



INCORPORATED VILLAGE OF
LYNBROOK
NEW YORK

Financial Report

May 31, 2021

Incorporated Village of Lynbrook, New York

Financial Report

May 31, 2021

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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, 2021, 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, 2021, 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.

Emphasis of Matter

As discussed in Note 1p to the financial statements, effective June 1, 2020, the Village adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 March 14, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

BST+Co.CPAs, LLP

Albany, New York
March 14, 2022



Incorporated Village of Lynbrook, New York

Statement of Net Position

	May 31, 2021		
	Governmental Activities	Business-Type Activity	Total
ASSETS			
Cash and cash equivalents	\$ 5,699,548	\$ 619	\$ 5,700,167
Cash and cash equivalents, restricted	2,079,793	-	2,079,793
Investments	9,778,870	-	9,778,870
Investments, restricted	4,816,247	-	4,816,247
Receivables			
Accounts	596,258	-	596,258
Taxes	844,155	-	844,155
Due from fiduciary fund	58,873	-	58,873
State and federal aid	51,220	-	51,220
Prepaid expenses	101,812	-	101,812
Capital assets			
Non-depreciable	15,208,023	-	15,208,023
Depreciable, net	30,936,707	-	30,936,707
Total assets	70,171,506	619	70,172,125
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	16,539,499	-	16,539,499
LOSAP deferrals	3,413,093	-	3,413,093
OPEB deferrals	13,692,914	-	13,692,914
Total deferred outflows of resources	33,645,506	-	33,645,506
Total assets and deferred outflows of resources	103,817,012	619	103,817,631
LIABILITIES			
Accounts payable and accrued expenses	2,056,913	-	2,056,913
Interest payable	153,416	-	153,416
Unearned revenues	39,575	-	39,575
Judgments and claims	816,534	-	816,534
Long-term liabilities			
Due within one year	4,197,367	-	4,197,367
Due in more than one year			
Compensated absences	4,317,129	-	4,317,129
Installment purchase debt	1,240,052	-	1,240,052
Bonds payable	16,569,854	-	16,569,854
Net pension liability	3,747,181	-	3,747,181
Length of service award program obligations	12,818,679	-	12,818,679
Other postemployment benefits	64,952,780	-	64,952,780
Total liabilities	110,909,480	-	110,909,480
DEFERRED INFLOWS OF RESOURCES			
Property taxes received in advance	2,634,077	-	2,634,077
Pension deferrals	19,269,710	-	19,269,710
LOSAP deferrals	291,857	-	291,857
OPEB deferrals	3,720,920	-	3,720,920
Total deferred inflow of resources	25,916,564	-	25,916,564
Total liabilities and deferred inflows of resources	136,826,044	-	136,826,044
NET POSITION (DEFICIT)			
Net investment in capital assets	25,795,899	-	25,795,899
Restricted for			
Capital assets	2,329,303	-	2,329,303
Debt	-	-	-
Other	38,249	-	38,249
Unrestricted (deficit)	(61,172,483)	619	(61,171,864)
Total net position (deficit)	\$ (33,009,032)	\$ 619	\$ (33,008,413)

See accompanying Notes to Financial Statements.

Incorporated Village of Lynbrook, New York

Statement of Activities

Functions/Programs	Year Ended May 31, 2021				Net (Expense) Revenue and Change in Net Deficit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES					
General government support	\$ 6,310,335	\$ 2,207,023	\$ (89)	\$ -	\$ (4,103,401)
Public safety	23,587,065	133,004	331,571	-	(23,122,490)
Health	35,922	6,356	-	-	(29,566)
Transportation	5,505,100	254,127	-	227,851	(5,023,122)
Economic opportunity and development	111,258	-	-	-	(111,258)
Culture and recreation	4,336,916	259,512	-	-	(4,077,404)
Home and community services	4,026,352	232,355	90,505	-	(3,703,492)
Interest on long-term debt	412,498	-	-	-	(412,498)
Total governmental activities	\$ 44,325,446	\$ 3,092,377	\$ 421,987	\$ 227,851	(40,583,231)
General revenues					
Real property taxes					32,588,494
Other tax items					1,955,840
Nonproperty taxes					856,928
Use of money and property					361,775
Sale of property and compensation for loss					787,274
Miscellaneous local sources					336,311
Unrestricted State aid					721,202
Total general revenues					37,607,824
CHANGE IN NET DEFICIT					(2,975,407)
NET DEFICIT, beginning of year					(30,033,626)
NET DEFICIT, end of year					\$ (33,009,033)

See accompanying Notes to Financial Statements.

