



INCORPORATED VILLAGE OF  
**LYNBROOK**  
NEW YORK

**Incorporated Village of Lynbrook, New York**

Financial Report

May 31, 2020

# Incorporated Village of Lynbrook, New York

## Financial Report

May 31, 2020

### CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1-3
<b>Basic Financial Statements</b>	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Fund	10
Statement of Net Position - Fiduciary Funds	11
Statement of Revenues, Expenses, and Changes in Net Position - Fiduciary Fund	12
Notes to Financial Statements	13-41
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	42
Schedule of Other Postemployment Benefits Liability	43
Schedule of Proportionate Share of the Net Pension Liability	44
Schedule of Pension Contributions	45
Schedule of Changes in Total Pension Liability - LOSAP	46
<b>Supplementary Information</b>	
Combining Balance Sheet - Non-Major Governmental Funds	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	48
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards</b>	49-50



## Independent Auditor's Report

Mayor and Board of Trustees  
Incorporated Village of Lynbrook, New York  
Lynbrook, New York

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

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

## **Other Matters**

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

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021, 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

Albany, New York  
February 1, 2021



# Incorporated Village of Lynbrook, New York

## Statement of Net Position

	May 31, 2020		
	Governmental Activities	Business-Type Activity	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,926,288	\$ 619	\$ 2,926,907
Cash and cash equivalents, restricted	440,657	-	440,657
Investments	12,054,945	-	12,054,945
Investments, restricted	4,522,274	-	4,522,274
Receivables			
Accounts	728,503	-	728,503
Taxes	609,039	-	609,039
Due from fiduciary fund	6,654	-	6,654
State and federal aid	19,933	-	19,933
Prepaid expenses	67,854	-	67,854
Capital assets			
Non-depreciable	14,728,023	-	14,728,023
Depreciable, net	31,245,090	-	31,245,090
Total assets	<u>67,349,260</u>	<u>619</u>	<u>67,349,879</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	12,230,131	-	12,230,131
LOSAP deferrals	3,036,510	-	3,036,510
OPEB deferrals	3,151,778	-	3,151,778
Total deferred outflows of resources	<u>18,418,419</u>	<u>-</u>	<u>18,418,419</u>
Total assets and deferred outflows of resources	<u>85,767,679</u>	<u>619</u>	<u>85,768,298</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	2,835,645	-	2,835,645
Interest payable	193,936	-	193,936
Bond anticipation notes payable	91,000	-	91,000
Unearned revenues	52,963	-	52,963
Judgments and claims	770,550	-	770,550
Long-term liabilities			
Due within one year	4,283,163	-	4,283,163
Due in more than one year			
Compensated absences	3,789,739	-	3,789,739
Installment purchase debt	1,467,832	-	1,467,832
Bonds payable	14,836,366	-	14,836,366
Net pension liability	18,622,230	-	18,622,230
Length of service award program obligations	11,971,339	-	11,971,339
Other postemployment benefits	50,310,272	-	50,310,272
Total liabilities	<u>109,225,035</u>	<u>-</u>	<u>109,225,035</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes received in advance	1,251,078	-	1,251,078
Pension deferrals	349,975	-	349,975
LOSAP deferrals	321,703	-	321,703
OPEB deferrals	4,653,514	-	4,653,514
Total deferred inflow of resources	<u>6,576,270</u>	<u>-</u>	<u>6,576,270</u>
Total liabilities and deferred inflows of resources	<u>115,801,305</u>	<u>-</u>	<u>115,801,305</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	26,957,814	-	26,957,814
Restricted for			
Capital assets	704,229	-	704,229
Debt	1,109,316	-	1,109,316
Other	38,217	-	38,217
Unrestricted (deficit)	<u>(58,843,202)</u>	<u>619</u>	<u>(58,842,583)</u>
Total net position (deficit)	<u>\$ (30,033,626)</u>	<u>\$ 619</u>	<u>\$ (30,033,007)</u>

See accompanying Notes to Financial Statements.

# Incorporated Village of Lynbrook, New York

## Statement of Activities

Functions/Programs	Year Ended May 31, 2020				Net (Expense) Revenue and Change in Net Deficit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>					
General government support	\$ 6,382,439	\$ 2,580,065	\$ 7,202	\$ -	\$ (3,795,172)
Public safety	21,860,871	102,822	29,559	-	(21,728,490)
Health	54,683	6,964	-	-	(47,719)
Transportation	5,975,830	452,845	50,000	368,462	(5,104,523)
Economic opportunity and development	48,660	-	-	-	(48,660)
Culture and recreation	5,028,446	367,444	-	49,629	(4,611,373)
Home and community services	4,076,263	266,463	432,883	-	(3,376,917)
Interest on long-term debt	578,394	-	-	-	(578,394)
Total governmental activities	\$ 44,005,586	\$ 3,776,603	\$ 519,644	\$ 418,091	(39,291,248)
General revenues					
Real property taxes					31,841,027
Other tax items					1,850,673
Nonproperty taxes					926,021
Use of money and property					425,423
Sale of property and compensation for loss					193,609
Miscellaneous local sources					705,796
Unrestricted State aid					286,533
Total general revenues					36,229,082
<b>CHANGE IN NET DEFICIT</b>					<b>(3,062,166)</b>
<b>NET DEFICIT, <i>beginning of year</i></b>					<b>(26,971,460)</b>
<b>NET DEFICIT, <i>end of year</i></b>					<b>\$ (30,033,626)</b>

See accompanying Notes to Financial Statements.

# Incorporated Village of Lynbrook, New York

## Balance Sheet - Governmental Funds

	May 31, 2020			
	Major Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,731,458	\$ -	\$ 194,830	\$ 2,926,288
Cash and cash equivalents, restricted	56,045	127,601	257,011	440,657
Investments	8,213,845	3,841,100	-	12,054,945
Investments, restricted	4,522,274	-	-	4,522,274
Receivables				
Accounts	684,000	-	44,503	728,503
Taxes	609,039	-	-	609,039
Due from other funds	3,129,888	833,942	854,246	4,818,076
State and Federal aid	-	-	19,933	19,933
Prepaid expenditures	65,746	-	2,108	67,854
	<b>\$ 20,012,295</b>	<b>\$ 4,802,643</b>	<b>\$ 1,372,631</b>	<b>\$ 26,187,569</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,212,870	\$ 64,895	\$ 63,820	\$ 1,341,585
Accrued liabilities	1,952,143	-	44,256	1,996,399
Due to other funds	848,676	3,960,347	2,399	4,811,422
Bond anticipation notes payable	-	91,000	-	91,000
Unearned revenues	52,963	-	-	52,963
Judgments and claims	770,550	-	-	770,550
Total liabilities	4,837,202	4,116,242	110,475	9,063,919
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes received in advance	1,251,078	-	-	1,251,078
Unavailable property tax receivables	569,370	-	-	569,370
Total deferred inflows of resources	1,820,448	-	-	1,820,448
<b>FUND BALANCES</b>				
Nonspendable	65,746	-	2,108	67,854
Restricted	4,578,319	686,401	1,109,316	6,374,036
Assigned	3,204,775	-	150,732	3,355,507
Unassigned	5,505,805	-	-	5,505,805
Total fund balances	13,354,645	686,401	1,262,156	15,303,202
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 20,012,295</b>	<b>\$ 4,802,643</b>	<b>\$ 1,372,631</b>	<b>\$ 26,187,569</b>

