



# **Incorporated Village of Rockville Centre, New York**

Financial Report

Year Ended May 31, 2022

# Incorporated Village of Rockville Centre, New York

## Financial Report

Year Ended May 31, 2022

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## **Independent Auditor's Report**

The Honorable Mayor and Board of Trustees  
of the Village of Rockville Centre, New York

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Incorporated Village of Rockville Centre, New York (Village), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1w to the financial statements, the financial statements as of and for the year ended May 31, 2021 of the governmental activities, general fund, and certain aggregate remaining fund information have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the required supplementary information listed in the accompanying table of contents on pages 4 to 12 and 59 to 62, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



***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 combining and individual non-major fund financial statements on pages 63 and 64 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022 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.

BST+Co.CPAs, LLP

Latham, NY  
November 28, 2022



# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

As management of the Incorporated Village of Rockville Centre, New York ("Village" or "primary government"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended May 31, 2022. Please read it in conjunction with the Village's financial statements.

### Financial Highlights

- The combined liabilities and deferred inflows of resources of the Village exceeded its assets and deferred outflows of resources by \$37,954,625 at May 31, 2022, an increase in net position of \$22,382,490. The Village's governmental activities net position increased \$18,292,979, while its business-type activities increased \$4,089,511. Significant Factors causing the increase in net position include State and Federal Grant Funding of approximately \$20.2 million that was invested in capital projects.
- As of May 31, 2022, the Village's governmental funds reported combining ending fund balances of \$24,146,926, an increase of \$9,270,417 from the prior year. The increase in total fund balance is related to the surplus of revenues over expenditures in the General Fund, and BAN proceeds and grants in excess of project expenditures in the Capital Projects Fund.
- At year end, the Village's total fund balance for the General Fund was \$15,881,361, an increase of \$3,387,766 from the prior year. The unassigned fund balance for the General Fund is \$13,577,678, which represents 30% of annual expenditures and other financing uses.
- The Village's total bonded debt (inclusive of general obligation bonds and bond anticipation notes ("BANs")) accounted for as short-term and long-term debt was \$60,560,000 (exclusive of unamortized premium on bonds), of which \$32,560,618 relates to governmental activities and \$27,909,382 relates to business-type activities.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements, which are comprised of three components: government-wide financial statements; fund financial statements and notes to financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. This combines and consolidates the Village's current financial resources with capital assets and long-term obligations. The purpose of this statement is to give the reader an understanding of the Village's total net worth. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

### Overview of the Financial Statements - Continued

#### Government-Wide Financial Statements - Continued

The statement of activities presents information showing changes in the Village's net position during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused vacation leave and other postemployment benefit obligations).

The Village's government-wide financial statements include both the governmental and business-type activities of the Village itself. Each of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

- Governmental Activities: The Village's basic services are reported here, including general government support; public safety; health; transportation; economic opportunity and development; culture and recreation, and home and community services. Property taxes, mortgage taxes, payments in lieu of taxes, sales taxes, franchise fees, fines, and state and federal grants finance these activities. The Village also charges fees to customers to help cover costs of certain services it provides.
- Business-Type Activities: The Village charges a fee to customers to help cover all or most the costs of certain services it provides. The Village's water and electric activities are reported within the business-type activities.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

#### *Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

### Overview of the Financial Statements - Continued

#### Fund Financial Statements – Continued

##### *Governmental Funds - Continued*

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains five individual governmental funds: the General Fund, Capital Projects Fund, Community Development, Section 8 Housing and Debt Serve. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Capital Projects Fund, both of which are considered to be major funds, the remaining three funds are aggregated and reported in the Non-Major Governmental Funds column as part of the Other Aggregate Information opinion unit.

The Village adopts annual budgets for the General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with its budget.

##### *Proprietary Funds*

The Village maintains two Enterprise Funds: the Water Fund and Electric Fund, and one internal service fund. Enterprise Funds are used to report the same functions presented as the business-type activities in the government-wide financial statements. The Internal Service Fund is consolidated into the governmental activities' opinion unit in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Electric Funds, both of which are considered to be major funds of the Village. The Internal Service Fund is included in the Other Aggregate Information opinion unit.

#### Fiduciary Fund

The fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of the fund are not available to support Village programs. The Village is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

#### Notes to Financial Statements

The notes to financial statements are an integral part of those statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

	May 31, 2022			May 31, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities (Restated)	Business-Type Activities	Total
Current assets	\$ 38,666,583	\$ 20,657,742	\$ 59,324,325	\$ 22,701,563	\$ 20,842,948	\$ 43,544,511
Noncurrent assets	78,980,379	88,433,988	167,414,367	57,466,333	85,172,879	142,639,212
Total assets	<u>117,646,962</u>	<u>109,091,730</u>	<u>226,738,692</u>	<u>80,167,896</u>	<u>106,015,827</u>	<u>186,183,723</u>
Deferred Outflow of Resources	37,926,599	5,402,315	43,328,914	41,469,754	6,438,051	47,907,805
Current liabilities	18,253,338	7,677,737	25,931,075	6,735,352	6,895,153	13,630,505
Non-current liabilities	166,655,403	43,862,897	210,518,300	200,338,467	51,105,685	251,444,152
Total liabilities	<u>184,908,741</u>	<u>51,540,634</u>	<u>236,449,375</u>	<u>207,073,819</u>	<u>58,000,838</u>	<u>265,074,657</u>
Deferred Inflows of Resources	62,166,194	9,406,662	71,572,856	24,401,349	4,995,802	29,397,151
Net position						
Net investment in capital assets	57,376,920	56,888,261	114,265,181	34,207,328	56,665,501	90,872,829
Restricted	2,455,419	-	2,455,419	2,788,946	-	2,788,946
Unrestricted (deficit)	<u>(151,333,713)</u>	<u>(3,341,512)</u>	<u>(154,675,225)</u>	<u>(146,833,792)</u>	<u>(7,208,263)</u>	<u>(154,042,055)</u>
Total net position (deficit)	<u>\$ (91,501,374)</u>	<u>\$ 53,546,749</u>	<u>\$ (37,954,625)</u>	<u>\$ (109,837,518)</u>	<u>\$ 49,457,238</u>	<u>\$ (60,380,280)</u>

Total assets and deferred outflows of resources of the Village's governmental activities, as of May 31, 2022 were \$117,646,961 and \$37,926,599, respectively. Total liabilities and deferred inflows resources as of May 31, 2022 and were \$184,908,741 and \$62,166,194, respectively. This results in a net deficit balance of \$91,501,374 at May 31, 2022, which improves the Village's governmental activities net deficit position by \$18,292,979 compared to the net deficit position at May 31, 2021. Of the Village's governmental activities net deficit position, \$57,376,920 represents its net investment in capital assets, \$2,455,419 is restricted for various purposes; leaving a \$151,333,713 unrestricted deficit net position.

Total assets and deferred outflows of resources of the Village's business-type activities, as of May 31, 2022, were \$109,091,730 and \$5,402,315, respectively. Total liabilities and deferred inflows resources as of May 31, 2022 were \$51,540,634 and \$9,406,662, respectively. This results in a net position of \$53,546,749 at May 31, 2022, which increases the Village's business-type activities net position by \$4,089,511 compared to the net position at May 31, 2021. Of the Village's business-type activities net position balance, \$56,888,261 represents its net investment in capital assets; leaving \$3,341,412 as unrestricted net deficit.

The deficit balances of unrestricted net position in both the governmental activities and business-type activities do not necessarily indicate fiscal stress. The deficit exists primarily due to non-current liabilities which include compensated absences, other postemployment benefit (OPEB) obligations, payments due to length of service award program participants, claims and judgments, tax certiorari payables, bond anticipation notes and general obligation bonds of which proceeds are used to procure capital assets and pay tax certioraris and claims and judgments that will be funded through future budgetary appropriations when they become payable.

The Village's combined net investment in capital assets of \$114,265,181 as of May 31, 2022, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, intangibles and infrastructure); less any related debt used to acquire those assets that remain outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

### Government-Wide Financial Analysis - Continued

The Village's combined net position increased in the current year primarily due to surpluses generated in the general fund, electric fund and water fund as well as significant Federal and State grant funding received for capital related projects. The Village also recorded reduced expenses in the government-wide financial statements due to the favorable performance of the New York State and Local Employees' Retirement System and reductions in OPEB due to changes in the interest rate environment.

The analysis below provides detail of the results of operations of the governmental and business-type activities for the years ended May 31, 2022 and May 31, 2021, respectively:

	May 31, 2022			May 31, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>Program revenues</b>						
Charges for services	\$ 7,549,884	\$ 36,481,076	\$ 44,030,960	\$ 7,365,414	\$ 29,503,481	\$ 36,868,895
Operating grants and contributions	3,172,479	-	3,172,479	5,712,867	-	5,712,867
Capital grants and contributions	17,649,867	407,529	18,057,396	1,333,900	-	1,333,900
Total program revenues	<u>28,372,230</u>	<u>36,888,605</u>	<u>65,260,835</u>	<u>14,412,181</u>	<u>29,503,481</u>	<u>43,915,662</u>
<b>General revenues</b>	<u>36,672,470</u>	<u>16,546</u>	<u>36,689,016</u>	<u>34,982,733</u>	<u>58,261</u>	<u>35,040,994</u>
<b>Total revenues</b>	<u>65,044,700</u>	<u>36,905,151</u>	<u>101,949,851</u>	<u>49,394,914</u>	<u>29,561,742</u>	<u>78,956,656</u>
<b>Program expenses</b>						
General government support	6,321,998	-	6,321,998	9,668,728	-	9,668,728
Public safety	21,454,832	-	21,454,832	24,595,848	-	24,595,848
Health	96,978	-	96,978	90,749	-	90,749
Transportation	5,984,928	-	5,984,928	7,363,770	-	7,363,770
Economic opportunity and development	4,253,171	-	4,253,171	3,109,299	-	3,109,299
Culture and recreation	4,830,832	-	4,830,832	5,727,880	-	5,727,880
Home and community services	5,752,771	-	5,752,771	7,576,078	-	7,576,078
Interest	600,990	-	600,990	610,535	-	610,535
Water	-	4,405,049	4,405,049	-	4,622,805	4,622,805
Electric	-	25,865,812	25,865,812	-	20,246,720	20,246,720
<b>Total expense</b>	<u>49,296,500</u>	<u>30,270,861</u>	<u>79,567,361</u>	<u>58,742,887</u>	<u>24,869,525</u>	<u>83,612,412</u>
<b>TRANSFERS</b>	<u>2,544,779</u>	<u>(2,544,779)</u>	<u>-</u>	<u>2,526,428</u>	<u>(2,526,428)</u>	<u>-</u>
<b>Change in net position</b>	<u>18,292,979</u>	<u>4,089,511</u>	<u>22,382,490</u>	<u>(6,821,545)</u>	<u>2,165,789</u>	<u>(4,655,756)</u>
<b>Net position (deficit), beginning of year,</b>	<u>(109,794,353)</u>	<u>49,457,238</u>	<u>(60,337,115)</u>	<u>(103,113,116)</u>	<u>47,291,449</u>	<u>(55,821,667)</u>
<b>Net position (deficit), end of year, as originally stated</b>	<u>(91,501,374)</u>	<u>53,546,749</u>	<u>(37,954,625)</u>	<u>(109,934,661)</u>	<u>49,457,238</u>	<u>(60,477,423)</u>
Correction of prior period misstatements	-	-	-	140,308	-	140,308
<b>Net position, end of year, as restated</b>	<u>\$ (91,501,374)</u>	<u>\$ 53,546,749</u>	<u>\$ (37,954,625)</u>	<u>\$ (109,794,353)</u>	<u>\$ 49,457,238</u>	<u>\$ (60,337,115)</u>

The key elements of the change in governmental-wide revenue are as follows:

- Government-wide program revenues increased by \$21,345,173, primarily as a result of increases in purchase electric power that is passed onto customers and significant capital related grants from the Community Development Block Grant – Disaster Recovery program.
- Government-wide general revenues increased by \$1,648,022 from the previous year mainly due to increased real property taxes and other tax items.

The key elements of the change in governmental-wide expenses are as follows:

- Government-wide expenses decreased primarily due to impact of the Village's accounting for OPEB. Within the governmental activities opinion unit OPEB related expenses accounted for on the accrual basis decreased by \$8,412,905. Declines in OPEB were offset by increased purchased power costs in the Electric Fund, contractual salary increases and related employee benefits.

# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

### **Financial Analysis of the Village's Funds**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

The General Fund is the chief operating fund of the Village. At the end of the current year, unassigned fund balance was \$13,577,678, representing 85% of the total General Fund balance of \$22,554,621. Two useful measures of liquidity are the percentage of unassigned fund balance to total expenditures and total fund balance to total expenditures. At the end of the current year, the General Fund showed a 30% unassigned fund balance to total expenditures and other financing uses and a 35% total fund balance to total expenditures and other financing uses.

The key elements that led to the increase in fund balance are as follows:

- Total revenues exceeded budget by approximately \$4 million, with virtually every revenue type showing a favorable outcome.
- Total expenditures fell below budget by approximately \$2 million, with virtually every expenditure type showing a favorable outcome.
- The 2022 budget called for the appropriation of \$2.6 million in fund balance to finance the budget, which was not necessary given the positive budgetary results noted above.

At May 31, 2022, the Capital Projects Fund had a fund balance of \$7,027,556, primarily due to the issuance of \$12 million in Bond Anticipation Notes (BANs), which the Village has recorded as a long-term liability due to the subsequent refinancing for a period exceeding one year from the balance sheet date.