Incorporated Village of Lynbrook, New York

Balance Sheet - Governmental Funds

	May 31, 2021			
	Major Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,293,837	\$ 165,827	\$ 239,884	\$ 5,699,548
Cash and cash equivalents, restricted	309,037	-	1,770,756	2,079,793
Investments	6,806,562	2,972,308	-	9,778,870
Investments, restricted	4,816,247	-	-	4,816,247
Receivables				
Accounts	596,258	-	-	596,258
Taxes	844,155	-	-	844,155
Due from other funds	3,494,631	901,661	3,636	4,399,928
State and Federal aid	-	-	51,220	51,220
Prepaid expenditures	98,976	-	2,836	101,812
	\$ 22,259,703	\$ 4,039,796	\$ 2,068,332	\$ 28,367,831
LIABILITIES				
Accounts payable	\$ 548,635	\$ 65,552	\$ 82,270	\$ 696,457
Accrued liabilities	1,919,056	-	26,830	1,945,886
Due to other funds	901,720	1,662,771	1,776,564	4,341,055
Unearned revenues	30,585	-	8,990	39,575
Judgments and claims	816,534	-	-	816,534
Total liabilities	4,216,530	1,728,323	1,894,654	7,839,507
DEFERRED INFLOWS OF RESOURCES				
Property taxes received in advance	2,634,077	-	-	2,634,077
Unavailable property tax receivables	812,965	-	-	812,965
Total deferred inflows of resources	3,447,042	-	-	3,447,042
FUND BALANCES				
Nonspendable	98,976	-	2,836	101,812
Restricted	5,125,284	2,311,473	-	7,436,757
Assigned	531,450	-	170,842	702,292
Unassigned	8,840,421	-	-	8,840,421
Total fund balances	14,596,131	2,311,473	173,678	17,081,282
	\$ 22,259,703	\$ 4,039,796	\$ 2,068,332	\$ 28,367,831
Total liabilities, deferred inflows of resources, and fund balances	\$ 22,259,703	\$ 4,039,796	\$ 2,068,332	\$ 28,367,831

Incorporated Village of Lynbrook, New York

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

	<u>May 31, 2021</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 17,081,282
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.	46,144,730
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.	812,965
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Interest payable	(153,416)
Compensated absences	(4,796,810)
Installment purchase debt	(1,467,831)
Bonds payable	(19,631,000)
Bond premium	(139,854)
Net pension liability, net of deferred amounts	(5,891,962)
Length of service award program, net of deferred amounts	(9,986,350)
Other post-employment benefits, net of deferred amounts	(54,980,786)
Total net position - governmental activities	<u>\$ (33,009,032)</u>