# Incorporated Village of Lynbrook, New York

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

	<u>May 31, 2020</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 15,303,202
Amounts reported in governmental activities in the statement of net position are different because:	
Capital assets are included as assets in the government-wide statements and are added, net of accumulated depreciation.	45,973,113
Deferred inflows of resources related to the Village's revenues that will be collected after year-end but are not available soon enough to pay current period's expenditures are deferred in the funds.	569,370
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Interest payable	(193,936)
Compensated absences	(4,210,821)
Installment purchase debt	(1,689,299)
Bonds payable	(18,218,308)
Net pension liability, net of deferred amounts	(6,239,735)
Length of service award program, net of deferred amounts	(9,515,204)
Other post-employment benefits, net of deferred amounts	(51,812,008)
<b>Total net position - governmental activities</b>	<b><u>\$ (30,033,626)</u></b>

# Incorporated Village of Lynbrook, New York

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

	Year Ended May 31, 2020			
	Major Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real property taxes	\$ 31,634,921	\$ -	\$ -	\$ 31,634,921
Other tax items	1,850,673	-	-	1,850,673
Nonproperty taxes	926,021	-	-	926,021
Departmental income	1,040,280	-	7,726	1,048,006
Intergovernmental charges	8,264	-	142,843	151,107
Use of money and property	358,086	-	67,337	425,423
Licenses and permits	879,908	-	-	879,908
Fines and forfeitures	1,697,582	-	-	1,697,582
Sale of property and compensation for loss	193,261	-	348	193,609
Miscellaneous	705,428	-	368	705,796
State aid	782,850	-	17,094	799,944
Federal aid	4,638	-	419,686	424,324
Total revenues	<u>40,081,912</u>	<u>-</u>	<u>655,402</u>	<u>40,737,314</u>
<b>EXPENDITURES</b>				
General governmental support	4,661,999	523,700	657	5,186,356
Public safety	12,653,915	1,000,000	-	13,653,915
Health	54,683	-	-	54,683
Transportation	3,154,563	344,688	-	3,499,251
Economic opportunity and development	48,660	-	-	48,660
Culture and recreation	1,781,887	51,568	1,261,230	3,094,685
Home and community services	2,484,829	-	419,686	2,904,515
Employee benefits	11,332,817	-	427,380	11,760,197
Debt service				
Principal	89,000	-	3,240,330	3,329,330
Interest	5,400	-	643,628	649,028
Total expenditures	<u>36,267,753</u>	<u>1,919,956</u>	<u>5,992,911</u>	<u>44,180,620</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u><b>3,814,159</b></u>	<u><b>(1,919,956)</b></u>	<u><b>(5,337,509)</b></u>	<u><b>(3,443,306)</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>				
BANs redeemed from appropriations	-	89,000	-	89,000
Operating transfers in	-	-	5,451,458	5,451,458
Operating transfers out	(5,451,458)	-	-	(5,451,458)
Total other financing sources (uses)	<u>(5,451,458)</u>	<u>89,000</u>	<u>5,451,458</u>	<u>89,000</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u><b>(1,637,299)</b></u>	<u><b>(1,830,956)</b></u>	<u><b>113,949</b></u>	<u><b>(3,354,306)</b></u>
<b>FUND BALANCES, beginning of year</b>	<u>14,991,944</u>	<u>2,517,357</u>	<u>1,148,207</u>	<u>18,657,508</u>
<b>FUND BALANCES, end of year</b>	<u><b>\$ 13,354,645</b></u>	<u><b>\$ 686,401</b></u>	<u><b>\$ 1,262,156</b></u>	<u><b>\$ 15,303,202</b></u>

See accompanying Notes to Financial Statements.

## Incorporated Village of Lynbrook, New York

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

		<b>Year Ended 5/31/2020</b>
Net change in fund balances shown for total governmental funds	\$	(3,354,306)
<p>Amounts reported in governmental activities in the statement of activities are difference because of the following:</p>		
<p>Capital outlays are reported as expenditures in the governmental funds, and the sale of capital assets is recorded as revenue in the 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</p>		
Capital expenditures	\$ 3,184,882	
Depreciation expense	<u>(2,881,912)</u>	302,970
<p>Bond and installment purchase debt principal payments are shown as expenditures in the governmental funds. These payments are shown in the statement of net position as a reduction of the related liabilities, and not shown as expenses in the statement of activities:</p>		
Bond and installment purchase debt payments	\$ 3,240,330	
Amortization of bond premiums	<u>6,942</u>	3,247,272
<p>Real property taxes that do not provide current financial resources are reported as revenues in the statement of activities, but not in the fund financial statements.</p>		
		206,106
<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>		
Interest payable		63,692
Compensated absences		2,095,668
Net pension liability, net of deferred amounts		(3,766,151)
Length of service award program, net of deferred amounts		(403,028)
Other post-employment benefits, net of deferred amounts		<u>(1,454,389)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(3,062,166)</u></b>

# Incorporated Village of Lynbrook, New York

## Statement of Net Position - Proprietary Fund

	<u>May 31, 2020</u>
	<u>Gas Utility</u>
<b>ASSETS</b>	
Cash	<u>\$          619</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$          619</u>

# Incorporated Village of Lynbrook, New York

## Statement of Net Position - Fiduciary Funds

	<u>May 31, 2020</u>	
	<u>Trust and Agency</u>	<u>Private Purpose Trust</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 298,125	\$ -
Cash, restricted	-	71,515
Due from other funds	12,794	-
	<u>12,794</u>	<u>-</u>
	<b><u>\$ 310,919</u></b>	<b><u>\$ 71,515</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 5,471	\$ -
Due to other funds	19,448	-
Other liabilities	286,000	-
	<u>286,000</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>\$ 310,919</u></b>	<b><u>-</u></b>
<b>NET POSITION</b>		
Restricted		<b><u>\$ 71,515</u></b>

# Incorporated Village of Lynbrook, New York

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

	<u>Year Ended May 31, 2020</u> <u>Private Purpose Trust</u>
<b>REVENUES</b>	
Gifts and donations	\$ 19,070
<b>EXPENDITURES</b>	
Culture and recreation	<u>2,918</u>
<b>Excess of revenues over expenditures</b>	<b>16,152</b>
<b>NET POSITION, <i>beginning of year</i></b>	<u>55,363</u>
<b>NET POSITION, <i>end of year</i></b>	<u><u>\$ 71,515</u></u>

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

The accompanying basic financial statements of the Incorporated Village of Lynbrook, New York (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The basic financial statements have been prepared primarily from accounts maintained by the Village Treasurer. Additional data has been derived from Village departments on independent or subsidiary accounting systems maintained by them.

#### *Organization*

The Village is governed by Village law and other general laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as Chief Executive Officer, and the Treasurer serves as Chief Fiscal Officer.

The Village provides its residents with general government support, police and fire protection, street maintenance, snow removal, code enforcement, parks and recreation, library services, and various other services.

All governmental activities and functions performed for the Village are the direct responsibility of the Board of Trustees. These responsibilities include, but are not limited to, financial independence, selection of governing authority, designation of management and the ability to significantly influence operations, and accountability for fiscal matters.

The following is a summary of the Village's significant accounting policies:

#### *a. Financial Reporting Entity*

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

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 reporting entity is made by applying the criteria set forth by accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the Village and is generally available to all its citizens. A third criterion used in evaluating potential component units is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

#### *a. Financial Reporting Entity - Continued*

Based on the application of these criteria, the operations of the Lynbrook Public Library (Library) are included in these financial statements. The Village finances the operations of the Library through the transfer of funds appropriated for this purpose; has title to real property used by the Library; and issues all Library indebtedness which is supported by the full faith and credit of the Village. The Library is considered a blended component unit of the Village and is reported as a special revenue fund.

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

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 Village as a whole. The effect of interfund activity within the governmental and business-type activities has been eliminated from these statements. Governmental activities, which are normally 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.

The statement of net position presents the financial condition of the Village's activities at year-end. The statement of activities demonstrates the degree to which the 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, services, or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The statement of activities identifies the net expense or revenue from each activity and identifies the amount of general revenues needed to help finance the specific activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

The Village uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate fund types.

#### Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds) and the acquisition or construction of general fixed assets (Capital Projects Funds). The General Fund is used to account for all activities of the general government not accounted for in another fund.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

#### *b. Government-Wide and Fund Financial Statements - Continued*

##### Governmental Funds - Continued

The following are the Village's major governmental funds:

- General Fund - is the principal operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund. This fund operates within the financial limits of an annual budget adopted by the Board of Trustees.
- Capital Projects Fund - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. Financing is generally provided from proceeds of bonds, notes, and/or federal and state grants.

The Village's non-major funds include:

- Special Revenue Funds - are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds of the Village include the following:
  - Library Fund - is used to account for revenues and expenditures pertaining to the operations of the Village's public library.
  - Community Development Fund - is used to account for community development projects financed by funds received from the Federal government, which are passed through Nassau County.
- Debt Service Fund - is used to account for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

##### Proprietary Funds

Enterprise Fund - is used by the Village to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net operating income, financial position, and changes in financial position. The Village reports a gas utility fund; however, operations are currently suspended.

##### Fiduciary Funds

The Village uses fiduciary funds to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The Village's Trust and Agency Fund is generally used to account for assets that the government holds on behalf of others as their agent. The Private Purpose Trust Fund is used to account for resources held in trust for various special events located within the Village.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

#### *c. Basis of Accounting and Measurement Focus*

The government-wide financial statements are prepared using the economic resources measurement focus and 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. Taxes are recognized as revenue in the year in which they are earned. Grants, entitlements, and donations are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared 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. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety-day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred to the extent it is expected to be paid within the next twelve months, with the exception of certain items such as debt service, compensated absences, and claims and judgments that are recorded in the governmental fund statements only when they mature or become due for payment within the period. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Nonexchange grants and subsidies are recognized as revenues when all requirements of the grant and/or subsidy have been satisfied.

The Village's proprietary fund and fiduciary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

#### *d. Estimates*

The preparation of 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting year. Actual results could differ from those estimates.

#### *e. Cash, Cash Equivalents, and Investments*

Cash and cash equivalents consist of cash and time deposits, which mature no more than three months after the date purchased.

#### Cash

The Village is required to collateralize its cash deposits in excess of the Federal Depository Insurance Corporation (FDIC) limit. This collateral is in the form of government and government agencies' securities pledged by the bank, under a third-party trust agreement. As of May 31, 2020, the collateral was sufficient to secure the Village's deposits.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

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

##### Cash - Continued

Restricted cash and cash equivalents in the General Fund are for capital and other reserve purposes, and restricted cash and cash equivalents in the Debt Service Fund are for retiring debt. Restricted cash in the Capital Projects Fund is restricted for various capital related activities in accordance with debt agreements. Restricted cash in the Private Purpose Trust Fund is restricted for various special events located within the Village.

##### Investments

The Village's investment policies are governed by State statutes. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Village Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Investments in marketable securities are reported at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date.

The Village has \$12,054,945 invested with the New York Cooperative Liquid Assets Securities System (NYCLASS) that is valued at Net Asset Value (NAV) as a practical expedient and, therefore, is excluded from the fair value hierarchy. NYCLASS is a short-term, highly liquid investment fund that operates like a money market mutual fund with each share valued at \$1.00, its NAV as reported by NYCLASS. The NAV, which is based on the fair value of the underlying investments held by NYCLASS less its liabilities, is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that NYCLASS will sell its investments for an amount different than the reported NAV. Participants can conduct transactions (deposits, withdrawal, or transfers) on a normal business day. There are no limits on the dollar amount or number of daily transactions, except that total daily withdrawals may not exceed the total balance on deposit.

The Village has also accumulated investments that are restricted for volunteer firefighters under a Length of Service Award Program benefit plan. Assets held under this plan are invested in an unallocated group annuity contract that is backed by the general assets of the issuer. The plan also maintains a checking account to pay benefits as they become due. These investments are reported at contract value, which may be different than liquidation value.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

#### *f. Accounts Receivable*

Accounts receivable 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, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. At May 31, 2020, management has determined no allowance for doubtful accounts is necessary.

#### *g. Prepaid Expenses/Expenditures*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/expenditures.

#### *h. Capital Assets*

Capital assets are reported at historical cost where available. In certain cases, historical costs have been estimated based on appraisals conducted by an independent appraisal company. Donated assets are reported at estimated fair value at the time received. Depreciation of capital assets for governmental activities is computed using the straight-line method of depreciation over the useful lives of the asset, as the following schedule indicates:

Land improvements	5 - 50 years
Buildings and improvements	5 - 50 years
Machinery and equipment	5 - 50 years
Infrastructure	10 - 50 years
Other assets	5 - 10 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the operating property using the applicable depreciation methods.

The Village maintains a capitalization threshold of \$5,000 for individual or in aggregate capital expenditures.

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified for the year ended May 31, 2020.

#### *i. Accrued Liabilities and Long-Term Obligations*

The balance sheet reports accounts payable and accrued liabilities of the governmental funds to the extent that they are due and payable within the current period and are paid in a timely manner in full, from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability to the extent they are due for payment in the current year.

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported in the statement of net position in the government-wide financial statements.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

#### *j. Compensated Absences*

Vacation eligibility and accumulation are specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation are specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees (or their beneficiaries upon death) may be eligible to receive the value of unused accumulated sick leave.

The compensated absences liability is recorded in the statement of net position in the government-wide financial statements. Compensated absences were not considered due and payable on the modified accrual basis of accounting as of May 31, 2020 and are, therefore, excluded from the governmental fund balance sheet.

#### *k. Deferred Outflows of Resources and Deferred Inflows of Resources*

A deferred outflow of resources is a consumption of net assets that applies to a future period(s), and as such, will not be recognized as an outflow of resources (expenses/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to a future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

The Village reports deferred inflows of resources on its governmental funds balance sheet when potential revenue does not meet both of the “measurable” and “available” criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the government before it has a legal claim to them, as when property taxes or grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the deferral is removed from the balance sheet, and revenue is recognized.

Pension, Length of Service Award Program (LOSAP), and Other Postemployment Benefits (OPEB) deferred outflows of resources and deferred inflows of resources are reported in the governmental activities. Further detail of the pension, LOSAP, and OPEB related deferred outflows of resources and deferred inflows of resources are disclosed in Notes 8, 9, and 10, respectively.

#### *l. Employee Benefits*

##### *Net Pension Liability - New York State and Local Retirement System*

The net pension liability represents the Village’s proportionate share of the net pension liability of the New York State and Local Retirement System, as described in Note 8.

##### *LOSAP*

The Village sponsors a separate LOSAP plan for active volunteer firefighters of the Lynbrook Fire Department, as described in Note 9.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

#### *l. Employee Benefits - Continued*

##### *OPEB*

The Village provides healthcare benefits for retired employees through a single employer defined benefit plan, as described in Note 10.

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

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

*Nonspendable* - Amounts that cannot be spent because they are either: (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

*Restricted* - Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority. The Village did not have a committed fund balance at May 31, 2020.

*Assigned* - Amounts that are constrained only by the government's intent to be used for a specific purpose but are not restricted or committed in any manner.

*Unassigned* - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Board has delegated the ability to assign fund balance to the Treasurer. The Village considers fund balance spent on the order of restricted, committed, assigned, and unassigned.

Note 7 provides further details regarding the Village's fund balance classifications.

The following categories are used for net position of the government-wide and proprietary funds financial statements:

*Net Investment in Capital Assets* - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds and bond anticipations notes, which are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

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

*Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of the Village or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents net position of the Village not restricted for any project or other purpose.