Other Governmental Funds include the financial activity of the Community Development, Section 8 Housing, and Debt Service Fund. The Community Development Fund was reliant on a \$92,317 transfer from the General Fund to balance its budget. The Section 8 Fund received and disbursed approximately \$3 million in Federal Funds as part of its Housing Choice Voucher program. The Debt Service Fund's debt service expenditures of \$3,380,381 were financed by a transfer from the General Fund of \$3,346,834.

#### Proprietary Funds

The Village's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but with certain additional detail.

As of May 31, 2022, the Water Fund's net position was \$31,846,708, an increase of \$1,229,049 in comparison to May 31, 2021. The Water Fund's cash position decreased \$1,123,810 when compared to the prior year. Cash flows from operations of \$3,690,499 were used towards the Water Fund's \$3,826,750 in debt service. Additionally, the Water Fund's cash balance financed \$335,724 in capital outlays and \$639,060 in interfund transfers to the General Fund for a payment in lieu of taxes (PILOT).

# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

### Financial Analysis of the Village's Funds – Continued

#### Proprietary Funds - Continued

As of May 31, 2022, the Electric Fund's net position was \$21,700,041, an increase of \$2,860,809 from the prior year. The Electric Fund's cash position decreased \$1,810,979, largely due to incremental security deposits of \$1,653,101 required by the New York State Independent System's Operator (NYSIO). The Electric Fund's cash outflows include an interfund transfer of \$1,896,077 to the General Fund for a PILOT.

#### General Fund Budgetary Highlights

As previously noted, the General Fund's actual results favored positively to the budget adopted by the Village Board of Trustees. Virtually all revenue types exceeded budgeted amounts, including departmental income, licenses and permits, and fines and forfeitures, which account for \$3.1 million of the \$4 million excess of actual results over budget. The Village originally appropriated \$2.6 million in fund balance to finance the 2022 budget however, this was not required due to the favorable results.

The Village's actual expenditures fell below budget by \$2.1 million. General government support and employee benefits showed the most favorable results, coming in \$1.1 million and \$849 thousand under budget, whereas public safety exceeded its budget by \$831 thousand, primarily driven by personnel service expenditures.

#### Capital Assets and Debt Administration

##### Capital Assets

The Village's investment in capital assets for governmental activities and business-type activities at May 31, 2022 was \$76,768,476 and \$85,401,249, respectively. This investment in capital assets includes land, buildings, improvements, machinery and equipment, construction-in-progress, and infrastructure (roads, curbs, sidewalks, drainage, sewer and water systems) and intangible assets.

During the year ended May 31, 2022, the Village's major capital expenditures were as follows:

•	Lister Park	\$	7,386,500
•	Smith Pond		5,839,006
•	The Greenway		2,507,357
•	Police Headquarters		4,969,310

Within the business-type activities, the Village invested an additional \$1.9 million in water infrastructure, and placed into service approximately \$6 million in completed projects. The Village's Business-Type Activities also invested approximately \$1.9 million into its electric system and placed into service \$6.1 million in completed projects. Major projects included tank #3 rehabilitation, fire hydrants, water main replacements, software system replacements/upgrades, and the electric distribution/substation.

# Incorporated Village of Rockville Centre, New York

## Management's Discussion and Analysis May 31, 2022

### Capital Assets and Debt Administration - Continued

#### Capital Assets - Continued

A summary of the Village's capital assets is as follows:

	May 31, 2022			May 31, 2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities (Restated)	Business-Type Activities	Total
Land	\$ 4,576,378	\$ 375,885	\$ 4,952,263	\$ 4,576,378	\$ 375,885	\$ 4,952,263
Buildings and improvements	24,917,724	45,091,376	70,009,100	24,056,702	35,711,769	59,768,471
Machinery and equipment	19,683,474	71,595,871	91,279,345	20,259,842	69,851,020	90,110,862
Infrastructure	53,024,565	21,031,525	74,056,090	51,394,858	19,558,413	70,953,271
Construction-in-progress	24,016,608	1,049,042	25,065,650	3,704,651	11,220,180	14,924,831
Accumulated depreciation	<u>(49,450,273)</u>	<u>(53,742,450)</u>	<u>(103,192,723)</u>	<u>(46,526,098)</u>	<u>(51,802,487)</u>	<u>(98,328,585)</u>
Total	<u>\$ 76,768,476</u>	<u>\$ 85,401,249</u>	<u>\$ 162,169,725</u>	<u>\$ 57,466,333</u>	<u>\$ 84,914,780</u>	<u>\$ 142,381,113</u>

The Village has a board approved 5-year capital improvement plan which allows for the continued improvements to infrastructure, buildings, and equipment. The Village finances most of these improvements with bond anticipation notes and general obligation bonds.

Additional information on the Village's capital assets can be found in Note 4 in the notes to the financial statements.

#### Long-Term Debt

The Village has the power to contract indebtedness for any purpose so long as the principal amount thereof, subject to certain limited exceptions, does not exceed seven percent of the average full valuation of taxable real estate of the Village, and is subject to certain enumerated exclusions and deductions such as the electric plant and water facilities.

The constitutional method for determining full valuation is calculated by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Board of Equalization and Assessment. The State Legislature is required to prescribe the manner by which the ratio is determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five. The percentage of debt-contracting power exhausted as of May 10, 2022 was 13.44%.

A summary of activity for outstanding debt for the Village for the year ended May 31, 2022 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 20,650,618	\$ 23,442,164	\$ 24,909,382	\$ 27,817,836	\$ 45,560,000	\$ 51,260,000
Bond anticipation notes	12,000,000	-	3,000,000	-	15,000,000	-
	<u>\$ 32,650,618</u>	<u>\$ 23,442,164</u>	<u>\$ 27,909,382</u>	<u>\$ 27,817,836</u>	<u>\$ 60,560,000</u>	<u>\$ 51,260,000</u>

Standard and Poors has assigned a credit rating of "Aaa" to the Village. Additional information on the Village's debt activity can be found in Note 5 in the notes to the financial statements.

# **Incorporated Village of Rockville Centre, New York**

## **Management's Discussion and Analysis May 31, 2022**

### **Economic Factors and Next Year's Budget and Rates**

The Village has adopted a budget for the 2022-2023 fiscal year, which factors in inflation and other adjustments to revenues and expenditures as well as prior year positive and negative fund balances. The 2022-2023 budget includes an overall increase in real property tax revenues from the prior year of 2.0% for the Village's governmental activities.

Chapter 97 of the Laws of 2011 (the "Tax Cap Law") was enacted on June 24, 2011 and took effect for the 2012 budget year. The Tax Cap Law limits annual increases in the Village's overall real property tax to more no more than the lesser of 2.00% or the rate of inflation. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Village. In addition, the Village Board may override the limitations if the Village Board enacts, by vote of at least sixty percent of the voting power of the Village Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Village. Accordingly, the Village has taken the appropriate steps to override the applicable tax cap for the 2022-2023 fiscal year.

### **Requests for Information**

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the Village and to demonstrate the Village's accountability with the money it receives. Questions or additional information regarding this report can be directed to:

Comptroller's Office  
1 College Place  
Rockville Centre, NY 11570

# Incorporated Village of Rockville Centre, New York

## Government-Wide Financial Statements Statement of Net Position

	May 31, 2022		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash and cash equivalents, unrestricted	\$ 18,688,627	\$ 7,020,922	\$ 25,709,549
Cash and cash equivalents, restricted	12,238,607	-	12,238,607
Service award program assets	301,109	-	301,109
Receivables			
Taxes, net	153,023	-	153,023
Accounts, net	91,412	8,557,552	8,648,964
State and Federal aid	6,391,084	-	6,391,084
Due from other governments	354,428	381,979	736,407
Internal balances	8,713	(8,713)	-
Regulatory asset	-	1,694,506	1,694,506
Prepaid expenses	439,580	-	439,580
Inventories		3,011,496	3,011,496
Security deposit, New York Independent System Operator (NYISO)	-	1,911,200	1,911,200
Net pension asset	2,211,903	1,121,539	3,333,442
Capital assets, net of accumulated depreciation			
Nondepreciable	28,592,986	1,424,927	30,017,913
Depreciable	48,175,490	83,976,322	132,151,812
<b>TOTAL ASSETS</b>	<b>117,646,962</b>	<b>109,091,730</b>	<b>226,738,692</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<b>37,926,599</b>	<b>5,402,315</b>	<b>43,328,914</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>155,573,561</b>	<b>114,494,045</b>	<b>270,067,606</b>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	11,356,121	1,847,397	13,203,518
Accrued interest payable	191,083	161,674	352,757
Unearned revenues	1,336,583	1,080,787	2,417,370
Customer deposits	689,123	1,553,160	2,242,283
Noncurrent liabilities			
Due within one year	4,680,428	3,034,719	7,715,147
Due in more than one year			
Compensated absences	9,677,843	2,523,512	12,201,355
BAN payable	12,000,000	3,000,000	15,000,000
Bonds payable	18,479,891	22,758,664	41,238,555
Claims payable	1,077,448	-	1,077,448
Net pension liability	1,273,175	-	1,273,175
Other postemployment benefits obligation	123,273,771	15,580,721	138,854,492
Length of service award program obligation	873,275	-	873,275
<b>TOTAL LIABILITIES</b>	<b>184,908,741</b>	<b>51,540,634</b>	<b>236,449,375</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<b>62,166,194</b>	<b>9,406,662</b>	<b>71,572,856</b>
Net investment in capital assets	57,376,920	56,888,261	114,265,181
Restricted for			
Employee benefit accrued liability	1,164,305	-	1,164,305
Debt service	606,003	-	606,003
Police forfeiture	105,015	-	105,015
Housing choice voucher and economic development	580,096	-	580,096
Unrestricted (deficit)	(151,333,713)	(3,341,512)	(154,675,225)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ (91,501,374)</b>	<b>\$ 53,546,749</b>	<b>\$ (37,954,625)</b>

See accompanying Notes to Financial Statements.

# Incorporated Village of Rockville Centre, New York

## Government-Wide Financial Statements Statement of Activities

Year Ended May 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities</b>								
General government support	\$ 6,321,998	\$ 2,408,422	\$ 40,457	\$ -	\$ (3,873,119)	\$ -	\$ (3,873,119)	
Public safety	21,454,832	40,944	-	-	(21,413,888)	-	(21,413,888)	
Health	96,978	106,245	-	-	9,267	-	9,267	
Transportation	5,984,928	-	-	1,904,605	(4,080,323)	-	(4,080,323)	
Economic opportunity and development	4,253,171	46,957	3,132,022	-	(1,074,192)	-	(1,074,192)	
Culture and recreations	4,830,832	1,773,492	-	15,745,262	12,687,922	-	12,687,922	
Home and community services	5,752,771	3,173,824	-	-	(2,578,947)	-	(2,578,947)	
Interest	600,990	-	-	-	(600,990)	-	(600,990)	
<b>Total Governmental Activities</b>	<b>49,296,500</b>	<b>7,549,884</b>	<b>3,172,479</b>	<b>17,649,867</b>	<b>(20,924,270)</b>	<b>-</b>	<b>(20,924,270)</b>	
<b>Business-Type Activities</b>								
Water fund	4,405,049	6,212,109	-	-	-	1,807,060	1,807,060	
Electric fund	25,865,812	30,268,967	-	407,529	-	4,810,684	4,810,684	
<b>Total Business-Type Activities</b>	<b>30,270,861</b>	<b>36,481,076</b>	<b>-</b>	<b>407,529</b>	<b>-</b>	<b>6,617,744</b>	<b>6,617,744</b>	
<b>Total Primary Government</b>	<b>\$ 79,567,361</b>	<b>\$ 44,030,960</b>	<b>\$ 3,172,479</b>	<b>\$ 18,057,396</b>	<b>(20,924,270)</b>	<b>6,617,744</b>	<b>(14,306,526)</b>	
<b>GENERAL REVENUES</b>								
					34,002,785	-	34,002,785	
					1,350,492	-	1,350,492	
					65,401	16,546	81,947	
					976,953	-	976,953	
					276,839	-	276,839	
					<u>36,672,470</u>	<u>16,546</u>	<u>36,689,016</u>	
					<b>TRANSFERS</b>	<b>(2,544,779)</b>	<b>-</b>	
					<b>Change in net position</b>	<b>18,292,979</b>	<b>4,089,511</b>	<b>22,382,490</b>
					<b>BALANCE BEGINNING OF YEAR (AS RESTATED)</b>	<b>(109,794,353)</b>	<b>49,457,238</b>	<b>(60,337,115)</b>
					<b>BALANCE END OF YEAR</b>	<b>\$ (91,501,374)</b>	<b>\$ 53,546,749</b>	<b>\$ (37,954,625)</b>

See accompanying Notes to Financial Statements.

