative expenses are authorized for payment by the Board of Trustees in the same manner as any other invoice presented to the Village for payment and are an expenditure of the general fund. A resolution each year at Organization Night authorizes the Treasurer to be the custodian of LOSAP.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Village Sponsored Fire Service Award Program (cont'd)

Participants Covered by the Benefit Terms

At the December 31, 2019 measurement date, the following participants were covered by the benefit terms:

Participants currently receiving benefit payments	48
Inactive participants entitled to but not yet receiving benefit payments	86
Active participants	<u>73</u>
<u>Total</u>	<u>207</u>

Contributions

New York State General Municipal Law §219(d) requires the Village to engage an actuary to determine the annual amount required to be contributed to the Trust Fund. This amount is appropriated and contributed annually by the Village.

Trust Assets

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

Measurement of Total Pension Liability

The total pension liability at the December 31, 2019 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Village Sponsored Fire Service Award Program (cont'd)

Measurement of Total Pension Liability (cont'd)

Valuation Date:	December 31, 2019
Measurement Date:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Inflation:	0.00%
Salary Scale:	None Assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate. The discount rate used to measure the total pension liability was 3.26%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes of assumptions or other inputs.

	<u>12/31/2018</u>	<u>12/31/2019</u>
Discount Rate	3.64%	3.26%
Inflation Rate	2.25%	0.00%

Changes in the Total Pension Liability

Balance as of 12/31/2018 measurement date	\$ 6,876,116
Service Cost	232,624
Interest	254,545
Changes of assumptions or other inputs	696,222
Differences between expected and actual experience	2,352
Benefit Payments	(233,578)
Net Change in total pension liability	\$ 952,165
Balance as of 12/31/2019 measurement date	<u>\$ 7,828,281</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 8 - PENSION PLANS (cont'd)

Village Sponsored Fire Service Award Program (cont'd)

Measurement of Total Pension Liability (cont'd)

Sensitivity of the Total Pension Liability to changes in the discount rate. The following presents the total pension liability of the Village as of the December 31, 2019 measurement date, calculated using the discount rate of 3.26 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percent point lower (2.26 percent) or 1-percentage point higher (4.26 percent) than the current rate:

	<u>1% Decrease</u> <u>(2.26%)</u>	<u>Current Discount Rate</u> <u>(3.26%)</u>	<u>1% Increase</u> <u>(4.26%)</u>
Total pension liability	\$9,297,697	\$7,828,281	\$6,677,842

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

For the year ended May 31, 2020, the Village recognized pension expense of \$598,616. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 17,537	\$ 9,670
Changes of assumptions or other inputs	1,021,705	\$ 432,336
Benefit payments & administrative expenses subsequent to the measurement date	<u>117,840</u>	<u>-0-</u>
<u>Total</u>	<u>\$ 1,157,082</u>	<u>\$ 442,006</u>

The amount of \$117,840 reported as deferred outflows of resources related to pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended May 31, 2021.

Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years ended May 31:</u>		
2021	\$	103,958
2022	\$	103,958
2023	\$	103,958
2024	\$	103,958
2025	\$	103,958
Thereafter	\$	77,445

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information About the Plan

Plan Description

The Village's defined benefit OPEB plan provides medical, Medicare part B reimbursement and life insurance benefits in accordance with its employment contracts. The plan is a single employer defined benefit OPEB plan administered by the Village. A retiree must be 55 years old with 5 years of service to be eligible for the benefits as a retiree. These postemployment healthcare benefits are provided through insurance companies whose premiums are based on the benefits paid during the year. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Village provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Village's offices and are available upon request.

Employees Covered by Benefit Terms

At May 31, 2020 the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	84
Active Plan Members	<u>94</u>
Total Plan Members	<u>178</u>

B. Total OPEB Liability

The Village's total OPEB liability of \$61,109,328 was measured as of May 31, 2020 and was determined by an actuarial valuation as of June 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the May 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs.