#### *n. Property Taxes*

Real property taxes are levied annually no later than May 15 and become a lien on June 1. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax sales and are considered fully collectible by management. The Village received approximately \$1.3 million in property tax revenue in advance of the June 1, 2020 enforceable lien and has recorded this balance as a deferred inflow of resources. The Village has approximately \$569,000 of property taxes receivable that were not collected within the availability period and has recorded this balance as a deferred inflow of resources.

#### *o. Interfund Transactions*

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year and are classified as "due from other funds" and "due to other funds" on the statement of net position and balance sheet. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

See Note 3 for a detailed disclosure by individual fund for interfund receivables, payables, and transfers.

#### *p. Subsequent Events*

The Village has evaluated subsequent events for potential recognition or disclosure through February 1, 2021 the date the financial statements were available to be issued.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

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

#### *Budgetary Information*

Budgets are adopted on the modified accrual basis. Annual appropriated budgets are adopted for the General and Special Revenue Funds. The Village's budget policy is as follows:

1. The Village's budget officer submits a tentative budget to the Board of Trustees on or before March 31. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund.
2. A public hearing is held on the tentative budget by April 15. After completion of the budget hearing, the Board of Trustees may further change the tentative budget. Such budget, as so revised, must be adopted by resolution no later than May 1.
3. All subsequent modifications of the budget must be approved by the Board of Trustees.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Trustees as a result of selected new revenue source not included in the original budget (when permitted by law). These supplementary appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. During the year, several supplementary appropriations were necessary.

### Note 3 - Interfund Transactions

Interfund balances as of May 31, 2020 are as follows:

	Due to Other Funds					Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds	Trust and Agency Fund	
Due from other funds						
Governmental funds						
General fund	\$ -	\$ 3,108,041	\$ 2,399	\$ 3,110,440	\$ 19,448	\$ 3,129,888
Capital projects fund	833,942	-	-	833,942	-	833,942
Other governmental funds	1,940	852,306	-	854,246	-	854,246
Total governmental funds	835,882	3,960,347	2,399	4,798,628	19,448	4,818,076
Trust and Agency fund	12,794	-	-	12,794	-	12,794
Total	<u>\$ 848,676</u>	<u>\$ 3,960,347</u>	<u>\$ 2,399</u>	<u>\$ 4,811,422</u>	<u>\$ 19,448</u>	<u>\$ 4,830,870</u>

Interfund transfers for the year ended May 31, 2020 included transfers from the general fund to other governmental funds of \$5,451,458 for library operations and debt service.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 4 - Capital Assets

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

	Balance May 31, 2019	Additions	Disposals	Balance May 31, 2020
Capital assets not being depreciated				
Land	\$ 14,397,300	\$ 330,723	\$ -	\$ 14,728,023
Depreciable capital assets				
Land improvements	6,235,999	656,893	-	6,892,892
Buildings and improvements	13,093,528	-	-	13,093,528
Machinery and equipment	17,059,135	1,816,428	(15,000)	18,860,563
Infrastructure	43,416,645	315,943	-	43,732,588
Other assets	1,862,574	64,895	-	1,927,469
Total depreciable capital assets	<u>81,667,881</u>	<u>2,854,159</u>	<u>(15,000)</u>	<u>84,507,040</u>
Less accumulated depreciation				
Land improvements	2,777,059	281,241	-	3,058,300
Buildings and improvements	6,720,485	439,881	-	7,160,366
Machinery and equipment	10,889,761	1,100,121	(15,000)	11,974,882
Infrastructure	28,357,358	1,000,456	-	29,357,814
Other assets	1,650,375	60,213	-	1,710,588
Total accumulated depreciation	<u>50,395,038</u>	<u>2,881,912</u>	<u>(15,000)</u>	<u>53,261,950</u>
Depreciable capital assets, net	<u>31,272,843</u>	<u>(27,753)</u>	<u>-</u>	<u>31,245,090</u>
Total capital assets	<u>\$ 45,670,143</u>	<u>\$ 302,970</u>	<u>\$ -</u>	<u>\$ 45,973,113</u>

Depreciation expense for 2020 was charged to functions of the primary government as follows:

General government support	\$ 510,342
Public safety	700,642
Transportation	1,390,787
Culture and recreation	262,172
Home and community services	17,969
Total depreciation expense	<u>\$ 2,881,912</u>

### Note 5 - Bond Anticipation Notes (BANS) Payable

The following table summarizes the Village's BAN activity for the year ended May 31, 2020:

Issuance/ Renewal	Purpose	Opening Balance	Issuances	Repayments	Ending Balance
February 14, 2020	Sanitation Trucks	\$ 180,000	\$ -	\$ 89,000	\$ 91,000

The Village's BAN matures one year from the date of issuance at an interest rate of 1.69% per annum. Interest incurred on the BAN during the year was \$5,400.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 6 - Long-Term Liabilities

Long-term liability balances and activity for the year are summarized below:

	Balance May 31, 2019	Additions	Reductions	Balance May 31, 2020	Amounts Due Within One Year
Compensated absences	\$ 6,306,489	\$ -	\$ (2,095,668)	\$ 4,210,821	\$ 421,082
Installment purchase debt	1,904,629	-	(215,330)	1,689,299	221,467
Bonds payable - public improvements	20,110,000	-	(2,875,000)	17,235,000	3,225,000
Bonds payable - separation payments	1,050,000	-	(150,000)	900,000	150,000
Net pension liability	5,208,787	16,334,857	(2,921,414)	18,622,230	-
Length of service award program obligations	10,566,067	1,927,571	(263,627)	12,230,011	258,672
Other postemployment benefits	50,928,872	5,538,761	(6,157,361)	50,310,272	-
	<u>96,074,844</u>	<u>23,801,189</u>	<u>(14,678,400)</u>	<u>105,197,633</u>	<u>4,276,221</u>
Unamortized premium	90,250	-	(6,942)	83,308	6,942
	<u>\$ 96,165,094</u>	<u>\$ 23,801,189</u>	<u>\$ (14,685,342)</u>	<u>\$ 105,280,941</u>	<u>\$ 4,283,163</u>

### *Bonds Payable*

A summary of the Village's bonds payable is as follows:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2020
Serial bond	2002	2023	3.375-4.750%	\$ 290,000
Serial bond	2009	2023	2.000-4.000%	1,010,000
Serial bond	2011	2024	1.750-2.250%	1,520,000
Serial bond - refunding	2012	2020	2.000-3.000%	1,125,000
Serial bond	2013	2022	1.500-2.450%	410,000
Serial bond	2014	2028	2.000-2.750%	4,135,000
Serial bond - Series A	2016	2028	1.000-2.250%	900,000
Serial bond - Series B	2016	2025	1.100-2.900%	1,675,000
Serial bond - refunding	2016	2029	2.000-4.000%	1,820,000
Serial bond	2018	2032	2.000-4.000%	5,250,000
				<u>\$ 18,135,000</u>

A summary of aggregate minimum maturities of bonds payable is as follows:

	Principal	Interest	Total
Fiscal year ending May 31,			
2021	\$ 3,375,000	\$ 435,375	\$ 3,810,375
2022	2,880,000	362,672	3,242,672
2023	2,530,000	292,306	2,822,306
2024	2,100,000	228,007	2,328,007
2025	1,455,000	179,401	1,634,401
2026 - 2030	4,885,000	407,293	5,292,293
2031 - 2032	910,000	27,300	937,300
	<u>\$ 18,135,000</u>	<u>\$ 1,932,354</u>	<u>\$ 20,067,354</u>

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 6 - Long-Term Liabilities - Continued

#### *Installment Debt Payable*

The installment debt was issued at an interest rate of 2.85% to finance the acquisition of capital equipment related to energy efficiency projects throughout the Village.