# Incorporated Village of Rockville Centre, New York

## Fund Financial Statements Balance Sheet - Governmental Funds

	May 31, 2022				
	Major Funds				
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Elimination	Total
<b>ASSETS</b>					
Cash and cash equivalents, unrestricted	\$ 17,030,205	\$ -	\$ 664,198	\$ -	\$ 17,694,403
Cash and cash equivalents, restricted	1,269,320	10,356,553	612,734	-	12,238,607
Service award program assets	301,109	-	-	-	301,109
Receivables					
Taxes, net	153,023	-	-	-	153,023
Accounts, net	91,412	-	-	-	91,412
State and Federal aid	140,534	6,250,550	-	-	6,391,084
Due from other governments	304,795	-	49,633	-	354,428
Due from other funds	3,149,301	-	155,240	(3,295,665)	8,876
Prepaid expenditures	114,922	-	-	-	114,922
<b>Total assets</b>	<b>\$ 22,554,621</b>	<b>\$ 16,607,103</b>	<b>\$ 1,481,805</b>	<b>\$ (3,295,665)</b>	<b>\$ 37,347,864</b>
<b>LIABILITIES</b>					
Accounts payable	3,802,496	5,194,426	48,599	-	9,045,521
Accrued expenses	2,129,548	-	-	-	2,129,548
Due to other funds	92,480	3,008,151	195,197	(3,295,665)	163
Unearned revenues	77,613	1,258,970	-	-	1,336,583
Customer deposits	571,123	118,000	-	-	689,123
Bond anticipation notes payable	-	-	-	-	-
<b>Total liabilities</b>	<b>6,673,260</b>	<b>9,579,547</b>	<b>243,796</b>	<b>(3,295,665)</b>	<b>13,200,938</b>
<b>FUND BALANCES</b>					
Nonspendable	114,922	-	-	-	114,922
Restricted	1,570,429	7,027,556	1,186,099	-	9,784,084
Assigned	618,332	-	51,910	-	670,242
Unassigned	13,577,678	-	-	-	13,577,678
<b>Total fund balances</b>	<b>15,881,361</b>	<b>7,027,556</b>	<b>1,238,009</b>	<b>-</b>	<b>24,146,926</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,554,621</b>	<b>\$ 16,607,103</b>	<b>\$ 1,481,805</b>	<b>\$ (3,295,665)</b>	<b>\$ 37,347,864</b>

See accompanying Notes to Financial Statements.

# Incorporated Village of Rockville Centre, New York

## Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position

	<b>May 31, 2022</b>
Total Governmental Fund Balances	\$ 24,146,926
Amounts reported for governmental activities in the Statement of Net Position are different because:	
<p>The cost of building and acquiring capital assets (land, buildings, improvements, machinery and equipment, infrastructure) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.</p>	
	76,768,476
<p>Pension, OPEB and LOSAP related deferred outflows and inflows of resources are recognized on the accrual basis of accounting using the economic resources measurement focus, and are therefore excluded from the governmental funds.</p>	
Deferred outflows related to pensions	13,428,260
Deferred outflows related to total OPEB liability	24,364,151
Deferred outflows related to total LOSAP	134,188
Deferred inflows related to pensions	(18,679,844)
Deferred inflows related to total OPEB liability	(43,443,738)
Deferred inflows related to LOSAP	(42,612)
<p>The internal service fund is used by management to charge the costs of certain activities, such as insurance, to individual funds. This is the total assets of the internal service fund less current liabilities, excluding current portion of claims payable, reported on the Statement of Net Position.</p>	
	(494,172)
<p>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. However, these liabilities are included in the Statement of Net Position.</p>	
	(191,083)
<p>Premium on bond refunding and serial bonds. The Statement of Activities will amortize the premium on bond refunding and serial bonds over the life of the bonds. Governmental funds recorded the premiums as a revenue in the year of issue.</p>	
	(384,385)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</p>	
Compensated absences	(10,753,159)
Bonds payable	(20,650,618)
BANs payable	(12,000,000)
Certiorari claims	(495,446)
Net pension asset	2,211,903
Net pension liability	(1,273,175)
Other postemployment benefits obligation	(123,273,771)
LOSAP	(873,275)
Total net position (deficit)	<b>\$ (91,501,374)</b>

# Incorporated Village of Rockville Centre, New York

## Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended May 31, 2022				Total Governmental Funds
	Major Funds		Non-Major Governmental	Elimination	
	General	Capital Projects			
<b>REVENUES</b>					
Real property taxes	\$ 33,079,620	\$ -	\$ -	\$ -	\$ 33,079,620
Other tax items	1,194,552	-	-	-	1,194,552
Departmental income	4,175,585	-	7,558	-	4,183,143
Use of money and property	49,597	7,903	7,901	-	65,401
Licenses and permits	1,962,448	-	-	-	1,962,448
Fines and forfeitures	1,301,359	-	-	-	1,301,359
Sale of property and compensation for loss	27,845	-	-	-	27,845
Intergovernmental charges	1,559,294	-	-	-	1,559,294
State aid	1,380,624	1,904,605	-	-	3,285,229
Federal aid	22,457	15,745,262	3,124,464	-	18,892,183
Miscellaneous	960,137	92,783	-	-	1,052,920
Total revenues	<u>45,713,518</u>	<u>17,750,553</u>	<u>3,139,923</u>	<u>-</u>	<u>66,603,994</u>
<b>EXPENDITURES</b>					
General government support	5,361,160	-	33,547	-	5,394,707
Public safety	14,111,681	-	-	-	14,111,681
Health	68,764	-	-	-	68,764
Transportation	2,424,643	-	-	-	2,424,643
Economic opportunity and development	76,839	-	2,938,973	-	3,015,812
Culture and recreations	2,917,924	-	-	-	2,917,924
Home and community services	3,820,556	-	232,978	-	4,053,534
Employee benefits	12,489,809	-	21,908	-	12,511,717
Debt service					
Principal	-	-	2,680,371	-	2,680,371
Interest	117,041	-	666,463	-	783,504
Capital outlay	-	24,048,366	-	-	24,048,366
Total expenditures	<u>41,388,417</u>	<u>24,048,366</u>	<u>6,574,240</u>	<u>-</u>	<u>72,011,023</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>4,325,101</b>	<b>(6,297,813)</b>	<b>(3,434,317)</b>	<b>-</b>	<b>(5,407,029)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	2,701,816	200,000	3,439,151	(3,796,188)	2,544,779
Transfers out	(3,639,151)	(157,037)	-	3,796,188	-
BAN proceeds	-	12,000,000	-	-	12,000,000
Bond premiums	-	-	276,383	-	276,383
Bond proceeds	-	-	1,823,825	-	1,823,825
Repayment to escrow agent	-	-	(1,967,541)	-	(1,967,541)
Total other financing sources (uses)	<u>(937,335)</u>	<u>12,042,963</u>	<u>3,571,818</u>	<u>-</u>	<u>14,677,446</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	<b>3,387,766</b>	<b>5,745,150</b>	<b>137,501</b>	<b>-</b>	<b>9,270,417</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<b>12,493,595</b>	<b>1,282,406</b>	<b>1,100,508</b>	<b>-</b>	<b>14,876,509</b>
<b>FUND BALANCES - END OF YEAR</b>	<b><u>\$ 15,881,361</u></b>	<b><u>\$ 7,027,556</u></b>	<b><u>\$ 1,238,009</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 24,146,926</u></b>

See accompanying Notes to Financial Statements.

# Incorporated Village of Rockville Centre, New York

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities

		<b><u>Year Ended</u></b> <b><u>May 31, 2022</u></b>
Net Change in Fund Balances		\$ 9,270,417
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital outlays are reported as expenditures in governmental funds and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Depreciation expense	(3,613,666)	
Loss on disposal of assets	(211,538)	
Purchase of assets	<u>23,127,347</u>	
		19,302,143
<p>Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of proceeds and repayments</p>		
Repayment of principal	2,680,371	
Bond premiums	(276,383)	
Long-term debt proceeds	(1,823,825)	
Payments to escrow agent for refundings	1,935,000	
BAN proceeds	<u>(12,000,000)</u>	
		(9,484,837)
<p>Some Expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds:</p>		
Certiorari claims	(39,357)	
Bond premium amortization	248,567	
Pension expenses	2,504,200	
Accrued interest	(66,053)	
Compensated absences	(61,342)	
Other postemployment benefits	(2,521,599)	
LOSAP	<u>(364,988)</u>	
		(300,572)
<p>The internal service fund is used by management to charge the costs of risk and self-insured liabilities to individual funds. The net revenue(expense) of the internal service fund is reported within the governmental activities</p>		
		(494,172)
		<u><u>\$ 18,292,979</u></u>

# Incorporated Village of Rockville Centre, New York

## Fund Financial Statements Statement of Net Position - Proprietary Funds

	May 31, 2022			Governmental Activities - Internal Service Fund
	Business-Type Activities - Enterprise Funds			
	Water	Electric	Totals	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 5,376,739	\$ 1,644,183	\$ 7,020,922	\$ 994,224
Receivables				
Accounts, net	2,676,291	5,881,261	8,557,552	-
Due from other governments	-	381,979	381,979	
Due from other funds	-	163	163	
Regulatory assets	-	1,694,506	1,694,506	
Prepaid expense	-	-	-	324,658
Inventory	211,083	2,800,413	3,011,496	-
Total Current Assets	<u>8,264,113</u>	<u>12,402,505</u>	<u>20,666,618</u>	<u>1,318,882</u>
<b>Noncurrent assets</b>				
Security deposit - NYISO	-	1,911,200	1,911,200	-
Net pension asset, proportionate share	196,830	924,709	1,121,539	
Capital assets				
Non-depreciable	487,865	937,062	1,424,927	-
Depreciable, net	43,211,737	40,764,585	83,976,322	-
Total Noncurrent Assets	<u>43,896,432</u>	<u>44,537,556</u>	<u>88,433,988</u>	<u>-</u>
Total Assets	<u>52,160,545</u>	<u>56,940,061</u>	<u>109,100,606</u>	<u>1,318,882</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
	852,856	4,549,459	5,402,315	
	<u>53,013,401</u>	<u>61,489,520</u>	<u>114,502,921</u>	<u>1,318,882</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued expenses	229,371	1,618,026	1,847,397	181,052
Accrued interest payable	80,246	81,428	161,674	-
Due to other funds	8,876	-	8,876	-
Customer deposits	36,742	1,516,418	1,553,160	-
Unearned revenues	129,764	951,023	1,080,787	-
Bonds payable, inclusive of premiums	1,733,210	1,021,114	2,754,324	-
Claims payable	-	-	-	1,050,000
Compensated absences	31,150	249,245	280,395	-
Total Current Liabilities	<u>2,249,359</u>	<u>5,437,254</u>	<u>7,686,613</u>	<u>1,231,052</u>
<b>Noncurrent liabilities</b>				
Bonds payable, inclusive of premiums	14,927,640	7,831,024	22,758,664	-
Bond anticipation note payable	-	3,000,000	3,000,000	
Claims payable	-	-	-	582,002
Compensated absences	280,307	2,243,205	2,523,512	-
Other post-employment benefit obligations	2,234,645	13,346,076	15,580,721	-
Total Noncurrent Liabilities	<u>17,442,592</u>	<u>26,420,305</u>	<u>43,862,897</u>	<u>582,002</u>
Total Liabilities	<u>19,691,951</u>	<u>31,857,559</u>	<u>51,549,510</u>	<u>1,813,054</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
	1,474,742	7,931,920	9,406,662	-
<b>NET POSITION</b>				
Net investment in capital assets	27,038,752	29,849,509	56,888,261	-
Unrestricted (deficit)	4,807,956	(8,149,468)	(3,341,512)	(494,172)
<b>TOTAL NET POSITION</b>	<u>\$ 31,846,708</u>	<u>\$ 21,700,041</u>	<u>\$ 53,546,749</u>	<u>\$ (494,172)</u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Rockville Centre, New York

## Fund Financial Statements

### Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

	Year Ended May 31, 2022			Governmental Activities - Internal Service Fund
	Business-Type Activities - Enterprise Funds			
	Water	Electric	Totals	
<b>OPERATING REVENUE</b>				
Charges for services				
Metered sales	\$ 6,141,381	\$ 30,100,971	\$ 36,242,352	\$ -
Other operating	70,728	167,996	238,724	-
Interfund charges	-	-	-	1,910,182
Total operating revenue	6,212,109	30,268,967	36,481,076	1,910,182
<b>OPERATING EXPENSES</b>				
Personnel services	740,084	3,162,514	3,902,598	-
Employee benefits	328,394	1,804,551	2,132,945	-
Contractual expenses				
Purchased power	-	15,857,327	15,857,327	-
Services, supplies and operations	1,485,744	2,793,765	4,279,509	-
Transportation	-	173,875	173,875	-
Building services	-	17,055	17,055	-
Depreciation	1,367,896	1,478,069	2,845,965	-
Bad debts	-	105,332	105,332	-
Self insurance claims	-	-	-	2,405,937
Total operating expenses	3,922,118	25,392,488	29,314,606	2,405,937
<b>Operating income (loss)</b>	<b>2,289,991</b>	<b>4,876,479</b>	<b>7,166,470</b>	<b>(495,755)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Federal and state grants	-	407,529	407,529	-
Other income	7,225	9,321	16,546	1,583
Loss on sale of assets	(14,046)	(199,126)	(213,172)	-
Interest expenses	(468,885)	(274,198)	(743,083)	-
<b>Total non-operating revenues (expenses)</b>	<b>(475,706)</b>	<b>(56,474)</b>	<b>(532,180)</b>	<b>1,583</b>
<b>TRANSFERS OUT</b>	<b>(585,583)</b>	<b>(1,959,196)</b>	<b>(2,544,779)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>1,228,702</b>	<b>2,860,809</b>	<b>4,089,511</b>	<b>(494,172)</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>30,618,006</b>	<b>18,839,232</b>	<b>49,457,238</b>	<b>-</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b>\$ 31,846,708</b>	<b>\$ 21,700,041</b>	<b>\$ 53,546,749</b>	<b>\$ (494,172)</b>