Salary increase	3.50%
Discount rate	2.16%
Healthcare cost trend rate	8.00%

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont'd)

B. Total OPEB Liability (cont'd)

Actuarial Assumptions and Other Inputs (cont'd)

Trend Rates Applicable to Premiums

<u>Year</u>	<u>Current Valuation*</u>
2019	8.00%
2020	7.50%
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025+	5.00%

* Medicare-Eligible Medical Costs are assumed to increase at a rate of 5.0% per annum.

The discount rate was based on a review of Bond Buyer's 20 Bond Index, as of May 31, 2020.

Mortality- Unisex pre-retirement mortality rates from Exhibit 2-3 of the report "Development of Recommended Actuarial Assumptions" for New York State/SUNY GASB 75 Valuation prepared by AON Hewitt dated June 2019 using Projection Scale MP 2018.

C. Changes in the Total OPEB Liability

Balance as of June 1, 2019	\$ 50,994,585
<u>Changes for the year-</u>	
Service Cost	1,691,093
Interest	1,725,196
Changes in benefit terms	-0-
Differences between expected and actual experience	(3,768,878)
Changes in Assumptions and other inputs	11,749,794
Benefit Payments	<u>(1,282,462)</u>
Net Changes	<u>\$ 10,114,743</u>
Balance as of May 31, 2020	<u>\$ 61,109,328</u>

Notes:

Plan Changes - Excise tax or high cost health plans eliminated and regarded an experience gain.

Assumption changes -

The discount rate was 3.51% as of May 31, 2019 and 2.16% as of May 31, 2020.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont'd)

C. Changes in Total OPEB Liability (cont'd)

Sensitivity of the Total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
<u>Total OPEB liability</u>	<u>\$ 73,535,472</u>	<u>\$ 61,109,328</u>	<u>\$ 51,457,141</u>

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.00% decreasing to 4.00%) or one percentage point higher (9.00% decreasing to 6.00%) than the current rate.

	1% Decrease (7.00% decreasing to 4.00%)	Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
<u>Total OPEB liability</u>	<u>\$ 49,914,350</u>	<u>\$ 61,109,328</u>	<u>\$ 76,118,217</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2020, the Village recognized OPEB expense of \$5,253,750. At May 31, 2020, the Village Reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources OPEB	Deferred Inflows of Resources OPEB
Differences between expected and actual experience	\$ -0-	\$ 3,142,818
Changes of assumptions	11,788,623	-0-
Village's contributions subsequent to measurement date	-0-	-0-
<u>Total</u>	<u>\$ 11,788,623</u>	<u>\$ 3,142,818</u>

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (cont'd)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (cont'd)

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

<u>Years ended May 31:</u>	
2021	\$ 1,837,461
2022	\$ 1,837,461
2023	\$ 1,837,461
2024	\$ 1,781,171
2025	\$ 1,325,733
Thereafter	\$ 26,518

NOTE 10 - RISK MANAGEMENT

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

The Village self insures its liability for worker's compensation. Please see Note 6 for details on its estimated liability.

NOTE 11 - OPERATING LEASES

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

<u>Years ended May 31,</u>	<u>Amount</u>
2021	\$ 147,066
2022	43,377
2023	7,700
	<u>\$ 198,143</u>

NOTE 12 - CONTINGENCIES

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

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 13 - DEFICIT FUND BALANCES

A deficit unassigned fund balance of \$1,885,048 exists in the capital projects fund. The deficit results from the encumbrance of funds relating to the well improvement project. This project will be funded by the issuance of Serial bonds. This deficit was eliminated on September 10, 2020 when the Village provided permanent financing by issuing serial bonds.

NOTE 14 - TAX ABATEMENTS

The Village receives payments in lieu of taxes (PILOT) from Nassau County as a result of property tax abatement programs entered into by the Nassau County Industrial Development Agency under New York State Real Property Tax Law §412-a. GASB Statement 77, *Tax Abatement Disclosures*, defines tax abatement, for financial reporting purposes, as a reduction in tax revenue resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or other benefits to the governments or the citizens of those governments.