A summary of aggregate minimum maturities of installment debt is as follows:

	Principal	Interest	Total
Fiscal year ending May 31,			
2021	\$ 221,467	\$ 48,145	\$ 269,612
2022	227,779	41,833	269,612
2023	234,271	35,341	269,612
2024	240,948	28,665	269,613
2025	247,815	21,798	269,613
2026 through 2027	517,019	22,206	539,225
Total	\$ 1,689,299	\$ 197,988	\$ 1,887,287

### Note 7 - Fund Balances

The specific purposes that comprise the classifications of fund balances at May 31, 2020 are as follows:

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects		
Nonspendable				
Prepaid expenditures	\$ 65,746	\$ -	\$ 2,108	\$ 67,854
Restricted for				
Length of service award program	4,522,274	-	-	4,522,274
Capital assets	17,828	686,401	-	704,229
Property seizure	33,408	-	-	33,408
Repairs	4,809	-	-	4,809
Debt	-	-	1,109,316	1,109,316
	4,578,319	686,401	1,109,316	6,374,036
Assigned				
Library services	-	-	150,732	150,732
Encumbrances	277,426	-	-	277,426
Appropriations	2,927,349	-	-	2,927,349
	3,204,775	-	150,732	3,355,507
Unassigned	5,505,805	-	-	5,505,805
Total fund balance	\$ 13,354,645	\$ 686,401	\$ 1,262,156	\$ 15,303,202

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 8 - New York State Retirement Systems

#### a. Plan Description

The Village participates in the New York State and Local Retirement System (System), which is composed of two plans: the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). These are cost-sharing multi-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems.

Generally, all of the Village's employees, except certain part-time employees, participate in the above-mentioned retirement system. All employees in a full-time position enrolled in either system prior to July 28, 1976, participate on a noncontributory basis, with total cost of retirement benefits being borne by the Village. All employees who have enrolled in their systems subsequent to that date are required to contribute 3% of their gross compensation to partially fund their retirement benefits for the first ten years of service. Employees who join after January 1, 2010, and police and fire personnel who join after January 9, 2010, contribute 3% of their salary for their entire career.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

#### b. Funding Policy

Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed as proportions of payroll of members, which is be used in computing the contributions.

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

	<u>ERS</u>	<u>PFRS</u>
For the year ended May 31,		
2020	\$ 1,117,037	\$ 1,804,377
2019	1,092,616	1,710,956
2018	1,255,876	1,843,388

The Village's contribution made to the System was equal to 100% of the contribution required for the year.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 8 - New York State Retirement Systems - Continued

*c. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At May 31, 2020, the Village reported a liability of \$7,378,732 for its proportionate share of the net pension liability of the ERS and a liability of \$11,243,498 for its proportionate share of the net pension liability of the PFRS. The net pension liability was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019. The Village's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2020 measurement date, the Village's proportionate share in the ERS was 0.0278647% and the PFRS was 0.2103579%.

For the year ended May 31, 2020, the Village recognized pension expense of \$2,549,545 and \$4,199,696 related to ERS and PFRS, respectively, in the government-wide financial statements. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources as follows:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 434,268	\$ -
Changes of assumptions	148,573	128,290
Net differences between projected and actual investment earnings on pension plan investments	3,782,697	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	74,669	22,564
Pension contributions subsequent to the measurement date	199,887	-
Total	\$ 4,640,094	\$ 150,854
	PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 748,699	\$ 188,327
Changes of assumptions	961,047	-
Net differences between projected and actual investment earnings on pension plan investments	5,063,301	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	514,538	10,794
Pension contributions subsequent to the measurement date	302,452	-
Total	\$ 7,590,037	\$ 199,121

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 8 - New York State Retirement Systems - Continued

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

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2021. Other amounts recognized as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	PFRS	Total
Year ending May 31,			
2021	\$ 729,559	\$ 1,563,250	\$ 2,292,809
2022	1,083,943	1,683,775	2,767,718
2023	1,370,168	2,046,777	3,416,945
2024	1,105,683	1,684,685	2,790,368
2025	-	109,977	109,977
	\$ 4,289,353	\$ 7,088,464	\$ 11,377,817

*d. Actuarial Assumptions*

The actuarial assumptions used in the April 1, 2019 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2020, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.5%
Salary Scale	
ERS	4.2 %, indexed by service
PFRS	5.0 %, indexed by service
Investment rate of return, including inflation	6.8 % compounded annually, net of expenses
Cost of living adjustments	1.3% annually
Decrement	Based on FY 2011 - 2015 experience
Mortality improvement	Society of Actuaries Scale MP-2014

*e. Investment Asset Allocation*

The long-term 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 8 - New York State Retirement Systems - Continued

*e. Investment Asset Allocation - Continued*

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunistic portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation-Indexed bonds	4.00%	0.50%
	100.00%	

*f. Discount Rate*

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

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

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.8% and the impact of using a discount rate that is 1% higher or lower than the current rate:

	ERS		
	1% Decrease (5.80)%	Current Discount (6.80)%	1% Increase (7.80)%
Village's proportionate share of the net pension liability	\$ 13,542,056	\$ 7,378,732	\$ 1,702,284
	PFRS		
	1% Decrease (5.80)%	Current Discount (6.80)%	1% Increase (7.80)%
Village's proportionate share of the net pension liability	\$ 20,103,604	\$ 11,243,498	\$ 3,309,073

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 8 - New York State Retirement Systems - Continued

#### *h. Pension Plan Fiduciary Net Position*

The components of the current year net pension liability of the New York State and Local Retirement System as of March 31, 2020 were as follows (amounts in thousands):

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 194,596,261	\$ 35,309,017	\$ 229,905,278
Plan net position	168,115,682	29,964,080	198,079,762
Employers' net pension liability	\$ 26,480,579	\$ 5,344,937	\$ 31,825,516
Ratio of plan net position to the employers' total pension liability	86.4%	84.9%	86.2%

### Note 9 - Length of Service Award Program (LOSAP)

The Village established a defined benefit LOSAP for the active volunteer firefighters of the Lynbrook Fire Department. The program took effect on January 1, 1993. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded, pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the program. The program is considered a non-qualified deferred compensation plan, which is designed such that contributions do not result in immediate taxation to program participants. Funds deposited into the program cannot be revoked by the Village; however, the funds may be subject to the claims made by the Village's general unsecured creditors.

#### *Participation, Vesting, and Service Credit*

Active volunteer firefighters who have reached the age of 18 and who are current active members on the Emergency Service organization's membership roster are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates points in accordance with the method used by the sponsor to determine active status. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

The number of employees covered under the program are as follows:

Retirees and beneficiaries currently receiving benefits	65
Active, non-vested	170
Terminated members entitled to but not yet receiving benefits	114

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 9 - Length of Service Award Program (LOSAP) - Continued

#### *Benefits*

A participant's benefit under the program is paid as a life annuity guaranteed for ten years, equal to \$20 multiplied by the firefighter's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed 30 years. A participant's service award will not be paid until attaining the entitlement age, except in the case of pre-entitlement age death or total and permanent disablement. The program provides statutorily mandated death and disability benefits.

#### *Fiduciary Investment and Control*

Service credit is determined by the governing Board of the sponsor, based on information certified to the governing Board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing Board has designated Hometown Firefighter Services (Hometown) to assist in the administration of the program. The designated program administrator's functions include those services listed in the service fee agreement. Disbursements of program assets for the payment of benefits or administrative expenses must be approved. The following is an explanation of the process for approving disbursements:

#### Payment of benefits:

- i. Entitlement benefits - Hometown prepares and submits to the Plan Administrator (Sponsor) a Verification of Benefits statement and an Annuity Enrollment form for participants active at entitlement age and for vested participants upon termination from the plan. Following review for accuracy, the Plan Administrator signs and returns the paperwork to Hometown authorizing Hometown to disburse entitlement benefits.
- ii. Death benefits - Upon notification from the Plan Administrator (Sponsor) of a participant's death, Hometown prepares a Verification of Benefits statement and a lump-sum death benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork accompanied by a death certificate to Hometown authorizing Hometown to disburse a death benefit.
- iii. Disability benefits - Upon notification from the Plan Administrator (Sponsor) of a participant's total and permanent disability, Hometown prepares a Verification of Benefits statement, a physician statement form, and a lump-sum disability benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork authorizing Hometown to disburse a disability benefit.