# Incorporated Village of Rockville Centre, New York

## Fund Financial Statements Statement of Cash Flows - Proprietary Funds

	Year Ended May 31, 2022			Governmental Activities - Internal Service Fund
	Business-Type Activities - Enterprise Funds			
	Water	Electric	Totals	
<b>NET CASH AND CASH EQUIVALENTS PROVIDED (USED)</b>				
<b>BY OPERATING ACTIVITIES</b>				
Cash received from charges for services	\$ 6,332,011	\$ 26,944,600	\$ 33,276,611	\$ 1,910,182
Cash payments to other suppliers of goods or services	(1,554,979)	(21,792,294)	(23,347,273)	(2,482,691)
Cash payments to employees	(725,595)	(3,121,639)	(3,847,234)	-
Cash payments for employee benefits	(360,938)	(1,854,588)	(2,215,526)	-
	<b>3,690,499</b>	<b>176,079</b>	<b>3,866,578</b>	<b>(572,509)</b>
<b>NET CASH AND CASH EQUIVALENTS PROVIDED (USED)</b>				
<b>BY CAPITAL AND FINANCING ACTIVITIES</b>				
Bond proceeds	1,378,621	732,554	2,111,175	-
Bond premium proceeds	131,867	70,093	201,960	-
BAN proceeds	-	3,000,000	3,000,000	-
Bond payments	(3,282,433)	(1,774,723)	(5,057,156)	-
Interest paid	(544,317)	(287,937)	(832,254)	-
Capital asset acquisitions	(1,866,212)	(1,865,839)	(3,732,051)	-
	<b>(4,182,474)</b>	<b>(125,852)</b>	<b>(4,308,326)</b>	<b>-</b>
<b>NET CASH AND CASH EQUIVALENTS PROVIDED (USED)</b>				
<b>BY NONCAPITAL FINANCING ACTIVITIES</b>				
Payment of interfund activity	(639,060)	(1,896,077)	(2,535,137)	-
State and Federal grants	-	25,550	25,550	-
	<b>(639,060)</b>	<b>(1,870,527)</b>	<b>(2,509,587)</b>	<b>-</b>
<b>NET CASH AND CASH EQUIVALENTS PROVIDED</b>				
<b>BY INVESTING ACTIVITIES</b>				
Other income	7,225	9,321	16,546	1,583
	<b>(1,123,810)</b>	<b>(1,810,979)</b>	<b>(2,934,789)</b>	<b>(570,926)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	6,500,549	3,455,162	9,955,711	1,565,150
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b>\$ 5,376,739</b>	<b>\$ 1,644,183</b>	<b>\$ 7,020,922</b>	<b>\$ 994,224</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO</b>				
<b>NET CASH AND CASH EQUIVALENTS PROVIDED (USED)</b>				
<b>BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 2,289,991	\$ 4,876,479	\$ 7,166,470	\$ (495,755)
Adjustments to reconcile operating income (loss) to net cash and cash equivalents provided by (used in) operating activities:				
Depreciation expense	1,410,635	1,621,775	3,032,410	-
Bad debts expense	-	105,332	105,332	-
Decrease (increase) in:				
Accounts receivable	119,902	(2,212,167)	(2,092,265)	-
Inventory	(18,381)	(60,409)	(78,790)	-
Prepaid expenses	-	1,382,983	1,382,983	(17,640)
Regulatory asset	-	(2,862,346)	(2,862,346)	-
Security deposit - NYISO	-	(1,653,101)	(1,653,101)	-
Net pension asset	(199,075)	(937,506)	(1,136,581)	-
Deferred outflows of resources	103,123	945,942	1,049,065	-
Increase (decrease) in:				
Accounts payable and accrued expenses	(94,118)	102,702	8,584	22,870
Customer deposits	320	12,765	13,085	-
Unearned revenues	11,780	(1,112,200)	(1,100,420)	-
Compensated absences	(1,459)	256,953	255,494	-
Other post-employment benefits obligations	(664,654)	(3,969,548)	(4,634,202)	-
Claims payable	-	-	-	(81,984)
Deferred inflows of resources	732,435	3,678,425	4,410,860	-
<b>Net cash provided by (used in) operative activities</b>	<b>\$ 3,690,499</b>	<b>\$ 176,079</b>	<b>\$ 3,866,578</b>	<b>\$ (572,509)</b>

See accompanying Notes to Financial Statements.

# Incorporated Village of Rockville Centre New York

## Fund Financial Statements Statement of Changes in Fiduciary Net Position – Fiduciary Fund

	<u>Year Ended May 31, 2022</u>
	<u>Custodial</u>
<b>DEDUCTIONS/CHANGE IN NET POSITION</b>	
Plan termination, benefit distribution	\$ (6,441,703)
<b>NET POSITION, beginning of year as restated</b>	6,441,703
<b>NET POSITION, end of year</b>	<u><u>\$ -</u></u>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### **Note 1 - Organization and Summary of Significant Accounting Policies**

The Incorporated Village of Rockville Centre, New York (Village) was incorporated pursuant to an act of the New York State Legislature in July 1893. The Village operates under a Board of Trustees form of government in accordance with New York State Village Law and various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operations. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services, general and administrative support, water and electric utilities.

The accounting policies of the Village conform to accounting principles generally accepted in the United State of America (U.S. GAAP) as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Village's more significant accounting policies:

#### *a. Financial Reporting Entity*

The financial reporting entity consists of: a) the primary government, which is the Village; b) organizations for which the Village is financially accountable; and c) other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a summary of an entity that is accounted for as a blended component unit in the Village's basic financial statements.

The Village of Rockville Centre Community Development Agency (Agency) is a legally separate public benefit corporation created by state legislation to promote the safety, health and welfare of the Village's inhabitants and to promote the sound growth and development of the Village. The Agency's board is substantially the same as the Village Board. The Village has determined that it is financially accountable for the Agency. Currently the Agency administers the Village's funding from the Federal U.S. Department of Housing and Urban Development (HUD) through contracts with the County of Nassau. The activities of the Agency are reported in a special revenue fund as part of the aggregate remaining fund information opinion unit.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *b. Government-Wide Financial Statements*

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods or services, or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment; and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the statement of activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the enterprise funds are charges to customers for services. Operating expenses for the enterprise funds and the internal service funds include the cost of services, administrative expenses, depreciation costs, and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

#### *c. Fund Financial Statements*

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Proprietary and fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

The Village's resources are reflected in the fund financial statements in three broad fund categories, in accordance with U.S. GAAP, as follows:

- Governmental Funds – Governmental funds are those through which most general government functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds:

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### c. Fund Financial Statements - Continued

- General Fund – The General Fund constitutes the primary operating fund of the Village and is used to account for and report all financial resources not accounted for and reported in another fund.
- Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds.

The Village also reports the following non-major governmental funds:

- Special Revenue Funds – are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for defined purposes. The special revenue funds of the Village are as follows:
  - Community Development – this fund is used to account for projects financed primarily by Community Development Block Grant entitlements from HUD.
  - Section 8 Housing Fund – this fund is used to account for resources received for resources received from HUD for housing assistance payment purposes.
  - Debt Service Fund – accounts for the accumulation of resources and the repayment of principal and interest on long-term general obligation debt of the governmental activities.
- Proprietary Funds – Proprietary funds are used to account for operations that are financed and operated in a manner similar to private enterprises or where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is necessary for management accountability.
  - Enterprise funds are used to account for those operations that provide services to the public. The operations of the Water and Electric Funds are recorded as enterprise funds.
  - The Village established an internal services fund to account for risk management activities for general liability, workers' compensation, and unemployment benefits. Costs of these activities are allocated to the appropriate fund and function/program.
- Custodial Fund – The Custodial Fund is used to account for resources collected from and held on behalf of third parties. During the current year the Village dissolved its defined contribution LOSAP and fully distributed its assets to plan participants; and created a defined benefit LOSAP, the assets of which are reported in the Village's General Fund.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *d. Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The private purpose trust has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers property tax revenues to be available if collected within sixty days of the fiscal year end. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues, except for Federal and State grants, which utilize a one hundred-eighty day availability period. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims, compensated absences, and other post-employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

#### *e. Cash and Cash Equivalents*

Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, and certificates of deposit with original maturities of three months or less.

In accordance with State law, collateral is required for demand deposit accounts, time deposit accounts, and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold its deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies, and obligations of the State and its municipal and school district subdivisions.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *e. Cash and Cash Equivalents - Continued*

Restricted cash and cash equivalents consist of reserves established by the Board in accordance with General Municipal Law or external constraints such as gifts, donations, grants or other legal purposes. Restricted cash and cash equivalents without an offsetting liability, are presented as restricted fund balance, see Note 9.

All of the Village's cash and cash equivalents were properly insured or collateralized as of May 31, 2022.

#### *f. Investments*

State statutes govern the Village's investment policies. The Village has adopted its own written investment policy which provides for the deposit of funds in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements, and obligations of New York State or its political subdivisions. Accordingly, the Village's policy provides for no credit risk on investments.

Investments of the Length of Service Award Program are reported at fair value. Investment policies provide for an investment manager who has full discretion of assets allocated subject to the overall investment policy guidelines. Overall investment guidelines provide for diversification and allow investment in money markets, obligations of the United States government and its agencies, fixed income, and equity mutual funds. Asset allocations guidelines for the LOSAP are as follows:

	<u>Limit</u>
Money market funds	As needed
Obligations of the United States of America and/or its agencies	0-100%
Mutual funds - fixed income	20-50%
Mutual funds - equity	10-30%

#### *g. Receivables*

##### Tax Receivables

Real property taxes are levied and become a lien no later than March 1<sup>st</sup> each year. Taxes are levied based upon the taxable value of all real property located within the Village. Taxes are payable in two equal installments without penalty, on March 1<sup>st</sup> and September 1<sup>st</sup>. The first half of real property taxes become delinquent after April 1<sup>st</sup> and the second half becomes delinquent after October 1<sup>st</sup>. Thereafter, penalties and interest are imposed pursuant to the Real Property Tax Law. After certification and return of the tax warrant to the Board of Trustee of the uncollected tax items, an annual sale of the tax liens is held pursuant to the provisions of the Real Property Tax Law. Tax sale certificates are issued for all uncollected property taxes, in anticipation of the sale of properties in satisfaction of the property tax liens.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*g. Receivables - Continued*

Other Receivables

Other receivables relating to governmental activities include amounts due from other governments and individuals for services provided by the Village as well as amounts due from franchise agreements and payments in lieu of taxes. Within the Capital Projects Fund, the Village has recorded an amount due from State and Federal governments in the amount of \$6,250,550, which is entirely composed of Lister Park, Smith Pond, and Greenway projects that are reimbursable under the Community Development Block Grant – Disaster Recovery Program.

Receivables relating to business-type activities primarily consist of amounts due from residents for sales or services rendered. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred.

Allowance for Uncollectible Receivables

Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.

The allowance for doubtful accounts in the Electric Fund on May 31, 2022, was \$248,141.

Uncollectible water utility invoices are included in the subsequent years tax levy and ultimately collected or reserved as part of the Village's tax enforcement practices.

The Village has recorded an allowance for uncollectible tax receivables and other account receivables in the amount of \$50,477 and \$19,196, respectively, in the General Fund.

*h. Due From/To Other Funds*

During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services, and construct assets. Balances of interfund amounts receivable or payable have been recorded in the fund financial statements to the extent that certain transactions between funds had not been paid or received as of May 31, 2022. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

A summary of interfund balances as of May 31, 2022, is presented below:

	<u>Due to Other Funds</u>					<u>Total</u>
	<u>General</u>	<u>Community Development</u>	<u>Debt Service</u>	<u>Governmental</u>	<u>Electric</u>	
<b><u>Due from Other Funds</u></b>						
General	-	\$ 92,317	-	\$ 92,317	\$ 163	\$ 92,480
Capital	2,945,228	-	62,923	3,008,151	-	3,008,151
Community Development	195,165	-	-	195,165	-	195,165
Section 8 Housing	32	-	-	32	-	32
Total Governmental	<u>3,140,425</u>	<u>92,317</u>	<u>62,923</u>	<u>3,295,665</u>	<u>163</u>	<u>3,295,828</u>
Water	8,876	-	-	8,876	-	8,876
Total	<u>\$ 3,149,301</u>	<u>\$ 92,317</u>	<u>\$ 62,923</u>	<u>\$ 3,304,541</u>	<u>\$ 163</u>	<u>\$ 3,304,704</u>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *i. Prepaid Expenses/Expenditures*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of employee retirement, workers' compensation insurance, and other costs which have been satisfied prior to the end of the fiscal year but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in governmental funds are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

#### *j. Inventory*

Proprietary fund inventory, consisting of various parts and supplies, is accounted for on the consumption method and recorded at the rolling average cost.

#### *k. Regulatory Asset*

The financial statements of the Electric Fund reflect the ratemaking policies and orders of the New York State Public Service Commission (PSC). Accordingly, the Electric Fund follows GASB Statement No. 62, which allows for the deferral of expenses and income on the Statement of Net Position when it is probable that those expenses and income will be allowed in the rate setting process in a period different from the period in which they would have been reflected in the Statement of Revenues, Expenses and Changes in Net Position. These deferred regulatory assets and liabilities are then recognized in the period in which the amounts are reflected in the rates. As of May 31, 2022, the Village's regulatory assets as reported in the Electric Fund, was \$1,694,506

#### *l. Security Deposit – New York Independent System Operator (NYISO)*

The Village's Electric Fund is required to maintain a security deposit with NYISO as part of its energy purchases. The security deposit is reported as a non-current asset.