The Village's property tax revenue was reduced \$1,320,989. The Village received payment in lieu of taxes (PILOT) payments totaling \$293,706 from Nassau County. As part of the PILOT agreements the Village also received annual Host Community Benefit payments totaling \$641,188.

The Village also received \$118,038 of PILOT related to the Long Island Power Authority (LIPA); these LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77 *Tax Abatement Disclosures*.

NOTE 15 - ENCUMBRANCES

As of May 31, 2020, the Village encumbered \$4,721,540 for equipment, road improvements, building construction, and sanitary sewer main replacement in the General Fund.

As of May 31, 2020, the Village encumbered \$1,625,804 of the Water Fund capital reserve for construction of the packed tower aeration system at Well #1, improvements to Well #4 and Scada system improvements.

As of May 31, 2020, the Village encumbered \$1,844,673 in the capital projects fund for improvements to Well #7.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 16 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

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

GASB Statement No. 83 - In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. GASB No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the statement. This statement is effective for the year ending May 31, 2020.

GASB Statement No. 84 - In January 2018, GASB issued Statement No. 84, *Fiduciary Activities*. GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement is effective for the year ending May 31, 2020.

GASB Statement No. 87 - In June 2018, GASB issued Statement No. 87, *Leases*. GASB No. 87 increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for the year ending May 31, 2021.

GASB Statement No. 88 - In March 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. GASB No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement is effective for the year ending May 31, 2020.

GASB Statement No. 89 - In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. GASB No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This statement is effective for the year ending May 31, 2021.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 16 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS
(cont'd)

GASB Statement No. 90 - In August 2018, GASB issued Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61*. This Statement, issued in August 2018, has primary objectives to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. This statement is effective for the Village's year ending May 31, 2020.

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB No. 91 requires a single method of reporting Conduit debt obligations by issuers. The objective is to eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for the year ending May 31, 2022.

GASB Statement No. 92 - In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for the reporting periods beginning after June 15, 2020. This statement is effective for the Village's year ending May 31, 2022.

GASB Statement No. 93 - In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This statement establishes accounting and financial reporting requirements related to the replacement of LIBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2020. This statement is effective for the Village's year ending May 31, 2022.

GASB Statement No. 94 - In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement establishes standards of accounting and financial reporting for public-public partnership arrangements (PPPs) and Availability Payment Arrangements (APAs). The requirements of this statement are effective for the reporting periods beginning after June 15, 2022. This statement is effective for the Village's year ending May 31, 2024.

INCORPORATED VILLAGE OF MINEOLA

NOTES TO FINANCIAL STATEMENTS

AS OF MAY 31, 2020

NOTE 16 - NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS
(cont'd)

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset- an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the reporting periods beginning after June 15, 2022. This statement is effective for the Village's year ending May 31, 2024.

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

In May 2020, the GASB issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement postponed the effective dates for GASB Statements No. 83, No. 84, No. 88, No. 89, No. 90, No. 91, and No. 92 by one year. The effective date for GASB Statement No. 87 was postponed eighteen months.

NOTE 17 - VILLAGE OPERATIONS DURING THE PANDEMIC

From March through May 31, 2020 the Village's operations have been affected by the outbreak of the Coronavirus Disease (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The United States and world economies are suffering damage from this pandemic and the ultimate impact of COVID-19 on the financial performance of the Village is not reasonably estimable at this time.

NOTE 18 - SUBSEQUENT EVENTS

The Village has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued.

On July 1, 2020, Village elected to call in and redeem on August 15, 2020 the \$5,025,000 outstanding 2012 Refunding Serial Bonds maturing in the years 2021 through 2023. The 2012 outstanding Refunding Serial Bonds principal is reported as short-term portion of long-term liabilities in the government-wide financial statements.

On September 10, 2020, the Village issued \$7,600,000 in public improvement serial bonds with a premium of \$449,932. These bonds were issued to finance the construction of improvements to the Village water system facilities and the construction of a new administrative building.