#### Payment of administrative expenses:

Per the executed service fee agreement, the Plan Administrator agrees to payment as contracted.

Program assets (investments, restricted) are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. Program assets are held in compliance with GML Article 11-A 217(j).

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 9 - Length of Service Award Program (LOSAP) - Continued

#### *Fiduciary Investment and Control - Continued*

Authority to invest program assets is vested in the First Security Benefit Life Insurance and Annuity Company. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule.

#### *Significant Assumptions and Other Inputs*

Significant actuarial assumptions used to estimate the program's pension liability are as follows:

Discount Rate	2.48%
Measurement Date	May 31, 2020
Post-Entitlement Age Mortality Table	RP 2014 Combined Table - Projected to 2019
Inflation	2.00%

#### *Measurement of Total Pension Liability*

The following table presents the changes in total pension liability for the program:

Beginning balance	\$ 10,566,067
Service cost	222,449
Interest	325,750
Change due to differences in experience	85,646
Changes of assumptions and other inputs	1,293,726
Benefit payments	<u>(263,627)</u>
Ending balance	<u><u>\$ 12,230,011</u></u>

The discount rate used to measure the total pension liability is 2.48%. The discount rate was based upon the Fidelity 20-Year GO AA Bond Index.

#### *Sensitivity of the Total Pension Liability*

The following presents the total pension liability of the Village as of May 31, 2020 calculated using the discount rate of 2.48%, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.48%) or 1-percentage point higher (3.48%) than the current rate:

	1% Decrease (1.48%)	Current Discount Rate (2.48%)	1% Increase (3.48%)
Total LOSAP pension liability	<u>\$ 14,682,000</u>	<u>\$ 12,230,011</u>	<u>\$ 10,289,000</u>

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 9 - Length of Service Award Program (LOSAP) - Continued

#### *Pension Expense and Deferred Outflows*

For the year ended May 31, 2020, the Village recognized LOSAP pension expense of \$666,655 in the government-wide financial statements. The following table presents the components of pension expense:

Components of pension expense	
Service cost	\$ 222,449
Interest	325,750
Changes due to experience	36,166
Changes of assumptions or other inputs	82,290
	\$ 666,655

At May 31, 2020, the Village reported deferred outflows 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	\$ 484,951	\$ -
Changes of assumptions	2,551,559	321,703
Total	\$ 3,036,510	\$ 321,703

Amounts recognized as deferred outflows and deferred inflows of resources related to the program will be recognized in pension expense as follows:

Year ending May 31,	
2021	\$ 229,071
2022	229,071
2023	229,071
2024	229,071
2025	229,071
Thereafter	1,569,452
	\$ 2,714,807

### Note 10 - Other Postemployment Benefits

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. 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 for each plan member.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 10 - Other Postemployment Benefits - Continued

A summary of active employees and retired employees covered under this benefit plan as of May 31, 2020 is as follows:

Actives	148
Retirees	115
	263
Total	263

The Village contributes a percent of the cost of current year premiums for eligible retired plan members and their spouses. The Village is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the year ended May 31, 2020, the Village paid \$1,685,818 on behalf of plan members. The 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 plan.

At May 31, 2020, the Village reported a liability of \$50,310,272 for its OPEB liability. The plan liability was measured as of June 1, 2019 by an actuarial valuation as of that date. For the year ended May 31, 2020, the Village recognized OPEB plan expense of \$3,072,898. A summary of changes in the Village's OPEB liability is as follows:

June 1, 2019	\$ 50,928,872
Charges for the year	
Service cost	1,753,357
Interest	1,959,526
Differences between expected and actual experience	1,825,878
Changes in assumptions and other inputs	(4,471,543)
Benefit payments	(1,685,818)
Net changes	(618,600)
May 31, 2020	\$ 50,310,272

At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,533,269	\$ -
Changes of assumptions or other inputs	-	4,653,514
Employer contributions subsequent to the measurement date	1,618,509	-
Total	\$ 3,151,778	\$ 4,653,514

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 10 - Other Postemployment Benefits - Continued

Employer contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending May 31, 2021. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending May 31,	
2021	\$ (639,985)
2022	(639,985)
2023	(639,985)
2024	(639,985)
2025	(458,544)
2026 and thereafter	<u>(101,761)</u>
Total	<u>\$ (3,120,245)</u>

The OPEB liability was determined using the following actuarial assumptions:

Assumption	Factor
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Salary Scale	3.50%
Rate of Inflation	2.20%
Discount Rate	3.51%
Participant Percent	95% Retiree, 95% Spouse, 25% Surviving Spouse
Marriage Rate	70% of retirees will be married at the time of retirement.
Mortality Table	RPH-2014 SOA Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and project forward with scale MP-2019.
Turnover Assumption	NYS Department of Civil Service actuarial consultant report titled, <u>Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (June 2019)</u> .

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 10 - Other Postemployment Benefits - Continued

The expected rate of increase in healthcare cost trend rates is assumed as follows:

Year ending May 31,	Pre-65 Healthcare Cost <u>Trend Rate %</u>	Post-65 Healthcare Cost <u>Trend Rate %</u>
2021	7.00%	7.00%
2022	5.95%	7.00%
2023	5.53%	6.50%
2024	5.10%	6.00%
2025	4.68%	5.50%
2030	3.83%	4.50%
2035	3.83%	4.50%
2040	3.83%	4.50%
2050	4.34%	4.68%
2060	4.25%	4.65%
2070	4.17%	3.93%
2080	4.08%	3.90%
2090	4.08%	3.90%

The following presents the OPEB liability as of May 31, 2020 calculated 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:

	<u>1% Decrease</u>	<u>Current Rates</u>	<u>1% Increase</u>
OPEB plan liability	<u>\$ 42,612,012</u>	<u>\$ 50,310,272</u>	<u>\$ 60,336,221</u>

The following presents the OPEB liability as of May 31, 2020 calculated using the current discount rate of 3.51%, 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:

	<u>1% Decrease 2.51%</u>	<u>Current Rate 3.51%</u>	<u>1% Increase 4.51%</u>
OPEB plan liability	<u>\$ 59,097,740</u>	<u>\$ 50,310,272</u>	<u>\$ 43,367,797</u>

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 11 - Tax Abatements

Certain property values in the Village have been reduced as the result of payment in-lieu of tax (PILOT) agreements entered into by the Village of Lynbrook for the purpose of general economic development under Article 18-A of General Municipal Law (GML). These agreements reduce the assessed value of the properties for all taxing agencies in the Nassau County, including the Village. As a result of the agreement, the Village receives a PILOT payment, which is equal to the reduced assessed value times the Village's levied tax rate.