#### *m. Capital Assets*

Capital assets, which include land, buildings, improvements, machinery and equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimate useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *m. Capital Assets - Continued*

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Village chose to include all such items regardless of their acquisition date or amount. The Village was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Land and construction-in-progress are not depreciated. All other capital assets except those of the electric fund are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	25 years
Machinery and equipment	5-20 years
Infrastructure	20-50 years

Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, operating property is recorded at cost, including capitalized labor and overhead. Overhead costs include fringe benefits, warehouse, and vehicle costs. Operating property constructed with capital fees received from customers or other parties is included in utility plant.

In accordance with PSC policies, the Electric Fund adjusts accumulated depreciation for the following upon the retirement of a capital asset: (a) a reduction of the accumulated depreciation for the original cost of the asset, regardless if it is fully depreciation or not; (b) a reduction of the accumulated depreciation for the cost of removing the capital asset; (c) an increase to the accumulated depreciation for the costs of material salvaged; and (d) an increase to the account for the minimal amount of cash receipts received.

The provision for depreciation has been computed based on asset groups, using rates ranging from 1.7% to 12.5% per annum as recommended by the Federal Energy Regulatory Commission (FERC) and the PSC.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of May 31, 2022.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*n. Unearned Revenues*

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenues received in advance and/or amounts from grants received before the eligibility requirements have been met. Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

In July of 2021, the Village received its first installment under the American Recovery Plan Act in the amount of \$1,258,970. As of May 31, 2022, the Village has not determined how the funds will be spent and therefore recorded the entire amount as unearned revenue.

*o. Deferred Outflows of Resources and Deferred 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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

A summary of deferred outflows and inflows reported in the governmental activities and business-type activities is presented below:

	<b>Deferred Outflows of Resources</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
		<b>Water</b>	<b>Electric</b>
Pension related	\$ 13,428,260	\$ 387,362	\$ 1,844,181
OPEB related	24,364,151	441,661	2,637,754
LOSAP related	134,188	-	-
Deferred loss on refunding	-	23,833	67,524
	<b>\$ 37,926,599</b>	<b>\$ 852,856</b>	<b>\$ 4,549,459</b>

	<b>Deferred Inflows of Resources</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
		<b>Water</b>	<b>Electric</b>
Pension related	\$ 18,679,844	\$ 687,216	\$ 3,228,540
OPEB related	43,443,738	787,526	4,703,380
LOSAP related	42,612	-	-
	<b>\$ 62,166,194</b>	<b>\$ 1,474,742</b>	<b>\$ 7,931,920</b>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *o. Deferred Outflows of Resources and Deferred Inflows of Resources - Continued*

Pension related deferred outflows of resources and deferred inflows of resources are disclosed in Note 7. OPEB related deferred outflows of resources and deferred inflows of resources are disclosed in Note 8. LOSAP deferred outflows of resources and deferred inflows of resources are disclosed in Note 9.

The deferred loss on refunding resulted from the reacquisition and defeasance of debt in excess of its book value. Deferred loss on refunding is being amortized over the life of the new debt with the amortization recorded as a component of interest expense/

#### *p. Compensated Absences*

The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide and proprietary fund financial statements as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

#### *q. Claims Payable*

The government-wide financial statements reflect workers' compensation and general liability claim liabilities. These liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimates future costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other facts that are considered to be appropriate modifiers of past experience.

The Village's tax certiorari payable includes an estimated liability of \$495,446 for tax certiorari refunds, which are not due and payable at year end and are therefore excluded from the governmental fund financial statements. These amounts have been recorded as an expense and liability in the internal service fund and government-wide financial statements.

#### *r. Long-Term Liabilities*

In the government-wide and proprietary fund 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, which approximates the effective interest method. Bonds payable, are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *r. Long-Term Liabilities - Continued*

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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.

#### *s. Net Position and Fund Balance*

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The following items are used in reporting net position:

Net Investment in Capital Assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of these assets.

Restricted consists of reserves established by the Board in accordance with General Municipal Law or external constraints such as gifts, donations, grants or other legal purposes.

Unrestricted is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that is not included in the determination of net investment in capital assets or restricted components of net position as described above.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws, or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Village that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Village removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Trustees.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### s. *Net Position and Fund Balance - Continued*

##### Fund Balance - Continued

Assigned fund balance in the General Fund represents amounts constrained either by policies of the Board of Trustees for amounts assigned for balancing the subsequent year's budget or a person with delegated authority from the governing board to assign amounts for a specific intended purposes. Unlike commitments, assignments generally exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted, or committed fund balance amounts.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed, or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all other governmental funds, unassigned fund balance would be negative if the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted, and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

#### t. *Encumbrances*

In governmental funds, encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General and Capital Projects Funds. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

#### u. *Estimates*

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*v. Fair Value Measurements*

The Village reports certain assets at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

*w. Correction of Prior Period Misstatements*

The Village has restated its governmental activities, general fund and Certain aggregate remaining fund information to correct various prior period misstatements.

<u>Opinion Unit</u>	<u>As Originally Stated May 31, 2021</u>	<u>Police Seizure Funds</u>	<u>LOSAP Accrual</u>	<u>Tax Cert Accrual</u>	<u>OPEB Accrual</u>	<u>Correction of CIP</u>	<u>As Restated May 31, 2022</u>
General Fund							
Fund balance	\$ 11,514,507	\$ 147,999	\$ 375,000	\$ 456,089	\$ -	\$ -	\$ 12,493,595
Governmental Activities							
Net position	(109,934,661)	147,999	375,000	-	-	(382,691)	(109,794,353)
Other Aggregate Remaining							
Fund Information							
Section 8							
Fund balance	(10,719)	-	-	-	546,471	-	535,752
Custodial Fund							
Net position	6,589,702	(147,999)	-	-	-	-	6,441,703

Distributions received from the Federal Department of Justice related to joint efforts that resulted in the seizure of assets were previously accounted for in the Custodial Fund. As these funds finance public safety, the Village has reclassified these funds into the General Fund.

The prior period financial statements included an accrual for LOSAP contributions to the newly formed defined benefit program. As the established trust is not legally protected from the Village's creditors, the assets of the trust are reported within the General Fund. Accordingly, an accrual for the contribution to the trust was not required.

The accrual of long-term tax certiorari claims and OPEB in the governmental funds was not compliant with the modified accrual basis of accounting and the current resources measurement focus. These amounts have been removed from the opening fund balances of the General Fund and Section 8 Fund.

The prior period financial statements included an overstatement of amounts in construction in progress in the governmental activities. Opening net position has been restated to correct this error.

*x. Subsequent Events Evaluation by Management*

The Village has evaluated subsequent events for potential recognition or disclosure through November 28, 2022, the date the financial statements were available to be issued.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 2 - Stewardship, Compliance, and Accountability

#### *a. Budgetary Data*

The Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- (1) Prior to December 20<sup>th</sup>, the budget officer submits to the Village Clerk and the Village Board of Trustees a tentative operating budget for the fiscal year commencing the following March 1<sup>st</sup>. The tentative budget includes proposed expenditures and the means of financing for the General and Capital Projects Funds.
- (2) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before January 15<sup>th</sup>.
- (3) After the public hearing and on or before February 1<sup>st</sup>, the Board of Trustees meet to consider and adopt the budget, at which time they are required to file the document with the Village Clerk.
- (4) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- (5) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Trustees does not adopt an annual budget for the Water and Electric Funds.
- (6) The Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval of the Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board of Trustees.
- (7) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances, if any, are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

#### *b. Property Tax Limitation*

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt.

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 2 - Stewardship, Compliance, and Accountability - Continued

#### *b. Property Tax Limitation - Continued*

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places.

The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusion for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board first enacts, by a vote of at least sixty percent of the total voting power of the Board, a local law to override such limit for such coming fiscal year.

### Note 3 - Fair Value of Financial Instruments

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of inputs used to measure fair value are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 3 - Fair Value of Financial Instruments - Continued

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs to the valuation methodology are unobservable inputs and significant to their fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and money market funds: The carrying amount approximates fair value because of the short maturity of the instruments.

Mutual funds: Valued at quoted closing price reported in the active market in which the individual security is traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Village believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

	<b>May 31, 2022</b>	
	<u>Fair Value</u>	<u>Cost</u>
Cash and money market funds	\$ 6,739	\$ 6,572
Mutual Funds		
Fixed Income	87,999	88,596
Domestic equities	<u>206,371</u>	<u>210,020</u>
	<u>294,370</u>	<u>298,616</u>
	<u>\$ 301,109</u>	<u>\$ 305,188</u>

### Note 4 - Capital Assets

Changes in the Village's governmental activities capital assets are as follows:

	<b>Governmental Activities</b>			<b>May 31, 2022</b>
	<b>June 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	
	(as restated)			
Depreciable assets				
Buildings and improvements	\$ 24,056,702	\$ 861,022	\$ -	\$ 24,917,724
Machinery and equipment	20,259,842	316,061	(892,429)	19,683,474
Infrastructure	51,394,858	1,638,307	(8,600)	53,024,565
Total depreciable assets	<u>95,711,402</u>	<u>2,815,390</u>	<u>(901,029)</u>	<u>97,625,763</u>
Accumulated depreciation	<u>46,526,098</u>	<u>3,613,666</u>	<u>(689,491)</u>	<u>49,450,273</u>
Total depreciable assets, net	<u>49,185,304</u>	<u>(798,276)</u>	<u>(211,538)</u>	<u>48,175,490</u>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 4 - Capital Assets - Continued

	<b>Governmental Activities</b>			<b>May 31, 2022</b>
	<b>June 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	
	(as restated)			
Non-depreciable assets				
Land	4,576,378	-	-	4,576,378
Construction in progress	3,704,651	22,859,720	(2,547,763)	24,016,608
Total non-depreciable assets	<u>8,281,029</u>	<u>22,859,720</u>	<u>(2,547,763)</u>	<u>28,592,986</u>
Total capital assets, net	<u>\$ 57,466,333</u>	<u>\$ 22,061,444</u>	<u>\$ (2,759,301)</u>	<u>\$ 76,768,476</u>

Depreciation expense was allocated to the following Function/Programs in the Statement of Activities:

	<b>Depreciation Expense</b>
General government	\$ 213,249
Public safety	337,156
Transportation	2,508,609
Culture and recreation	505,541
Home and community service	49,111
	<u>\$ 3,613,666</u>

Changes in each of the Proprietary Funds capital assets are as follows:

	<b>Water Fund</b>			<b>May 31, 2022</b>
	<b>June 1, 2021</b>	<b>Additions</b>	<b>Reductions</b>	
Depreciable assets				
Buildings and improvements	\$ 21,901,251	\$ 3,315,023	\$ -	\$ 25,216,274
Machinery and equipment	11,241,150	1,208,698	(21,320)	12,428,528
Infrastructure	19,558,413	1,496,478	(23,366)	21,031,525
Total depreciable assets	<u>52,700,814</u>	<u>6,020,199</u>	<u>(44,686)</u>	<u>58,676,327</u>
Accumulated depreciation	<u>14,084,595</u>	<u>1,410,635</u>	<u>(30,640)</u>	<u>15,464,590</u>
Total depreciable assets, net	<u>38,616,219</u>	<u>4,609,564</u>	<u>(14,046)</u>	<u>43,211,737</u>
Non-depreciable assets				
Land	327,271	-	-	327,271
Construction in progress	4,314,581	1,871,611	(6,025,598)	160,594
Total non-depreciable assets	<u>4,641,852</u>	<u>1,871,611</u>	<u>(6,025,598)</u>	<u>487,865</u>
Total capital assets, net	<u>\$ 43,258,071</u>	<u>\$ 6,481,175</u>	<u>\$ (6,039,644)</u>	<u>\$ 43,699,602</u>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 4 - Capital Assets - Continued

Depreciation expense for the Water System was \$1,410,635 for 2022. Similar to the Electric Fund, the Water Fund allocates certain depreciation charges to the various expenses or operating property accounts via the work order system. These depreciation charges totaled \$42,739 for the year ended May 31, 2022. The Village records the net costs associated with the retirement, removal, salvage, and proceeds upon disposition of fixed assets against accumulated depreciation.

	Electric Fund			May 31, 2022
	June 1, 2021	Additions	Reductions	
Depreciable assets				
Buildings and improvements	\$ 13,810,518	\$ 6,064,584	\$ -	\$ 19,875,102
Machinery and equipment	58,609,870	1,817,969	(1,260,496)	59,167,343
Total depreciable assets	72,420,388	7,882,553	(1,260,496)	79,042,445
Accumulated depreciation	37,717,892	1,621,775	(1,061,807)	38,277,860
Total depreciable assets, net	34,702,496	6,260,778	(198,689)	40,764,585
Non-depreciable assets				
Land	48,614	-	-	48,614
Construction in progress	6,905,599	47,433	(6,064,584)	888,448
Total non-depreciable assets	6,954,213	47,433	(6,064,584)	937,062
Total capital assets, net	\$ 41,656,709	\$ 6,308,211	\$ (6,263,273)	\$ 41,701,647

Depreciation expense for the Electric System was \$1,621,775 for 2022. Depreciation charges for transportation and shop equipment have been allocated to the various expenses or operating property accounts via the Electric Fund's work order system, as prescribed by the Uniform System of Accounts for Municipal Electric Utilities. These depreciation charges totaled \$143,706 for the year ended May 31, 2022. In accordance with the Uniform System of Accounts for Municipal Electric Utilities, net costs associated with the retirement, removal, salvage, and proceeds upon disposition of fixed assets have been charged against accumulated depreciation.