Incorporated Village of Lynbrook, New York

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

	Year Ended May 31, 2021			
	Major Funds			Total Governmental Funds
	General	Capital Projects	Other Governmental Funds	
REVENUES				
Real property taxes	\$ 32,344,899	\$ -	\$ -	\$ 32,344,899
Other tax items	1,955,840	-	-	1,955,840
Nonproperty taxes	856,928	-	-	856,928
Departmental income	792,162	-	1,610	793,772
Intergovernmental charges	13,651	-	144,756	158,407
Use of money and property	228,907	-	6,380	235,287
Licenses and permits	705,839	-	-	705,839
Fines and forfeitures	1,497,859	-	-	1,497,859
Sale of property and compensation for loss	787,273	-	1	787,274
Miscellaneous	399,073	-	226	399,299
State aid	986,977	-	12,119	999,096
Federal aid	289,583	-	82,361	371,944
Total revenues	<u>40,858,991</u>	<u>-</u>	<u>247,453</u>	<u>41,106,444</u>
EXPENDITURES				
General governmental support	4,411,376	649,157	36,549	5,097,082
Public safety	13,543,246	8,854	-	13,552,100
Health	35,922	-	-	35,922
Transportation	2,595,401	46,570	-	2,641,971
Economic opportunity and development	62,560	-	-	62,560
Culture and recreation	1,543,681	1,957,044	1,235,036	4,735,761
Home and community services	2,738,828	-	82,361	2,821,189
Employee benefits	10,810,458	-	449,381	11,259,839
Debt service				
Principal	91,000	-	3,576,468	3,667,468
Interest	1,528	-	458,432	459,960
Total expenditures	<u>35,834,000</u>	<u>2,661,625</u>	<u>5,838,227</u>	<u>44,333,852</u>
Excess (deficiency) of revenues over expenditures	<u>5,024,991</u>	<u>(2,661,625)</u>	<u>(5,590,774)</u>	<u>(3,227,408)</u>
OTHER FINANCING SOURCES (USES)				
BANs redeemed from appropriations	-	91,000	-	91,000
Proceeds from premium on issuance of debt	-	-	63,488	63,488
Proceeds from issuance of debt	650,000	4,201,000	-	4,851,000
Operating transfers in	1,774,391	590,509	6,213,198	8,578,098
Operating transfers out	<u>(6,207,896)</u>	<u>(595,812)</u>	<u>(1,774,390)</u>	<u>(8,578,098)</u>
Total other financing sources (uses)	<u>(3,783,505)</u>	<u>4,286,697</u>	<u>4,502,296</u>	<u>5,005,488</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>1,241,486</u>	<u>1,625,072</u>	<u>(1,088,478)</u>	<u>1,778,080</u>
FUND BALANCES, beginning of year	<u>13,354,645</u>	<u>686,401</u>	<u>1,262,156</u>	<u>15,303,202</u>
FUND BALANCES, end of year	<u>\$ 14,596,131</u>	<u>\$ 2,311,473</u>	<u>\$ 173,678</u>	<u>\$ 17,081,282</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

		<u>Year Ended</u> <u>5/31/2021</u>
Net change in fund balances shown for total governmental funds	\$	1,778,080
<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	\$ 3,086,151	
Depreciation expense	<u>(2,914,534)</u>	171,617
<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	\$ 3,576,468	
Issuance of bonds	\$ (4,851,000)	
Issuance of bond premiums	\$ (63,488)	
Amortization of bond premiums	<u>6,942</u>	(1,331,078)
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.		243,595
<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		40,520
Compensated absences		(585,989)
Net pension liability, net of deferred amounts		347,773
Length of service award program, net of deferred amounts		(471,146)
Other post-employment benefits, net of deferred amounts		<u>(3,168,778)</u>
Change in net position of governmental activities	\$	<u>(2,975,406)</u>

See accompanying Notes to Financial Statements.

Incorporated Village of Lynbrook, New York

Statement of Net Position - Proprietary Fund

	<u>May 31, 2021</u>
	<u>Gas Utility</u>
ASSETS	
Cash	<u>\$ 619</u>
NET POSITION	
Unrestricted	<u>\$ 619</u>

Incorporated Village of Lynbrook, New York

Statement of Net Position - Fiduciary Funds

	<u>May 31, 2021</u>	
	<u>Custodial Fund</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash and cash equivalents	\$ 292,148	\$ -
Cash, restricted	-	69,063
Due from other funds	59	-
	<hr/>	<hr/>
Total assets	292,207	69,063
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	4,521	-
Due to other funds	58,932	-
	<hr/>	<hr/>
Total liabilities	63,453	-
	<hr/>	<hr/>
NET POSITION		
Restricted	<u>\$ 228,754</u>	<u>\$ 69,063</u>

Incorporated Village of Lynbrook, New York

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

	Year Ended May 31, 2021	
	Custodial Fund	Private Purpose Trust
REVENUES		
External trusts	\$ 23,736	\$ -
Guaranty and bid deposits	4,975	-
Gifts and donations	-	21,328
Interest income	1	-
	28,712	21,328
EXPENDITURES		
External trusts	15,910	
Forfeited bail	12,093	
Guaranty and bid deposits	57,955	
Culture and recreation	-	23,780
	85,958	23,780
Change in fiduciary net position	(57,246)	(2,452)
NET POSITION, <i>beginning of year</i>, as restated	286,000	71,515
NET POSITION, <i>end of year</i>	\$ 228,754	\$ 69,063

See accompanying Notes to Financial Statements.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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, 2021

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, 2021

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 Custodial 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, 2021

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, 2021, the collateral was sufficient to secure the Village's deposits.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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, if any, 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 \$9,778,870 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, 2021

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, 2021, 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, 2021.