INCORPORATED VILLAGE OF MINEOLA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2020

	Budgets			Over (Under)
	Original	Revised	Actual	Revised Budget
<u>REVENUES</u>				
Real Property Taxes	\$ 13,827,129	\$ 13,875,091	\$ 13,875,091	\$ -0-
Other Tax Items	60,000	53,271	53,271	-0-
Non-Property Tax Items	972,234	965,238	965,238	-0-
Departmental Income	1,025,000	1,076,011	1,076,011	-0-
Use of Money and Property	507,500	741,149	843,756	102,607
Licenses and Permits	676,000	2,136,780	2,136,780	-0-
Fines and Forfeitures	1,850,000	1,636,228	1,636,228	-0-
Sale of Property and Compensation for Loss	15,000	19,119	19,119	-0-
Miscellaneous	698,786	668,091	668,091	-0-
State Aid	961,711	994,542	994,542	-0-
Federal Aid	-0-	-0-	-0-	-0-
<u>Total Revenues</u>	<u>\$ 20,593,360</u>	<u>\$ 22,165,520</u>	<u>\$ 22,268,127</u>	<u>\$ 102,607</u>
<u>EXPENDITURES</u>				
General Government Support	\$ 4,905,800	\$ 4,741,686	\$ 4,741,686	\$ -0-
Public Safety	1,525,685	1,579,621	1,527,033	(52,588)
Health	77,000	88,963	88,963	-0-
Transportation	3,431,234	3,172,336	3,104,323	(68,013)
Economic Assistance and Opportunity	-0-	-0-	-0-	-0-
Culture and Recreation	516,639	495,247	495,247	-0-
Home and Community Services	2,638,718	5,237,480	5,237,480	-0-
Employee Benefits	4,557,762	4,323,352	4,323,352	-0-
Debt Service, Principal	651,786	651,786	651,786	-0-
Debt Service, Interest	164,495	164,495	164,495	-0-
<u>Total Expenditures</u>	<u>\$ 18,469,119</u>	<u>\$ 20,454,966</u>	<u>\$ 20,334,365</u>	<u>\$ (120,601)</u>
<u>Excess of Revenues over Expenditures</u>	<u>\$ 2,124,241</u>	<u>\$ 1,710,554</u>	<u>\$ 1,933,762</u>	<u>\$ 223,208</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ -0-
Interfund Transfers Out	(2,672,502)	(2,672,502)	(2,672,502)	-0-
<u>Total Other Financing</u>				
<u>Sources and Uses</u>	<u>\$ (2,572,502)</u>	<u>\$ (2,572,502)</u>	<u>\$ (2,572,502)</u>	<u>\$ -0-</u>
Net Increase/(Decrease) in Fund Balance	\$ (448,261)	\$ (861,948)	\$ (638,740)	\$ 223,208
Fund Balance - Beginning	15,223,966	15,223,966	15,223,966	-0-
Fund Balance - Ending	<u>\$ 14,775,705</u>	<u>\$ 14,362,018</u>	<u>\$ 14,585,226</u>	<u>\$ 223,208</u>

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGET BASIS OF ACCOUNTING

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

See Paragraph on Required Supplementary Information Included in Independent Auditor's Report

INCORPORATED VILLAGE OF MINEOLA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- BUDGET AND ACTUAL - WATER FUND
FOR THE FISCAL YEAR ENDED MAY 31, 2020