### Note 5 - Bond Anticipation Notes and Long-Term Liabilities

#### *Bond Anticipation Notes*

June 9, 2021, the Village issued Bond Anticipation Notes in the Amount of \$15,000,000 with a one-year maturity at an interest rate of 1.00%. The Electric Fund utilized \$3 million of the proceeds for system improvements and the remaining \$12 million is authorized for the public safety building, improvements to Village hall, road improvements, and a new parking lot.

One June 8, 2022, the Village issued \$10,965,000 in public improvement serial bonds at a premium that were used to refund \$11,800,000 of the original BAN. The remaining \$3,200,000 in BAN proceeds was reissued as part of a new \$13,475,000 BAN. The new bonds are repayable over 15 years starting in June 2023, at fixed interest rates ranging from 4% to 5%. The new BAN bears an interest rate of 3.25% and matures on June 8, 2023.

The Village has recorded all BANs as long-term liabilities at May 31, 2022 as they were either refinanced on a long-term basis or replaced with another short-term obligation for an uninterrupted period extending beyond one year from the date of the Village's financial statements.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 5 - Bond Anticipation Notes and Long-Term Liabilities - Continued

The follow table summarizes the changes in the Village's long-term liabilities for the year ended May 31, 2022:

	Balance June 1, 2021 (restated)	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2022	Due Within One Year
<b>Governmental activities</b>					
Bonds payable	\$ 23,442,164	\$ 1,823,825	\$ (4,615,371)	\$ 20,650,618	\$ 2,484,801
Premiums	356,569	276,383	(248,567)	384,385	70,311
Total bonds payable	<u>23,798,733</u>	<u>2,100,208</u>	<u>(4,863,938)</u>	<u>21,035,003</u>	<u>2,555,112</u>
BANs payable	-	12,000,000	-	12,000,000	-
Total long-term debt	<u>23,798,733</u>	<u>14,100,208</u>	<u>(4,863,938)</u>	<u>33,035,003</u>	<u>2,555,112</u>
Claims payable					
Self insurance	1,713,986	1,131,827	(1,213,811)	1,632,002	1,050,000
Tax Certiorari	456,089	39,357	-	495,446	-
	<u>2,170,075</u>	<u>1,171,184</u>	<u>(1,213,811)</u>	<u>2,127,448</u>	<u>1,050,000</u>
Compensated absences	10,691,817	61,342	-	10,753,159	1,075,316
Net pension liability (asset)					
ERS	29,133	165,306	(2,406,342)	(2,211,903)	-
PFRS	3,656,154	1,207,207	(3,590,186)	1,273,175	-
OPEB obligations	159,939,314	5,015,746	(41,681,289)	123,273,771	-
LOSAP obligations	509,330	372,155	(8,210)	873,275	-
Total other liabilities	<u>174,825,748</u>	<u>6,821,756</u>	<u>(47,686,027)</u>	<u>133,961,477</u>	<u>1,075,316</u>
<b>Total governmental activities</b>	<b><u>\$ 200,794,556</u></b>	<b><u>\$ 22,093,148</u></b>	<b><u>\$ (53,763,776)</u></b>	<b><u>\$ 169,123,928</u></b>	<b><u>\$ 4,680,428</u></b>

General obligation bonds payable for the governmental activities at May 31, 2022 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Outstanding at Year End
Refunding Bonds	2012	1,780,000	June 2022	2.00-4.00%	\$ 875,000
Public Improvements	2012	2,480,000	August 2027	1.50-3.00%	295,000
Public Improvements	2013	7,715,000	October 2028	2.00-3.00%	352,500
Public Improvements	2015	8,760,000	February 2030	2.00-3.00%	4,370,000
Public Improvements	2016	2,810,000	February 2031	2.00-3.00%	1,350,000
Public Improvements	2017	4,500,000	June 2032	3.00%	3,400,000
Public Improvements	2018	5,750,000	November 2047	3.00-4.00%	5,435,824
Refunding Bonds	2021	<u>1,823,825</u>	October 2025	5.00%	<u>1,399,794</u>
		<b><u>\$ 35,618,825</u></b>			<b><u>\$ 20,650,618</u></b>

General obligation bonds payable for the Water Fund and Electric Fund at May 31, 2022 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Outstanding at Year End
<b>Water Fund</b>					
General Improvements	2012	\$ 4,500,000	August 2027	1.50-3.00%	\$ 1,805,000
General Improvements	2013	400,000	October 2028	2.00-3.00%	210,000
Public Improvements	2015	2,700,000	February 2030	2.00-3.00%	1,440,000
Public Improvements	2016	6,600,000	February 2031	2.00-3.00%	4,050,000
Public Improvements	2017	3,700,000	June 2032	3.00%	2,795,000
Public Improvements	2018	5,300,000	November 2047	3.00-4.00%	5,010,413
Refunding Bonds	2021	<u>1,378,621</u>	October 2025	5.00%	<u>1,034,096</u>
		<b><u>\$ 24,578,621</u></b>			<b><u>\$ 16,344,509</u></b>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 5 - Bond Anticipation Notes and Long-Term Liabilities - Continued

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Outstanding at Year End
<b>Electric Fund</b>					
General Improvements	2012	1,250,000	August 2027	1.50-3.00%	\$ 520,000
Refunding Bonds	2012	3,505,000	June 2027	2.00-4.00%	1,220,000
Public Improvements	2015	3,000,000	February 2030	2.00-3.00%	1,590,000
Public Improvements	2016	750,000	February 2031	2.00-3.00%	450,000
Public Improvements	2017	1,200,000	June 2032	3.00%	905,000
Public Improvements	2018	3,500,000	November 2047	3.00-4.00%	3,308,763
Refunding Bonds	2021	732,554	October 2025	5.00%	571,110
		<u>\$ 13,937,554</u>			<u>\$ 8,564,873</u>

The annual requirements to amortize all bonded debt outstanding within the governmental activities as of May 31, 2022 are as follows:

May 31,	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 2,484,801	\$ 603,879	\$ 2,650,199	\$ 755,371	\$ 5,135,000	\$ 1,359,250
2024	2,195,569	537,058	2,669,431	675,861	4,865,000	1,212,919
2025	2,174,314	475,770	2,540,686	410,224	4,715,000	885,994
2026	2,009,060	417,412	2,220,940	529,931	4,230,000	947,343
2027	1,834,123	365,838	1,985,877	471,537	3,820,000	837,375
2028-2032	6,093,727	1,147,503	6,936,273	1,635,478	13,030,000	2,782,981
2033-2037	985,996	662,932	1,509,004	1,014,571	2,495,000	1,677,503
2038-2042	1,167,784	461,147	1,787,216	705,753	2,955,000	1,166,900
2043-2047	1,395,018	205,657	2,134,982	317,743	3,530,000	523,400
2048-2049	310,226	6,205	474,774	9,496	785,000	15,701
	<u>\$ 20,650,618</u>	<u>\$ 4,883,401</u>	<u>\$ 24,909,382</u>	<u>\$ 6,525,965</u>	<u>\$ 45,560,000</u>	<u>\$ 11,409,366</u>

The annual requirements to amortize the Water Fund and Electric Fund outstanding bonded debt, respectively, as of May 31, 2022, are as follows:

May 31,	Water Fund		Electric Fund		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,682,693	\$ 481,659	\$ 967,506	\$ 273,712	\$ 2,650,199	\$ 755,371
2024	1,693,611	434,037	975,820	241,824	2,669,431	675,861
2025	1,566,350	389,323	974,336	20,901	2,540,686	410,224
2026	1,500,087	347,537	720,853	182,394	2,220,940	529,931
2027	1,367,063	309,245	618,814	162,292	1,985,877	471,537
2028-2032	4,977,699	1,047,545	1,958,574	587,933	6,936,273	1,635,478
2033-2037	908,832	611,048	600,172	403,523	1,509,004	1,014,571
2038-2042	1,076,393	425,055	710,823	280,698	1,787,216	705,753
2043-2047	1,285,841	189,560	849,141	128,183	2,134,982	317,743
2048-2049	285,940	5,719	188,834	3,777	474,774	9,496
	<u>\$ 16,344,509</u>	<u>\$ 4,240,728</u>	<u>\$ 8,564,873</u>	<u>\$ 2,285,237</u>	<u>\$ 24,909,382</u>	<u>\$ 6,525,965</u>

### Note 6 - Retirement System

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire System (PFRS), which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing, multiple-employer retirement systems. 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 (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 6 - Retirement System – Continued

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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The 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 obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

#### Contributions

Most members of the System who joined on or before July 26, 1976 are enrolled in a noncontributory plan. Members of the System who joined after July 26, 1976 are enrolled in a contributory plan which requires a 3% contribution of their salary. As a result of Article 19 of the NYSRSSL, eligible Tier 3 and Tier 4 employees with a membership date after July 26, 1976 who have ten or more years of membership or credited service with the System are not required to contribute. Generally, members of the System may retire at 55; however, members of Tiers 2, 3, 4, and 5 will receive a reduced benefit if they retire before 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits, and employees with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. The full benefit age for Tier 6 is 63 for System members.

Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. Subsequent to the plan year-ended March 31, 2022, legislation was passed at the State level to vest Tier 6 members after 5 years. The contribution rate varies from 3% to 6% depending on salary. Members are required to contribute for all years of service. The average contribution rate for ERS and PFRS for the fiscal year ended March 31, 2022 was approximately 16.2% and 28.3% of payroll, respectively. 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.

Contributions made to the Systems for the current and two preceding years were as follows:

	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
2022	\$ 2,059,320	\$ 2,574,974	\$ 4,634,294
2021	2,096,893	2,011,429	4,108,322
2020	1,855,567	1,889,044	3,744,611

These contributions were equal to the 100% of the actuarially required contributions for each respective year.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 6 - Retirement System - Continued

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

At May 31, 2022, the Village reported a pension asset for ERS of \$2,211,903 and a pension liability for PFRS of \$1,273,175 in the governmental activities statement of net position and a pension asset for ERS of \$1,121,886 in the business-type activities statement of net position. The net pension asset/liability was measured as of March 31, 2022, and the total pension asset/liability used to calculate the net pension asset/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 May 31, 2022, the Village's proportion was .0407781% in the Employee Retirement System and .2241329% in the Police and Fire Retirement System.

For the year ended May 31, 2022, the Village recognized pension expense of \$1,383,801 in the governmental activities and \$83,818 in the business-type activities. At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to ERS and PFRS from the following sources:

	<b>New York State and Local Employees' Retirement System</b>		<b>New York State Police and Fire Retirement System</b>		<b>Total Governmental Activities</b>	
	<b>Governmental Activities</b>		<b>Governmental Activities</b>			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 167,510	\$ 217,271	\$ 686,378	-	\$ 853,888	\$ 217,271
Change in assumptions	3,691,417	62,289	7,620,226	-	11,311,643	62,289
Net difference between projected and actual investment earnings	-	7,243,054	-	10,697,993	-	17,941,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	326,987	200,051	347,526	259,186	674,513	459,237
Contributions subsequent to measurement date	167,223	-	420,993	-	588,216	-
	<u>\$ 4,353,137</u>	<u>\$ 7,722,665</u>	<u>\$ 9,075,123</u>	<u>\$ 10,957,179</u>	<u>\$ 13,428,260</u>	<u>\$ 18,679,844</u>

	<b>New York State and Local Employees' Retirement System</b>				<b>Total Business-Type Activities</b>	
	<b>Water Fund</b>		<b>Electric Fund</b>			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 14,906	\$ 19,334	\$ 70,029	\$ 90,832	\$ 84,935	\$ 110,166
Change in assumptions	328,488	5,543	1,543,235	26,040	1,871,723	31,583
Net difference between projected and actual investment earnings	-	644,537	-	3,028,034	-	3,672,571
Changes in proportion and differences between employer contributions and proportionate share of contributions	29,098	17,802	136,700	83,634	165,798	101,436
Contributions subsequent to measurement date	14,870	-	94,217	-	109,087	-
	<u>\$ 387,362</u>	<u>\$ 687,216</u>	<u>\$ 1,844,181</u>	<u>\$ 3,228,540</u>	<u>\$ 2,231,543</u>	<u>\$ 3,915,756</u>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 6 - Retirement System - Continued

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

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and an increase of the net pension asset as applicable in the year ending May 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Governmental Activities</b>		
	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
For the year ending May 31,			
2023	\$ (510,780)	\$ (518,559)	\$ (1,029,339)
2024	(769,219)	(849,066)	(1,618,285)
2025	(1,849,094)	(2,486,231)	(4,335,325)
2026	(407,658)	1,454,991	1,047,333
2027		95,816	95,816
	<u>\$ (3,536,751)</u>	<u>\$ (2,303,049)</u>	<u>\$ (5,839,800)</u>

	<b>Business-Type Activities</b>		
	<u>Water Fund</u>	<u>Electric Fund</u>	<u>Total</u>
For the year ending May 31,			
2023	\$ (45,453)	\$ (213,537)	\$ (258,990)
2024	(68,450)	(321,580)	(390,030)
2025	(164,545)	(773,033)	(937,578)
2026	(36,276)	(170,426)	(206,702)
	<u>\$ (314,724)</u>	<u>\$ (1,478,576)</u>	<u>\$ (1,793,300)</u>

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Inflation rate	2.70%
Salary scale	4.40% ERS, 6.20% (PFRS), indexed by service
Cost-of-living adjustments	1.40%
Investment rate of return	5.9% compounded annually, net of investment expenses
Decrement	Developed from the Plan's experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scare MP-2020

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 6 - Retirement System - Continued

#### Actuarial Assumptions - Continued

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below.