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, 2021

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, 2021 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, 2021

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, 2021

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 \$2.6 million in property tax revenue in advance of the June 1, 2021 enforceable lien and has recorded this balance as a deferred inflow of resources. The Village has \$812,965 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. Adoption of New Accounting Standards

During 2020, the Village adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying activities for all state and local governments. The focus of this criteria generally is on: (1) whether a government is controlling the assets of the fiduciary activity; and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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

p. Adoption of New Accounting Standards - Continued

As a result of the adoption of this statement, activities previously reported in the Trust and Agency Fund are now accounted for within the Custodial Fund. The Village's Custodial Fund includes a statement of net position and a statement of changes in net position. Opening adjustments to fiduciary activities were as follows:

	May 31, 2020		
	As Previously Stated	Adoption of GASB 84	As Restated
<i>Trust and Agency Fund</i>			
Assets	\$ 310,919	\$ (310,919)	-
Liabilities	310,919	(310,919)	-
<i>Custodial Fund</i>			
Assets	-	\$ 310,919	\$ 310,919
Liabilities	-	24,919	24,919
Net Position	-	286,000	286,000

q. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through March 14, 2022 the date the financial statements were available to be issued.

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.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 3 - Interfund Transactions

Interfund balances as of May 31, 2021 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	\$ -	\$ 1,662,771	\$ 1,772,928	\$ 3,435,699	\$ 58,932	\$ 3,494,631
Capital projects fund	901,661	-	-	901,661	-	901,661
Other governmental funds	-	-	3,636	3,636	-	3,636
Total governmental funds	901,661	1,662,771	1,776,564	4,340,996	58,932	4,399,928
Trust and Agency fund	59	-	-	59	-	59
Total	\$ 901,720	\$ 1,662,771	\$ 1,776,564	\$ 4,341,055	\$ 58,932	\$ 4,399,987

Interfund transfers for the year ended May 31, 2021 are as follows:

	Interfund Transfers Out			Total
	General Fund	Capital Projects Fund	Other Governmental - Debt Service	
Interfund Transfers In				
General Fund	\$ -	\$ -	\$ 1,774,391	\$ 1,774,391
Capital Projects Fund	590,509	-	-	590,509
Other Governmental				
Library	1,546,611	-	-	1,546,611
Debt Service	4,070,776	595,812	-	4,666,588
	\$ 6,207,896	\$ 595,812	\$ 1,774,391	\$ 8,578,099

Note 4 - Capital Assets

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

	Balance May 31, 2020	Additions	Disposals	Balance May 31, 2021
Capital assets not being depreciated				
Land	\$ 14,728,023	\$ 480,000	\$ -	\$ 15,208,023
Depreciable capital assets				
Land improvements	6,892,892	2,088,184	-	8,981,076
Buildings and improvements	13,093,528	5,783	-	13,099,311
Machinery and equipment	18,860,563	505,028	(55,355)	19,310,236
Infrastructure	43,732,588	-	-	43,732,588
Other assets	1,927,469	7,156	-	1,934,625
Total depreciable capital assets	84,507,040	2,606,151	(55,355)	87,057,836
Less accumulated depreciation				
Land improvements	3,058,300	354,222	-	3,412,522
Buildings and improvements	7,160,366	412,792	-	7,573,158
Machinery and equipment	11,974,882	1,103,093	(55,355)	13,022,620
Infrastructure	29,357,814	980,812	-	30,338,626
Other assets	1,710,588	63,615	-	1,774,203
Total accumulated depreciation	53,261,950	2,914,534	(55,355)	56,121,129
Depreciable capital assets, net	31,245,090	(308,383)	-	30,936,707
Total capital assets	\$ 45,973,113	\$ 171,617	\$ -	\$ 46,144,730

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 4 - Capital Assets - Continued

Depreciation expense for 2021 was charged to functions of the primary government as follows:

General government support	\$	464,142
Public safety		719,307
Transportation		1,355,250
Culture and recreation		355,492
Home and community services		20,343
Total depreciation expense	\$	2,914,534

Note 5 - Bond Anticipation Notes (BANS) Payable

The following table summarizes the Village's BAN activity for the year ended May 31, 2021:

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

The Village's BAN matured 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 \$1,528.