Information relevant to disclosure of these agreements for the year ended May 31, 2020 is as follows:

Property Owner	Village Parcel ID (SBL)	Full Assessed Value	Taxable Assessed Value	Tax Rate	PILOT Amount	Taxes Abated
Anastasia C. Pesola, Trustee 931 Sunrise Highway	25-4-1	\$ 120,000	\$ 125,484	0.2086	\$ 26,176	\$ (1,144)
J.P.D. Burns Properties, LLC 635-639 Merrick Road	56-3-18.-20	320,113	199,578	0.2086	41,632	25,144
HP Lynbrook, LLC 444 Merrick Road	23-1-19 23-1-4-7	25,200 852,000 <u>877,200</u>	651,261	0.2086	135,853	47,131
HSRE EB Lynbrook, LLC 8 Freer Street	28-2-2.2B2C2D	758,800	758,800	0.2086	158,286	-
225 Merrick Road LLC 221-225 Merrick Road	7-9-4-8	129,855	96,261	0.2086	20,080	7,008
SLZM Realty, LLC 443 Sunrise Highway	31-2-4	284,456	111,184	0.2086	23,193	36,145
Regal Cinemas, Inc. Blake Avenue 44 Blake Avenue 48 Blake Avenue 317-321 Merrick Road 333 Merrick Road Merrick Road	61-3-6 61-3-7 61-3-8 61-3-13 61-3-15 61-3-16	7,100 7,900 8,580 118,320 21,600 5,700 <u>169,200</u>	200,067	0.2086	41,734	(6,439)
CMS Real Estate Holdings, LLC 266 Merrick Road	11-2-3-5	218,880	233,313	0.2086	48,669	(3,011)
PSEGLI Property 24 Broadway Broadway Horton Avenue Scranton Avenue Piccadilly Downs Special Franchise 208 Whitehall Street 151 Whitehall Street	24-2-5 24-2-6 25-2-3 28-5-1 38-3-7 127-40 47-1-2 47-3-1&A.15-17	319,600 19,600 12,500 15,800 11,200 1,132,887 1,162,200 3,600,500 <u>6,274,287</u>	5,983,514	0.2086	1,248,161	60,655
Total		<u>\$ 9,152,791</u>	<u>\$ 8,359,462</u>		<u>\$ 1,743,784</u>	<u>\$ 165,489</u>

### Note 12 - Contingencies, Risks, and Uncertainties

#### a. Grant Programs

The Village has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on past audits, the Village believes disallowances, if any, will be immaterial.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 12 - Contingencies, Risks, and Uncertainties - Continued

#### b. Tax Certiorari Proceedings

From time to time, the Village is involved in tax certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. A liability is recorded at the government-wide level when a refund for a claim is probable and estimable, and at the fund level when a refund for a claim is due and payable. At May 31, 2020, a liability has been recorded in the Governmental Activities and the General Fund in the amount of \$770,550.

#### c. COVID-19 Impact on Village Finances

The Village operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. On March 7, 2020, the Governor of the State of New York declared a disaster emergency for the entire State of New York in response to COVID-19. The ultimate disruption which may be caused by the outbreak is uncertain, however, it may result in a material adverse impact on the Village's financial operations and cash flows. Possible effects in the 2020/21 fiscal year may include reductions in various revenue streams and increased expenses resulting from the implementation of safety protocols. The Village has initiated an application to the Federal Emergency Management Agency (FEMA) for reimbursement of eligible costs.

### Note 13 - Subsequent Events

In September 2020, the Village issued Public Improvement Serial Bonds (Series A) and Serial Bonds for Separation Payments (Series B) related to their governmental activities. A summary is as follows:

Description	Issue Date	Final Maturity	Interest Rate	Bond Premium	Proceeds
Public Improvement Serial Bonds 2020 Series A	2020	2037	1.000-2.000%	\$ 36,017	\$ 4,201,000
Serial Bonds for Separation Payments 2020 Series B	2020	2028	2.000%	27,471	650,000
					<u>\$ 4,851,000</u>

Future maturities related to these bonds is as follows:

	<u>Principal</u>
Fiscal year ending May 31,	
2022	\$ 311,000
2023	300,000
2024	325,000
2025	325,000
2026	325,000
2027 - 2031	1,545,000
2032 - 2036	1,430,000
2037	<u>290,000</u>
Total	<u>\$ 4,851,000</u>

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 14 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities for all state and local governments and establishes four types of fiduciary funds that should be reported. The statement also provides guidance for the recognition of liabilities in a fiduciary fund and the related release of liability to a beneficiary. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 87, *Leases*. This statement 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 receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of the Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2020.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### Note 14 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No 90, *Majority Equity Interest*. This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement required the reporting of information about component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2019.

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 terminology. Guidance related to lease, reinsurance recoveries, and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard, as delayed by GASB 95, are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of interbank offered rates (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. 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 are 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). 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 5, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting of subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria, and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

# Incorporated Village of Lynbrook, New York

## Notes to Financial Statements May 31, 2020

### **Note 14 - Accounting Standards Issued But Not Yet Implemented - Continued**

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, and amendment of GASB Statements No 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement has three objectives: (1) to increase consistency and comparability related 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 would typically perform; (2) to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans (OPEB), and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) to enhance the relevance, consistency, and comparability of the accounting and financial reporting for the Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. Certain requirements of this statement are effective immediately, and certain requirements are effective for reporting periods beginning after June 15, 2021.

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

# Incorporated Village of Lynbrook, New York

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

	Year Ended May 31, 2020			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Real property taxes	\$ 31,778,089	\$ 31,778,089	\$ 31,634,921	\$ (143,168)
Other tax items	1,848,600	1,848,600	1,850,673	2,073
Nonproperty taxes	951,779	951,779	926,021	(25,758)
Departmental income	1,316,900	1,316,900	1,040,280	(276,620)
Intergovernmental charges	15,000	15,000	8,264	(6,736)
Use of money and property	241,700	241,700	358,086	116,386
Licenses and permits	752,500	752,500	879,908	127,408
Fines and forfeitures	1,930,000	1,930,000	1,697,582	(232,418)
Sale of property and compensation for loss	127,150	127,150	193,261	66,111
Miscellaneous	560,900	560,900	705,428	144,528
State aid	505,000	505,000	782,850	277,850
Federal aid	-	-	4,638	4,638
Total revenues	40,027,618	40,027,618	40,081,912	54,294
<b>EXPENDITURES</b>				
General governmental support	5,449,600	5,061,074	4,661,999	399,075
Public safety	13,250,864	13,296,321	12,653,915	642,406
Health	36,700	36,700	54,683	(17,983)
Transportation	2,719,500	3,127,585	3,154,563	(26,978)
Economic opportunity and development	58,400	65,600	48,660	16,940
Culture and recreation	1,998,600	2,062,250	1,781,887	280,363
Home and community services	2,701,900	2,701,900	2,484,829	217,071
Employee benefits	11,230,000	11,520,000	11,332,817	187,183
Debt service				
Principal	89,000	89,000	89,000	-
Interest	5,400	5,400	5,400	-
Total expenditures	37,539,964	37,965,830	36,267,753	1,698,077
Excess of revenues over expenditures	<b>2,487,654</b>	<b>2,061,788</b>	<b>3,814,159</b>	<b>1,752,371</b>
<b>OTHER FINANCING USES</b>				
Operating transfers out	(5,451,500)	(5,624,500)	(5,451,458)	173,042
Excess (deficiency) of revenues over expenditures and other financing uses	<b>\$ (2,963,846)</b>	<b>\$ (3,562,712)</b>	<b>(1,637,299)</b>	<b>\$ 1,925,413</b>
<b>FUND BALANCES, beginning of year</b>			14,991,944	
<b>FUND BALANCES, end of year</b>			<b>\$ 13,354,645</b>	

# Incorporated Village of Lynbrook, New York

## Required Supplementary Information Schedule of Other Postemployment Benefits Liability

Measurement date as of May 31,	<u>2020</u>	<u>2019</u>
Beginning of year	<u>\$ 50,928,872</u>	<u>\$ 50,167,860</u>
Charges for the year		
Service cost	1,753,357	1,859,602
Interest	1,959,526	1,849,005
Differences between expected and actual experience	1,825,878	
Changes in assumptions and other inputs	(4,471,543)	(1,330,566)
Benefit payments	<u>(1,685,818)</u>	<u>(1,617,029)</u>
Net changes	<u>(618,600)</u>	<u>761,012</u>
End of year	<u><b>\$ 50,310,272</b></u>	<u><b>\$ 50,928,872</b></u>
Covered payroll	\$ 16,748,162	\$ 15,079,468
OPEB liability as a percentage of covered payroll	300.39%	337.74%