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic/absolute return strategies	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.58%
Fixed income	23.00%	0.00%
Cash	1.00%	-1.00%
	100.00%	

#### Discount Rate

The discount rate used to calculate the total pension liability/asset was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/asset.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 6 - Retirement System - Continued

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

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Village's proportionate share of net liability (asset)			
ERS	\$ 8,580,242	\$ (3,333,442)	\$ (13,298,664)
PFRS	14,162,104	1,273,175	(9,395,437)

#### Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the employers as of March 31, 2022, were as follows:

	(Dollars in Thousands)		
	ERS	PFRS	Total
Employer's total pension liability	\$ 223,874,888	\$ 42,237,292	\$ 266,112,180
Plan fiduciary net position	(232,049,473)	(41,669,250)	(273,718,723)
Employer's net pension liability (asset)	<u>\$ (8,174,585)</u>	<u>\$ 568,042</u>	<u>\$ (7,606,543)</u>
Ratio of plan fiduciary net position to the employer's total pension liability/asset	103.65%	98.66%	102.86%

### Note 7 - Other Postemployment Benefit Obligations

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. A summary of active employees and retired employees covered under this benefit plan as of May 31, 2022 is as follows:

Retired	219
Active participants	217
Total	<u>436</u>

The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to the length of service. The cost of providing postemployment health care benefits is shared between the Village and the retired employee. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as expenditure as claims are paid in the fund financial statements. The Village is not required to fund the benefit plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. The benefit plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 7 - Other Postemployment Benefit Obligations - Continued

At May 31, 2022, the Village reported a liability of \$123,273,771 and \$15,580,721 for its OPEB liability in the governmental activities and business-type activities, respectively. The OPEB liability was measured as of June 1, 2021 by an actuarial valuation using census data information as of May 31, 2022. For the year ended May 31, 2022, the Village recognized OPEB expense of \$5,153,445 and \$651,350 in the governmental activities and business-type activities, respectively. At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Governmental Activities</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 5,524,266	\$ 3,514,709
Change in assumptions	18,839,885	39,929,029
	<b>\$ 24,364,151</b>	<b>\$ 43,443,738</b>

	<b>Business-Type Activities</b>			
	<b>Water Fund</b>		<b>Electric Fund</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 100,141	\$ 63,713	\$ 598,078	\$ 380,515
Change in assumptions	341,520	723,813	2,039,676	4,322,865
	<b>\$ 441,661</b>	<b>\$ 787,526</b>	<b>\$ 2,637,754</b>	<b>\$ 4,703,380</b>

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
		<b>Water</b>	<b>Electric</b>
Fiscal year ended May 31,			
2023	\$ (2,786,534)	\$ (50,513)	\$ (301,680)
2024	(2,786,532)	(50,513)	(301,680)
2025	(3,073,184)	(55,709)	(332,714)
2026	(3,437,723)	(62,317)	(372,181)
2027	(6,995,614)	(126,813)	(757,371)
	<b>\$ (19,079,587)</b>	<b>\$ (345,865)</b>	<b>\$ (2,065,626)</b>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 7 - Other Postemployment Benefit Obligations - Continued

The total OPEB liability at May 31, 2022 was determined using the following actuarial assumptions:

Discount Rate	1.59% per annum (for FYE 22 Expense) 3.70% per annum (disclosures)
Mortality	RP 2016 Mortality table, MP 2019 projection
Inflation Rate	3.00%
Healthcare Cost Trend Rate	
Year 1	8.00%
Year 2	7.50%
Year 3	7.00%
Year 4	6.50%
Year 5	6.00%
Year 6	5.50%
Year 7+	5.00%
Admin charge	5.00%
Participation Rate	100% Police, 90% All Others

The discount rate was determined using the S&P 20 Year AA Municipal Bond Index.

Actuarial valuations involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

Changes in the net OPEB liability are as follows:

	Governmental Activities	Water Fund	Electric Fund	Total
Balance at May 31, 2021	\$ 159,939,314	\$ 2,899,299	\$ 17,315,624	\$ 180,154,237
Changes for the fiscal year:				
Service cost	5,417,866	98,212	586,558	6,102,636
Interest	2,522,112	45,720	273,053	2,840,885
Changes to assumptions or other inputs	(47,914,834)	(868,576)	(5,187,438)	(53,970,848)
Differences between expected and actual experience	5,941,160	107,699	643,212	6,692,071
Benefit payments	(2,631,847)	(47,709)	(284,933)	(2,964,489)
Net changes	<u>(36,665,543)</u>	<u>(664,654)</u>	<u>(3,969,548)</u>	<u>(41,299,745)</u>
Balance at May 31, 2022	<u>\$ 123,273,771</u>	<u>\$ 2,234,645</u>	<u>\$ 13,346,076</u>	<u>\$ 138,854,492</u>

The following presents the OPEB liability of the Plan as of May 31, 2022 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates 1% lower or 1% higher than the current rates:

	1% Decrease (7% decreasing to 4%)	Healthcare Cost Trend Rate ( 8% decreasing to 5%)	1% Increase (9% decreasing to 6%)
Total OPEB liability	<u>\$ 114,172,821</u>	<u>\$ 138,854,492</u>	<u>\$ 168,750,895</u>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 7 - Other Postemployment Benefit Obligations - Continued

The following presents the OPEB liability of the plan as of May 31, 2022 calculated using the discount rate of 3.7%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.7%)	Discount Rate (3.7%)	1% increase (4.7%)
Total OPEB liability	\$ 164,435,500	\$ 138,854,492	\$ 113,273,483

### Note 8 - Length of Service Award Program

The Village, pursuant to Article 11-A of the General Municipal Law of the State of New York and legislative resolution, has established a Length of Service Awards Program ("Program") for volunteer firefighters. This Program is a single employer defined benefit plan established as a grantor/rabbi trust and, as such, the assets are subject to the claims of the Village's general creditors. The Program is accounted for in the Village's financial statements within the General Fund.

Active volunteer firefighters, upon attainment of age 18, and upon earning 50 or more points in a calendar year after 1999 under provisions of the Program point system, are eligible to become participants of the Program. Points are granted for the performance of certain activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the Program. Participants are fully vested upon attainment of entitlement age, upon death or upon general disablement and after earning five years of service credit. A participant, upon attainment of entitlement age (the later of age 62 or the participant's age after earning 50 program points), shall be able to receive their service award, payable in the form of a ten-year certain and continuous monthly payment life annuity. The monthly benefits are \$20 for each year of service credit, up to a maximum of 30 years. The benefits and refunds of the plan are recognized when due and payable in accordance with the terms of the plan. The Program also provides disability and death benefits. The trustees of the Program, which are the members of the Village Board, are authorized to invest the funds in authorized investment vehicles. Administrative costs are paid by the Village from the General Fund. Separate financial statements are not issued by the Program.

At the December 31, 2021 measurement date, the following participants were covered by the benefits terms:

Inactive participants currently receiving benefit payments	36
Inactive participants entitled to but not yet receiving benefit payments	2
Active participants	189
Total	227

The General Municipal Law of the State of New York requires the Village to contribute an actuarially determined contributions on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village's Board of Trustees.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 8 - Length of Service Award Program - Continued

The total pension liability at the December 31, 2021 measurement date was determined using an actuarial valuation as of that date.

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2%
Salary Scale:	None assumed
Mortality Rates	RP-2014 Mortality Table (60/40 male female blend) projected for mortality improvement to the year 2025 with scale MP 2020

The discount rate used to measure the total pension liability was 2.24%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021. In describing this index, S&P Down Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with maturity of 20 years and a rating of at least Aa2 by Moody's Investors Services, AA by Fitch or AA by Standard & Poor's Rating Services.

The Village's change in the total pension liability is as follows:

Balance as of May 31, 2021	<u>\$ 509,330</u>
Service Cost	354,805
Interest	16,599
Change of assumptions and other inputs	(44,940)
Differences between expected and actual experience	45,691
Benefit payment	<u>(8,210)</u>
Net changes	<u>363,945</u>
Balance as of May 31, 2022	<u><u>\$ 873,275</u></u>

The following presents the total pension liability of the Village as of the May 31, 2022, calculated using the discount rate of 2.24%, as well as what the Village's total pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point high than the current rate:

	1% Decrease <u>(1.24%)</u>	Current Discount Rate <u>(2.24%)</u>	1% Increase <u>(3.24%)</u>
Total LOSAP liability	\$ 1,029,936	\$ 873,275	\$ 747,183

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 8 - Length of Service Award Program - Continued

For the year ended May 31, 2022, the Village recognized pension expense of \$376,560, which consisted of the following components:

Service cost	\$ 354,805
Interest	16,599
Differences between expected and actual experience	2,367
Changes of assumptions or other inputs	<u>2,789</u>
Total pension expense	<u><u>\$ 376,560</u></u>

At May 31, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to the Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,324	\$ -
Changes of assumptions or other inputs	87,502	42,612
Benefit payments and administrative expenses subsequent to the measurement date	<u>3,362</u>	<u>-</u>
	<u><u>\$ 134,188</u></u>	<u><u>\$ 42,612</u></u>

Benefit payments and administrative expenses subsequent to the measurement date will be recognized as a reduction of the Program during the year ending May 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Program will be recognized in pension expense as follows:

Year Ended May 31,	
2023	\$ 5,156
2024	5,156
2025	5,156
2026	5,156
2027	5,156
Thereafter	<u>62,434</u>
	<u><u>\$ 88,214</u></u>

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 9 - Fund Balance

A summary of the Village's fund balance is presented below:

	General	Capital Projects	Community Development	Section 8 Housing	Debt Service	Total
Nonspendable						
Prepaid expenditures	\$ 114,922	-	-	-	-	\$ 114,922
Restricted						
Employee Benefits	1,164,305	-	-	-	-	1,164,305
Capital programs	-	7,027,556	-	-	-	7,027,556
Police forfeiture	105,015	-	-	-	-	105,015
Service award program	301,109	-	-	-	-	301,109
Economic development	-	-	13,633	-	-	13,633
Housing choice voucher program	-	-	-	566,463	-	566,463
Debt service	-	-	-	-	606,003	606,003
Total restricted	<u>1,570,429</u>	<u>7,027,556</u>	<u>13,633</u>	<u>566,463</u>	<u>606,003</u>	<u>9,784,084</u>
Assigned						
Living with the Bay	500,000	-	-	-	-	500,000
Appropriated	118,332	-	-	-	-	118,332
Unappropriated	-	-	51,910	-	-	51,910
Total Assigned	<u>618,332</u>	<u>-</u>	<u>51,910</u>	<u>-</u>	<u>-</u>	<u>670,242</u>
Unassigned (deficit)	<u>13,577,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,577,678</u>
Total Fund Balance	<u>\$ 15,881,361</u>	<u>\$ 7,027,556</u>	<u>\$ 65,543</u>	<u>\$ 566,463</u>	<u>\$ 606,003</u>	<u>\$ 24,146,926</u>

### Note 10 - Contingencies, Risks, and Uncertainties

#### a. Litigation and Claims

The Village is involved in various claims and lawsuits, arising in the normal course of operations. Management believes that any financial responsibility that may be incurred in settlement of such claims and lawsuits would not be material to the Village's financial position.

The Village is involved in litigation occurring before the Federal Energy Regulatory Commission and the New York Public Service Commission involving the New York Association of Public Power ("NYAPP") that may increase rates for electric transmission service which would be paid by customers of the Freeport Electric System.

The Village is also a defendant in numerous tax certiorari proceedings, some of which the results cannot be determined at this time. Known tax certiorari claims in the amount of \$143,238, that are currently due and payable are included in the general fund as accrued liabilities. Known tax certiorari claims in the amount of \$495,446, that are not currently due and payable, are reported in the governmental activities' opinion unit as a long-term liability.

#### b. Other Contingencies

The Village participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures/expenses that may be disallowed by the granting agencies cannot be determined at this time, although the Village anticipates such amounts, if any, to be immaterial.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### **Note 10 - Contingencies, Risks, and Uncertainties - Continued**

#### *c. Risk Management*

The Village maintains a self-insurance risk management program for liability and casualty, property damage, workers' compensation and unemployment. The Village uses a third-party administrator to management the claims related to general liability and workers' compensation.

The Village is exposed to various risks of loss related to torts; theft, damage and destruction of assets, errors and omissions; injuries to employees; life and health of employees; and natural disasters. The Village maintains commercial insurance for property damage up to a maximum of approximately \$63.95 million for the Electric Plant and \$67.27 for all other municipally owned property, subject to deductibles ranging from \$5,000 to \$100,000 per occurrence. The Village also purchases commercial insurance for general liability claims with coverage up to approximately \$5 million in total with various limits per occurrence, subject to sub-limits up to \$1 million.

There have been no significant reductions in insurance coverage as compared to the prior year, and there were no settlements in excess of insurance coverage over the last three years.