Note 6 - Long-Term Liabilities

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

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021	Amounts Due Within One Year
Compensated absences	\$ 4,210,821	\$ 585,989	\$ -	\$ 4,796,810	\$ 479,681
Installment purchase debt	1,689,299	-	(221,468)	1,467,831	227,779
Bonds payable - public improvements	17,235,000	4,851,000	(3,205,000)	18,881,000	3,051,000
Bonds payable - separation payments	900,000	-	(150,000)	750,000	150,000
Net pension liability	18,622,230	7,058,314	(21,933,363)	3,747,181	-
Length of service award program obligations	12,230,011	1,221,284	(343,709)	13,107,586	288,907
Other postemployment benefits	50,310,272	16,261,017	(1,618,509)	64,952,780	-
	105,197,633	29,977,604	(27,472,049)	107,703,188	4,197,367
Unamortized premium	83,308	63,488	(6,942)	139,854	
	<u>\$ 105,280,941</u>	<u>\$ 30,041,092</u>	<u>\$ (27,478,991)</u>	<u>\$ 107,843,042</u>	<u>\$ 4,197,367</u>

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 6 - Long-Term Liabilities - Continued

Bonds Payable

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

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2021
Serial bond	2002	2023	3.375-4.750%	\$ 130,000
Serial bond	2009	2023	2.000-4.000%	730,000
Serial bond	2011	2024	1.750-2.250%	1,135,000
Serial bond	2013	2022	1.500-2.450%	750,000
Serial bond	2014	2028	2.000-2.750%	3,665,000
Serial bond - Series A	2016	2028	1.000-2.250%	750,000
Serial bond - Series B	2016	2025	1.100-2.900%	1,440,000
Serial bond - refunding	2016	2029	2.000-4.000%	1,335,000
Serial bond	2018	2032	2.000-4.000%	4,845,000
Serial bond - Series A	2020	2038	1.000-2.000%	4,201,000
Serial bond - Series B	2020	2029	2.000%	650,000
				<u>\$ 19,631,000</u>

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

	Principal	Interest	Total
Fiscal year ending May 31,			
2022	\$ 3,201,000	\$ 450,723	\$ 3,651,723
2023	2,835,000	353,411	3,188,411
2024	2,430,000	289,087	2,719,087
2025	1,780,000	242,226	2,022,226
2026	1,765,000	201,750	1,966,750
2027 - 2031	5,445,000	515,019	5,960,019
2032 - 2036	2,175,000	146,025	2,321,025
	<u>\$ 19,631,000</u>	<u>\$ 2,198,241</u>	<u>\$ 21,829,241</u>

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.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 6 - Long-Term Liabilities - Continued

Installment Debt Payable - Continued

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

	Principal	Interest	Total
Fiscal year ending May 31,			
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	254,877	14,735	269,612
2027	262,141	7,471	269,612
Total	\$ 1,467,831	\$ 149,843	\$ 1,617,674

Note 7 - Fund Balances

The specific purposes that comprise the classifications of fund balances at May 31, 2021 are as follows:

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects		
Nonspendable				
Prepaid expenditures	\$ 98,976	\$ -	\$ 2,836	\$ 101,812
Restricted for				
Length of service award program	4,816,247	-	-	4,816,247
Capital assets	17,830	2,311,473	-	2,329,303
Property seizure	33,427	-	-	33,427
Repairs	4,822	-	-	4,822
Employee Benefits	252,958	-	-	252,958
	5,125,284	2,311,473	-	7,436,757
Assigned				
Library services	-	-	170,842	170,842
Encumbrances	531,450	-	-	531,450
Appropriations	-	-	-	-
	531,450	-	170,842	702,292
Unassigned	8,840,421	-	-	8,840,421
Total fund balance	\$ 14,596,131	\$ 2,311,473	\$ 173,678	\$ 17,081,282