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

## Incorporated Village of Lynbrook, New York

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

	May 31,				
	2020	2019	2018	2017	2016
<b>New York State and Local Employees' Retirement System</b>					
Village's proportion of the net pension liability	0.0278647%	0.0278147%	0.0280194%	0.0259385%	0.0260916%
Village's proportionate share of the net pension liability	\$ 7,378,732	\$ 1,970,756	\$ 904,311	\$ 2,437,239	\$ 4,187,778
Village's covered-employee payroll	7,901,215	7,696,697	7,349,052	6,993,444	6,928,317
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	93.39%	25.61%	12.31%	34.85%	60.44%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%
	May 31,				
	2020	2019	2018	2017	2016
<b>New York State and Local Police and Fire Retirement System</b>					
Village's proportion of the net pension liability	0.2103579%	0.1930775%	0.1910564%	0.1795892%	0.1721537%
Village's proportionate share of the net pension liability	\$ 11,243,498	\$ 3,238,031	\$ 1,931,115	\$ 3,722,259	\$ 5,097,105
Village's covered-employee payroll	8,672,785	8,263,124	8,296,284	8,045,546	7,330,969
Village's proportionate share of the net pension liability as a percentage of its covered-employee payroll	129.64%	39.19%	23.28%	46.26%	69.53%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	96.93%	93.46%	90.20%

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

## Incorporated Village of Lynbrook, New York

### Required Supplementary Information Schedule of Pension Contributions

	Year Ended May 31,				
	2020	2019	2018	2017	2016
<b>New York State and Local Employees' Retirement System</b>					
Contractually required contribution	\$ 1,117,037	\$ 1,092,616	\$ 1,255,876	\$ 1,242,255	\$ 1,220,792
Contributions in relation to the contractually required contribution	1,117,037	1,092,616	1,255,876	1,242,255	1,220,792
Contribution deficiency (excess)	-	-	-	-	-
Village's covered-employee payroll	7,901,215	7,696,697	7,349,052	6,993,444	6,928,317
Contributions as a percentage of covered-employee payroll	14.14%	14.20%	17.09%	17.76%	17.62%
<b>New York State and Local Police and Fire Retirement System</b>					
Contractually required contribution	\$ 1,804,377	\$ 1,710,956	\$ 1,843,388	\$ 1,975,396	\$ 1,645,415
Contributions in relation to the contractually required contribution	1,804,377	1,710,956	1,843,388	1,975,396	1,645,415
Contribution deficiency (excess)	-	-	-	-	-
Village's covered-employee payroll	8,672,785	8,263,124	8,296,284	8,045,546	7,330,969
Contributions as a percentage of covered-employee payroll	20.81%	20.71%	22.22%	24.55%	22.44%

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

# Incorporated Village of Lynbrook, New York

## Required Supplementary Information Schedule of Changes in Total Pension Liability – LOSAP

Measurement date as of May 31,	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 222,449	\$ 160,240	\$ 195,724
Interest	325,750	307,457	302,665
Changes due to differences in experience	85,646	264,355	185,644
Changes of assumptions and other inputs	1,293,726	1,369,969	(381,395)
Benefit payments	<u>(263,627)</u>	<u>(257,259)</u>	<u>(262,388)</u>
Net change in total pension liability	<u>1,663,944</u>	<u>1,844,762</u>	<u>40,250</u>
<b>Total Pension Liability - Beginning</b>	<b><u>10,566,067</u></b>	<b><u>8,721,305</u></b>	<b><u>8,681,055</u></b>
<b>Total Pension Liability - Ending</b>	<b><u>\$ 12,230,011</u></b>	<b><u>\$ 10,566,067</u></b>	<b><u>\$ 8,721,305</u></b>
<b>Covered Payroll</b>	None	None	None
<b>Total Pension Liability as a Percentage of Covered Payroll</b>	N/A	N/A	N/A

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

# Incorporated Village of Lynbrook, New York

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

	May 31, 2020			
	Community Development	Library	Debt Service	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 194,830	\$ -	\$ 194,830
Cash and cash equivalents, restricted	-	-	257,011	257,011
Due from other funds	1,941	-	852,305	854,246
Prepaid expenditures	-	2,108	-	2,108
Accounts	-	44,503	-	44,503
State and Federal aid	19,933	-	-	19,933
<b>Total assets</b>	<b>\$ 21,874</b>	<b>\$ 241,441</b>	<b>\$ 1,109,316</b>	<b>\$ 1,372,631</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 19,475	\$ 44,345	\$ -	\$ 63,820
Accrued liabilities	-	44,256	-	44,256
Due to other funds	2,399	-	-	2,399
<b>Total liabilities</b>	<b>21,874</b>	<b>88,601</b>	<b>-</b>	<b>110,475</b>
<b>FUND BALANCES</b>				
Nonspendable	-	2,108	-	2,108
Restricted	-	-	1,109,316	1,109,316
Assigned	-	150,732	-	150,732
<b>Total fund balances</b>	<b>-</b>	<b>152,840</b>	<b>1,109,316</b>	<b>1,262,156</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,874</b>	<b>\$ 241,441</b>	<b>\$ 1,109,316</b>	<b>\$ 1,372,631</b>

# Incorporated Village of Lynbrook, New York

## Supplementary Information Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds

	Year Ended May 31, 2020			
	Community Development	Library	Debt Service	Total
<b>REVENUES</b>				
Departmental income	\$ -	\$ 7,726	\$ -	\$ 7,726
Intergovernmental charges	-	142,843	-	142,843
Use of money and property	-	1,393	65,944	67,337
Sale of property and compensation for loss	-	348	-	348
Miscellaneous	-	368	-	368
State aid	-	17,094	-	17,094
Federal aid	419,686	-	-	419,686
	419,686	-	-	419,686
Total revenues	419,686	169,772	65,944	655,402
<b>EXPENDITURES</b>				
General governmental support	-	657	-	657
Culture and recreation	-	1,261,230	-	1,261,230
Home and community services	419,686	-	-	419,686
Employee benefits	-	427,380	-	427,380
Debt service				
Principal	-	-	3,240,330	3,240,330
Interest	-	-	643,628	643,628
	-	-	643,628	643,628
Total expenditures	419,686	1,689,267	3,883,958	5,992,911
<b>Deficiency of revenues over expenditures</b>	-	<b>(1,519,495)</b>	<b>(3,818,014)</b>	<b>(5,337,509)</b>
<b>OTHER FINANCING SOURCES</b>				
Operating transfers in	-	1,567,500	3,883,958	5,451,458
	-	1,567,500	3,883,958	5,451,458
<b>Excess of revenues and other financing sources over expenditures</b>	-	<b>48,005</b>	<b>65,944</b>	<b>113,949</b>
<b>FUND BALANCES, beginning of year</b>	-	104,835	1,043,372	1,148,207
	-	104,835	1,043,372	1,148,207
<b>FUND BALANCES, end of year</b>	<b>\$ -</b>	<b>\$ 152,840</b>	<b>\$ 1,109,316</b>	<b>\$ 1,262,156</b>



**Report on Internal Control  
Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Mayor and Board of Trustees  
Incorporated Village of Lynbrook, New York  
Lynbrook, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Incorporated Village of Lynbrook, New York (Village), as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated February 1, 2021.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

### **Purpose of this Report**

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

BST + Co. CPAs, LLP

Albany, New York  
February 1, 2021