The Village estimates its potential claims under its self-insurance risk management program after consulting with outside professionals and legal counsel. The Village has recorded the liability for these claims in its government-wide financial statements. The estimated outstanding workers' compensation and general liability claims outstanding at May 31, 2022 were \$1,054,502 and \$577,500 respectively.

#### *d. Tax Abatements*

The Village is impacted by tax abatement agreements through the Town of Hempstead Industrial Development Agency, County of Nassau, County of Nassau Industrial Development Agency, and various housing authorities. The total amount of Village taxes abated as of and for the year-ended May 31, 2022 was \$396,419.

#### *e. Investment Risk*

The Village's LOSAP invests in money market funds and mutual funds. Such investments are exposed to various risks, such as interest rate and credit risks. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in the values will occur in the near term and that such changes in the values could materially affect plan balances and the amounts reported in the financial statements.

### **Note 11 - Accounting Standards Issued But Not Yet Implemented**

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 11 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improves note disclosures. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. This statement addresses governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) – most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions to the reference rate. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of IBOR, such as providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifying the definition of reference rate. The removal of the London IBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The requirements relating to lease modifications, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. All other requirements of this statement were effective for reporting periods beginning after June 15, 2020.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which GASB defines in this statement as a PPP in which: (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 11 - Accounting Standards Issued But Not Yet Implemented - Continued

This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement: (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription 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. Under this statement, a government generally should recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Service Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this statement are to (1) increase consistency and comparability relating to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board would typically perform. The requirements of this statement that: (1) exempt primary governments that perform duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans; and (2) limit the applicability of the financial burden criteria, are effective immediately. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this statement that provide for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### Note 11 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

# Incorporated Village of Rockville Centre, New York

## Notes to Financial Statements May 31, 2022

### **Note 11 - Accounting Standards Issued But Not Yet Implemented - Continued**

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Management has not estimated the extent of the potential impact, if any, of these statements on the Village's financial statements.

# Incorporated Village of Rockville Centre, New York

## Required Supplementary Information Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund

	May 31, 2022			(Over) Under Final Budget
	Original Budget	Final Budget	Current Year	
<b>REVENUES</b>				
Real property taxes	\$ 33,079,620	\$ 33,079,620	\$ 33,079,620	\$ -
Other tax items	990,000	990,000	1,194,552	204,552
Departmental income	2,529,750	2,529,750	4,175,585	1,645,835
Use of money and property	78,770	78,770	49,597	(29,173)
Licenses and permits	1,285,000	1,285,000	1,962,448	677,448
Fines and forfeitures	550,000	550,000	1,301,359	751,359
Sale of property and compensation for loss	30,000	30,000	27,845	(2,155)
Intergovernmental charges	1,596,258	1,596,258	1,559,294	(36,964)
State aid	898,671	898,671	1,380,624	481,953
Federal aid	-	-	22,457	22,457
Miscellaneous	695,000	695,000	960,137	265,137
Total revenues	<u>41,733,069</u>	<u>41,733,069</u>	<u>45,713,518</u>	<u>3,980,449</u>
Appropriated fund balance	<u>2,620,606</u>	<u>2,620,606</u>	<u>-</u>	<u>(2,620,606.00)</u>
Total revenues and appropriated fund balance	<u>44,353,675</u>	<u>44,353,675</u>	<u>45,713,518</u>	<u>1,359,843</u>
<b>EXPENDITURES</b>				
General Government Support	6,500,778	6,500,778	5,361,160	1,139,618
Public Safety	13,280,831	13,280,831	14,111,681	(830,850)
Health	64,460	64,460	68,764	(4,304)
Transportation	2,876,700	2,876,700	2,424,643	452,057
Economic Opportunity and Development	92,000	92,000	76,839	15,161
Culture and Recreation	3,128,382	3,128,382	2,917,924	210,458
Home and Community Service	4,245,275	4,245,275	3,820,556	424,719
Employee Benefits	13,338,824	13,338,824	12,489,809	849,015
Interest	-	-	117,041	(117,041)
Total expenditures	<u>43,527,250</u>	<u>43,527,250</u>	<u>41,388,417</u>	<u>2,138,833</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,544,779	2,544,779	2,701,816	157,037
Transfers out	(3,371,204)	(3,371,204)	(3,639,151)	(267,947)
Total other financing sources (uses)	<u>(826,425)</u>	<u>(826,425)</u>	<u>(937,335)</u>	<u>(110,910)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>44,353,675</u>	<u>44,353,675</u>	<u>42,325,752</u>	<u>2,027,923</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>			3,387,766	<u>\$ 3,387,766</u>
<b>FUND BALANCE, BEGINNING OF YEAR, AS RESTATED</b>			<u>12,493,595</u>	
<b>FUND BALANCE, END OF YEAR</b>			<u>\$ 15,881,361</u>	

# Incorporated Village of Rockville Centre, New York

## Required Supplementary Information Schedule of Other Postemployment Benefits Liability

	Years Ended May 31,			
	2022	2021	2020	2019
Service cost	\$ 6,102,636	\$ 5,254,287	\$ 4,875,644	\$ 4,464,875
Interest	2,840,885	3,897,930	4,244,669	4,007,301
Differences between expected and actual experience	6,692,071	(523,515)	(7,219,855)	1,937,276
Changes of assumptions or other inputs	(53,970,848)	24,568,960	9,683,550	-
Benefit payments	<u>(2,964,489)</u>	<u>(2,507,393)</u>	<u>(2,579,034)</u>	<u>(2,674,723)</u>
<b>Net change in total OPEB liability</b>	(41,299,745)	30,690,269	9,004,974	7,734,729
<b>Total OPEB liability - beginning of year</b>	<u>180,154,237</u>	<u>149,463,968</u>	<u>140,458,994</u>	<u>132,724,265</u>
<b>Total OPEB liability - end of year</b>	<u><u>\$ 138,854,492</u></u>	<u><u>\$ 180,154,237</u></u>	<u><u>\$ 149,463,968</u></u>	<u><u>\$ 140,458,994</u></u>
<b>Covered-employee payroll</b>	\$ 24,049,337	\$ 22,599,104	\$ 25,343,661	22009076
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	577.37%	797.17%	589.75%	638.19%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# Incorporated Village of Rockville Centre, New York

## Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability (Asset)

	May 31,							
	2022	2021	2020	2019	2018	2017	2016	2015
<b>ERS</b>								
Village's proportion of the net pension liability (asset)	0.0407781%	0.0440932%	0.0423724%	0.0432123%	0.0457863%	0.0467436%	0.0448793%	0.0455493%
Village's proportionate share of the net pension liability (asset)	\$ (3,333,442)	\$ 44,492	\$ 11,326,544	\$ 3,083,640	\$ 1,488,658	\$ 4,412,994	\$ 7,243,956	\$ 1,549,419
Village's covered payroll	\$ 13,388,558	\$ 13,596,956	\$ 14,507,511	\$ 13,224,405	\$ 13,177,965	\$ 13,153,344	\$ 13,716,005	\$ 12,661,664
Village's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-24.90%	0.33%	78.07%	23.32%	11.21%	33.39%	52.52%	12.24%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
<b>PFRS</b>								
Village's proportion of the net pension liability	0.2241329%	0.2105562%	0.2228478%	0.2216663%	0.2296344%	0.2425830%	0.2622000%	0.0264672%
Village's proportionate share of the net pension liability	\$ 1,273,175	\$ 3,655,837	\$ 11,911,073	\$ 3,717,484	\$ 2,321,046	\$ 5,027,902	\$ 7,763,183	\$ 679,116
Village's covered payroll	\$ 9,084,904	\$ 9,064,133	\$ 8,405,181	\$ 8,248,738	\$ 8,408,694	\$ 8,275,129	\$ 8,712,398	\$ 8,746,302
Village's proportionate share of the net pension liability as a percentage of its covered payroll	14.01%	40.33%	141.71%	45.07%	27.60%	60.76%	89.11%	7.76%
Plan fiduciary net position as a percentage of the total pension liability	98.66%	95.79%	84.86%	95.09%	96.96%	93.46%	90.24%	99.00%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# Incorporated Village of Rockville Centre, New York

## Required Supplementary Information Schedule of Pension Contributions

	2022	2021	2020	2019	May 31, 2018	2017	2016	2015	2014
<b>ERS</b>									
Contractually required contribution	\$ 2,059,320	\$ 2,096,893	\$ 1,855,567	\$ 1,856,468	\$ 1,941,494	\$ 2,010,172	\$ 2,172,165	\$ 2,489,116	\$ 2,795,580
Contributions in relation to the contractually required contribution	<u>\$ 2,059,320</u>	<u>\$ 2,096,893</u>	<u>\$ 1,855,567</u>	<u>\$ 1,856,468</u>	<u>\$ 1,941,494</u>	<u>\$ 2,010,172</u>	<u>\$ 2,172,165</u>	<u>\$ 2,489,116</u>	<u>\$ 2,795,580</u>
Contribution deficiency (excess)	<u>-</u>								
Village's covered payroll	\$ 13,388,558	\$ 13,596,956	\$ 14,507,511	\$ 13,224,405	\$ 13,177,965	\$ 13,153,344	\$ 13,716,005	\$ 12,661,664	\$ 12,828,119
Contributions as a percentage of covered payroll	15.38%	15.42%	12.79%	14.04%	14.73%	15.28%	15.84%	19.66%	21.79%
<b>PFRS</b>									
Contractually required contribution	\$ 2,547,974	\$ 2,011,429	\$ 1,889,044	\$ 1,920,420	\$ 2,034,338	\$ 2,104,640	\$ 1,694,871	\$ 2,886,280	\$ 2,321,824
Contributions in relation to the contractually required contribution	<u>\$ 2,547,974</u>	<u>\$ 2,011,429</u>	<u>\$ 1,889,044</u>	<u>\$ 1,920,420</u>	<u>\$ 2,034,338</u>	<u>\$ 2,104,640</u>	<u>\$ 1,694,871</u>	<u>\$ 2,886,280</u>	<u>\$ 2,321,824</u>
Contribution deficiency (excess)	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Village's covered payroll	\$ 9,084,904	\$ 9,064,133	\$ 8,405,181	\$ 8,248,738	\$ 8,408,694	\$ 8,275,129	\$ 8,712,398	\$ 8,746,302	\$ 9,024,858
Contributions as a percentage of covered payroll	28.05%	22.19%	22.47%	23.28%	24.19%	25.43%	19.45%	33.00%	25.73%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

# Incorporated Village of Rockville Centre, New York

## Supplementary Information Combining Balance Sheet - Non-Major Governmental Funds

	May 31, 2022			
	Community Development	Section 8 Housing	Debt Service	Total
<b>ASSETS</b>				
Cash and cash equivalents, unrestricted	\$ 121,118	\$ -	\$ 543,080	\$ 664,198
Cash and cash equivalents, restricted	13,633	599,101	-	612,734
Receivables				
Due from other governments	49,633	-	-	49,633
Due from other funds	92,317	-	62,923	155,240
<b>Total assets</b>	<b>276,701</b>	<b>599,101</b>	<b>606,003</b>	<b>1,481,805</b>
<b>LIABILITIES</b>				
Accounts payable	15,993	32,606	-	48,599
Due to other funds	195,165	32	-	195,197
<b>Total liabilities</b>	<b>211,158</b>	<b>32,638</b>	<b>-</b>	<b>243,796</b>
<b>FUND BALANCES</b>				
Restricted	13,633	566,463	606,003	1,186,099
Assigned	51,910	-	-	51,910
<b>Total fund balances</b>	<b>65,543</b>	<b>566,463</b>	<b>606,003</b>	<b>1,238,009</b>
<b>Total liabilities and fund balances</b>	<b>\$ 276,701</b>	<b>\$ 599,101</b>	<b>\$ 606,003</b>	<b>\$ 1,481,805</b>

# Incorporated Village of Rockville Centre, New York

## Supplementary Information Combining Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds

	Year Ended May 31, 2022			
	Community Development	Section 8 Housing	Debt Service	Total
<b>REVENUES</b>				
Departmental income	\$ -	\$ 7,558	\$ -	\$ 7,558
Use of money and property	60	230	7,611	7,901
Federal aid	140,660	2,983,804	-	3,124,464
Total revenues	140,720	2,991,592	7,611	3,139,923
<b>EXPENDITURES</b>				
General government	-	-	33,547	33,547
Economic opportunity and development	-	2,938,973	-	2,938,973
Home and community services	232,978	-	-	232,978
Employee benefits	-	21,908	-	21,908
Debt service				
Principal	-	-	2,680,371	2,680,371
Interest	-	-	666,463	666,463
Total expenditures	232,978	2,960,881	3,380,381	6,574,240
<b>Excess (deficiency) of revenue over expenditures</b>	<b>(92,258)</b>	<b>30,711</b>	<b>(3,372,770)</b>	<b>(3,434,317)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	92,317	-	3,346,834	3,439,151
Bond premiums	-	-	276,383	276,383
Bond proceeds	-	-	1,823,825	1,823,825
Repayment to escrow agent	-	-	(1,967,541)	(1,967,541)
Total other financing sources (uses)	92,317	-	3,479,501	3,571,818
<b>NET CHANGES IN FUND BALANCES</b>	<b>59</b>	<b>30,711</b>	<b>106,731</b>	<b>137,501</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS RESTATED</b>	<b>65,484</b>	<b>535,752</b>	<b>499,272</b>	<b>1,100,508</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 65,543</b>	<b>\$ 566,463</b>	<b>\$ 606,003</b>	<b>\$ 1,238,009</b>

See Independent Auditor's Report.