	Budgets			Over (Under)
	Original	Revised	Actual	Revised Budget
<u>REVENUES</u>				
Departmental Income	\$ 2,726,364	\$ 3,181,627	\$ 3,181,627	\$ -0-
Use of Money and Property	10,000	25,631	25,631	-0-
Licenses and Permits	-0-	-0-	-0-	-0-
Sale of Property and Compensation for Loss	-0-	-0-	-0-	-0-
Miscellaneous	18,874	570	570	-0-
State Sources	-0-	-0-	-0-	-0-
Federal Sources	-0-	-0-	-0-	-0-
<u>Total Revenues</u>	<u>\$ 2,755,238</u>	<u>\$ 3,207,828</u>	<u>\$ 3,207,828</u>	<u>\$ -0-</u>
<u>EXPENDITURES</u>				
General Government Support	\$ 2,000	\$ 2,990	\$ 2,990	\$ -0-
Home and Community Services	4,782,492	5,237,772	3,873,568	(1,364,204)
Employee Benefits	478,985	475,305	475,305	-0-
Debt Service - Principal	223,069	223,069	223,069	-0-
Debt Service - Interest	56,297	56,297	56,297	-0-
<u>Total Expenditures</u>	<u>\$ 5,542,843</u>	<u>\$ 5,995,433</u>	<u>\$ 4,631,229</u>	<u>(1,364,204)</u>
<u>Excess of Revenue over Expenditures</u>	<u>\$ (2,787,605)</u>	<u>\$ (2,787,605)</u>	<u>\$ (1,423,401)</u>	<u>\$ 1,364,204</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund Transfers In	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interfund Transfers Out	(100,000)	(100,000)	(100,000)	-0-
<u>Total Other Financing Sources and Uses</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ (100,000)</u>	<u>\$ -0-</u>
Net Change in Fund Balance	\$ (2,887,605)	\$ (2,887,605)	\$ (1,523,401)	\$ 1,364,204
Fund Balance - Beginning	4,478,658	4,478,658	4,478,658	-0-
Fund Balance - Ending	<u>\$ 1,591,053</u>	<u>\$ 1,591,053</u>	<u>\$ 2,955,257</u>	<u>\$ 1,364,204</u>

Note to Required Supplementary Information

Budget Basis of Accounting

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

See Paragraph on Required Supplementary Information Included in Independent Auditor's Report

INCORPORATED VILLAGE OF MINEOLA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE VILLAGE'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF MAY 31, 2020

Measurement date	<u>May 31, 2020</u>	<u>May 31, 2019</u>
<u>Total OPEB Liability:</u>		
Service cost	\$ 1,691,093	\$ 1,672,146
Interest	1,725,196	1,808,053
Differences between expected and actual experience in the measurement of the total OPEB liability	(3,768,878)	-0-
Changes of assumptions or other inputs	11,749,794	3,014,078
Benefits Payments	<u>(1,282,462)</u>	<u>(1,084,198)</u>
<u>Net change in total OPEB Liability</u>	\$ 10,114,743	\$ 5,410,079
Total OPEB liability- beginning of year	<u>50,994,585</u>	<u>45,584,506</u>
Total OPEB liability- end of year	<u>\$ 61,109,328</u>	<u>\$ 50,994,585</u>
Covered payroll	\$ 5,811,553	\$ 5,727,905
Total OPEB liability as percentage of covered payroll	1051.51%	890.28%

Notes to Required Supplementary Information:

Changes of Assumptions:

Discount rate changed from 3.87% as of May 31, 2018 to 3.51% as of May 31, 2019 and 2.16% as of May 31, 2020

Plan Changes:

Excise tax eliminated as of May 31, 2020.

Plan Assets:

No assets are accumulated in a trust that meets the criteria in GASB Statement

No. 75, Paragraph 4, to pay related benefits.

This schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

INCORPORATED VILLAGE OF MINEOLA

REQUIRED SUPPLEMENTARY INFORMATION

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

NYSERS PENSION PLAN

LAST 10 FISCAL YEARS *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 **</u>	<u>2013 **</u>	<u>2012 **</u>	<u>2011 **</u>
Village's proportion of the net pension liability	0.0227855%	0.0211938%	0.0215715%	0.0240065%	0.0211300%	0.0222164%	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	6,033,724	1,501,646	696,208	2,255,708	3,391,430	750,523	N/A	N/A	N/A	N/A
Village's covered-employee payroll	6,975,466	6,914,364	6,459,687	6,279,868	6,951,168	5,900,727	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	86.50%	21.72%	10.78%	35.92%	48.79%	12.72%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.2%	94.7%	90.7%	97.9%	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined as of March 31.