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 8 - New York State Retirement Systems

a. Plan Description and Benefits Provided

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as New York State and Local Retirement System (the System). These are cost-sharing, multiple-employer retirement systems. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the Trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship, and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

b. Contributions

Most members of the System who joined on or before July 26, 1976 are enrolled in a noncontributory plan. Members of the System who joined after July 26, 1976 are enrolled in a contributory plan which requires a 3% contribution of their salary. As a result of Article 19 of the NYSRSSL, eligible Tier 3 and Tier 4 employees with a membership date after July 26, 1976 who have ten or more years of membership or credited service with the System are not required to contribute. Generally, members of the System may retire at 55; however, members of Tiers 2, 3, 4, and 5 will receive a reduced benefit if they retire before 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits, and employees with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. The full benefit age for Tier 6 is 63 for System members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. The contribution rate varies from 3% to 6% depending on salary. Members are required to contribute for all years of service. The average contribution rate for ERS and PFRS for the fiscal year ended March 31, 2021 was approximately 14.6% and 24.4% of payroll, respectively. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed as proportions of payroll of members, which is used in computing the contributions.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 8 - New York State Retirement Systems - Continued

b. Contributions - Continued

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

	ERS	PFRS
For the year ended May 31,		
2021	\$ 1,199,321	\$ 1,814,711
2020	1,117,037	1,804,377
2019	1,092,616	1,710,956

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

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

At May 31, 2021, the Village reported a liability of \$27,856 for its proportionate share of the net pension liability of the ERS and a liability of \$3,719,325 for its proportionate share of the net pension liability of the PFRS. The net pension liability was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. 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, 2021 measurement date, the Village's proportionate share in the ERS was 0.0279752% and the PFRS was 0.2142128%.

For the year ended May 31, 2021, the Village recognized pension expense of \$680,967 and \$2,151,069 related to ERS and PFRS, respectively, in the government-wide financial statements. At May 31, 2021, 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	\$ 340,197	\$ -
Changes of assumptions	5,121,824	96,599
Net differences between projected and actual investment earnings on pension plan investments	-	8,001,889
Changes in proportion and differences between employer contributions and proportionate share of contributions	104,279	10,983
Pension contributions subsequent to the measurement date	223,220	-
Total	\$ 5,789,520	\$ 8,109,471

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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

	PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 825,299	\$ -
Changes of assumptions	9,137,980	-
Net differences between projected and actual investment earnings on pension plan investments	-	10,936,458
Changes in proportion and differences between employer contributions and proportionate share of contributions	424,490	223,781
Pension contributions subsequent to the measurement date	362,210	-
Total	<u>\$ 10,749,979</u>	<u>\$ 11,160,239</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2022. 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,			
2022	\$ (441,083)	\$ (335,042)	\$ (776,125)
2023	(153,658)	35,180	(118,478)
2024	(419,192)	(332,744)	(751,936)
2025	(1,529,238)	(1,935,703)	(3,464,941)
2026	-	1,795,838	1,795,838
Total	<u>\$ (2,543,171)</u>	<u>\$ (772,471)</u>	<u>\$ (3,315,642)</u>

d. Actuarial Assumptions

The total pension liability at March 31, 2021 was determined using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. These assumptions are:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.7%
Salary Scale	
ERS	4.4 %, indexed by service
PFRS	6.2 %, indexed by service
Investment rate of return, including inflation	5.9 % compounded annually, net of expenses
Cost of living adjustments	1.4% annually

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 8 - New York State Retirement Systems - Continued

d. Actuarial Assumptions - Continued

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

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, 2021 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	4.05%
International equity	15.00%	6.30%
Private equity	10.00%	6.75%
Real estate	9.00%	4.95%
Opportunistic/Absolute return strategies	3.00%	4.50%
Credit	4.00%	3.63%
Real assets	3.00%	5.95%
Fixed Income	23.00%	0.00%
Cash	1.00%	0.50%
	100.00%	

f. Discount Rate

The discount rate used to calculate the net pension liability was 5.9 percent. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based 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.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 8 - New York State Retirement Systems - Continued

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 5.9% and the impact of using a discount rate that is 1% higher or lower than the current rate:

	ERS		
	1% Decrease	Current	1% Increase
	(4.90)%	Discount (5.90)%	(6.90)%
Village's proportionate share of the net pension liability (asset)	\$ 7,731,746	\$ 27,856	\$ (7,076,934)