N/A = Not Available

Notes to Required Supplementary Information

** This schedule is presented to illustrate the requirement to show information for 10 years. Additional years will be displayed as they become available.

*** The discount rate used to calculate pension liability for the year ended March 31, 2020 was 6.8%. The discount rate for the years ended March 31, 2016 through March 31, 2019 was 7.0% and 7.5% for the year ended March 31, 2015.

See Paragraph on Required Supplementary Information Included in Independent Auditor's Report

INCORPORATED VILLAGE OF MINEOLA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF VILLAGE CONTRIBUTIONS

NYSERS PENSION PLAN

LAST 10 FISCAL YEARS *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014 **</u>	<u>2013 **</u>	<u>2012 **</u>	<u>2011 **</u>
Contractually required contribution	1,005,687	\$ 951,929	\$ 945,572	\$ 1,060,540	\$ 1,003,006	\$ 1,105,141	N/A	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>1,005,687</u>	<u>951,929</u>	<u>945,572</u>	<u>1,060,540</u>	<u>1,003,006</u>	<u>1,105,141</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Village's covered-employee payroll	6,945,796	\$ 6,955,273	\$ 6,528,709	\$ 6,398,371	\$ 6,222,046	\$ 6,515,589	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	14.48%	13.69%	14.48%	16.58%	16.12%	16.96%	N/A	N/A	N/A	N/A

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

Note to Required Supplementary Information

** This schedule is presented to illustrate the requirement to show information for 10 years.
Additional years will be displayed as they become available.

See Paragraph on Required Supplementary Information Included in Independent Auditor's Report

INCORPORATED VILLAGE OF MINEOLA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN VILLAGE'S LENGTH OF SERVICE AWARD PROGRAM
(LOSAP) TOTAL PENSION LIABILITY
LAST THREE FISCAL YEARS

Measurement date as of December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability			
Service Cost	\$ 232,624	\$ 184,170	\$ 157,983
Interest	254,545	228,834	238,547
Changes of assumptions or other inputs	696,222	(524,322)	581,355
Differences between expected and actual experience	2,352	18,809	(13,342)
Benefits payments	<u>(233,578)</u>	<u>(177,600)</u>	<u>(180,340)</u>
Net Change in total pension liability	\$ 952,165	\$ (270,109)	\$ 784,203
 Total Pension Liability - beginning	 \$ 6,876,116	 \$ 7,146,225	 \$ 6,362,022
Total Pension Liability - ending	\$ 7,828,281	\$ 6,876,116	\$ 7,146,225

Covered-employee payroll	N/A	N/A	N/A
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Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A
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*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

Notes to Required Supplementary Information

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

December 31, 2019:	3.26%
December 31, 2018:	3.64%
December 31, 2017:	3.16%
December 31, 2016:	3.71%

Inflation Rate:

December 31, 2019:	0.00%
December 31, 2018:	2.25%

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

INCORPORATED VILLAGE OF MINEOLA

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

MAY 31, 2020

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Library</u>	<u>Swimming Pool</u>	<u>Special Grant</u>	
<u>ASSETS</u>				
<u>Cash</u>				
Cash and Cash Equivalents	\$ 300	\$ 359	\$ 428	\$ 1,087
<u>Receivables</u>				
Accounts Receivable	\$ -0-	\$ -0-	\$ 35,243	\$ 35,243
Due From Other Funds - General	159,966	260,203	-0-	420,169
Due From Other Funds - Trust and Agency	-0-	-0-	-0-	-0-
Due From Other Funds - Swimming Pool	-0-	-0-	-0-	-0-
Due From Other Funds - Library	-0-	-0-	-0-	-0-
Due From Other Governments	-0-	-0-	103,629	103,629
<u>Total Receivables</u>	\$ 159,966	\$ 260,203	\$ 138,872	\$ 559,041
<u>Total Assets</u>	\$ 160,266	\$ 260,562	\$ 139,300	\$ 560,128
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 26,795	\$ 436	\$ 132,083	\$ 159,314
Accrued Liabilities	19,065	3,585	-0-	22,650
Due to Employees' Retirement System	19,553	4,126	-0-	23,679
Due to Other Funds - General	-0-	-0-	7,217	7,217
Due to Other Funds - Water	-0-	-0-	-0-	-0-
Due to Other Funds - Library	-0-	-0-	-0-	-0-
<u>Total Liabilities</u>	\$ 65,413	\$ 8,147	\$ 139,300	\$ 212,860
<u>Fund Balances</u>				
Assigned:				
Special Grant	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Library	94,853	-0-	-0-	94,853
Swimming Pool	-0-	252,415	-0-	252,415
Unassigned	-0-	-0-	-0-	-0-
<u>Total Fund Balances</u>	\$ 94,853	\$ 252,415	\$ -0-	\$ 347,268
<u>Total Liabilities and Fund Balances</u>	\$ 160,266	\$ 260,562	\$ 139,300	\$ 560,128

See Paragraph on Supplementary Information Included in Independent Auditor's Report

INCORPORATED VILLAGE OF MINEOLA

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

NON-MAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED MAY 31, 2020

	<u>Special Revenue Funds</u>			<u>Total Non-Major Governmental Funds</u>
	<u>Library</u>	<u>Swimming Pool</u>	<u>Special Grant</u>	
<u>REVENUES</u>				
Departmental Income	\$ 11,909	\$ 68,779	\$ 51,028	\$ 131,716
Use of Money and Property	-0-	-0-	-0-	-0-
Sale of Property and Compensation for Loss	35,954	-0-	-0-	35,954
Miscellaneous	6,351	40	-0-	6,391
State Aid	5,573	-0-	-0-	5,573
Federal Aid	-0-	-0-	217,984	217,984
<u>Total Revenues</u>	<u>\$ 59,787</u>	<u>\$ 68,819</u>	<u>\$ 269,012</u>	<u>\$ 397,618</u>
<u>EXPENDITURES</u>				
General Government Support	\$ -0-	\$ 1,384	\$ -0-	\$ 1,384
Public Safety	-0-	-0-	-0-	-0-
Culture and Recreation	1,332,486	561,142	-0-	1,893,628
Home and Community Services	-0-	-0-	269,012	269,012
Employee Benefits	476,200	55,755	-0-	531,955
Debt Service - Principal	230,145	-0-	-0-	230,145
Debt Service - Interest	58,083	-0-	-0-	58,083
<u>Total Expenditures</u>	<u>\$ 2,096,914</u>	<u>\$ 618,281</u>	<u>\$ 269,012</u>	<u>\$ 2,984,207</u>
Excess (Deficiency) of <u>Revenues Over Expenditures</u>	<u>\$ (2,037,127)</u>	<u>\$ (549,462)</u>	<u>\$ -0-</u>	<u>\$ (2,586,589)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 2,073,094	\$ 599,408	\$ -0-	\$ 2,672,502
Transfers Out	-0-	-0-	-0-	-0-
<u>Total Other Financing Sources and (Uses)</u>	<u>\$ 2,073,094</u>	<u>\$ 599,408</u>	<u>\$ -0-</u>	<u>\$ 2,672,502</u>
<u>Net Change in Fund Balances</u>	<u>\$ 35,967</u>	<u>\$ 49,946</u>	<u>\$ -0-</u>	<u>\$ 85,913</u>
Fund Balances - June 1, 2019	<u>\$ 58,886</u>	<u>\$ 202,469</u>	<u>\$ -0-</u>	<u>\$ 261,355</u>
<u>Fund Balances - May 31, 2020</u>	<u>\$ 94,853</u>	<u>\$ 252,415</u>	<u>\$ -0-</u>	<u>\$ 347,268</u>

See Paragraph on Supplementary Information Included in Independent Auditor's Report

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Mineola, Mineola, New York (the "Village"), as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 21, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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


RINKAR, VAIL & BARRETT, LLP

Mineola, New York
October 21, 2020