	PFRS		
	1% Decrease	Current	1% Increase
	(5.80)%	Discount (6.80)%	(7.80)%
Village's proportionate share of the net pension liability (asset)	\$ 15,816,671	\$ 3,719,325	\$ (6,294,153)

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, 2021 were as follows (amounts in thousands):

	(Dollars in Thousands)		
	Employees' Retirement System	Police and Fire Retirement System	Total
Employers' total pension liability	\$ 220,680,157	\$ 41,236,775	\$ 261,916,932
Plan net position	220,580,583	39,500,500	260,081,083
Employers' net pension liability	\$ 99,574	\$ 1,736,275	\$ 1,835,849
Ratio of plan net position to the employers' total pension liability	100.0%	95.8%	99.3%

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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	68
Active, non-vested	157
Terminated members entitled to but not yet receiving benefits	121

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:

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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

Fiduciary Investment and Control - Continued

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).

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	2.00%
Measurement Date	May 31, 2021
Post-Entitlement Age Mortality Table	RP 2014 Combined Table - Projected to 2021
Inflation	3.00%

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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

Measurement of Total Pension Liability

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

Beginning balance	\$ 12,230,011
Service cost	285,688
Interest	300,097
Change due to differences in experience	6,009
Changes of assumptions and other inputs	629,490
Benefit payments	<u>(343,709)</u>
Ending balance	<u><u>\$ 13,107,586</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, 2021 calculated using the discount rate of 2.00%, 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 (1.00%) or 1-percentage point higher (3.00%) than the current rate:

	<u>1% Decrease (1.00%)</u>	<u>Current Discount Rate (2.00%)</u>	<u>1% Increase (3.00%)</u>
Total LOSAP pension liability	<u>\$ 15,721,000</u>	<u>\$ 13,107,586</u>	<u>\$ 11,047,000</u>

Pension Expense and Deferred Outflows

For the year ended May 31, 2021, 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	\$ 285,688
Interest	300,097
Changes due to experience	43,034
Changes of assumptions or other inputs	<u>186,037</u>
	<u><u>\$ 814,856</u></u>

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

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

Pension Expense and Deferred Outflows - Continued

At May 31, 2021, 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	\$ 447,927	\$ -
Changes of assumptions	2,965,166	291,857
Total	\$ 3,413,093	\$ 291,857

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,	
2022	\$ 285,062
2023	285,062
2024	285,062
2025	285,062
2026	285,062
Thereafter	1,695,926
	\$ 3,121,236

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.

A summary of active employees and retired employees covered under this benefit plan as of May 31, 2021 is as follows:

Actives	148
Retirees	115
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, 2021, the Village paid \$1,618,509 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.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 10 - Other Postemployment Benefits - Continued

At May 31, 2021, the Village reported a liability of \$64,952,780 for its OPEB liability. The plan liability was measured as of June 1, 2020 by an actuarial valuation as of that date. For the year ended May 31, 2021, the Village recognized OPEB plan expense of \$4,858,478. A summary of changes in the Village's OPEB liability is as follows:

June 1, 2020	<u>\$ 50,310,272</u>
Charges for the year	
Service cost	1,649,168
Interest	1,795,372
Differences between expected and actual experience	-
Changes in assumptions and other inputs	12,816,477
Benefit payments	<u>(1,618,509)</u>
Net changes	<u>14,642,508</u>
May 31, 2021	<u>\$ 64,952,780</u>

At May 31, 2021, 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	\$ 1,240,660	\$ -
Changes of assumptions or other inputs	10,762,554	3,720,920
Employer contributions subsequent to the measurement date	<u>1,689,700</u>	<u>-</u>
Total	<u>\$ 13,692,914</u>	<u>\$ 3,720,920</u>

Employer contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending May 31, 2022. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending May 31,	
2022	\$ 1,413,938
2023	1,413,938
2024	1,413,938
2025	1,595,379
2026	1,952,162
2027 and thereafter	<u>492,939</u>
Total	<u>\$ 8,282,294</u>

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 10 - Other Postemployment Benefits - Continued

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	2.16%
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> .

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

Year ending May 31,	Pre-65 Healthcare Cost Trend Rate %	Post-65 Healthcare Cost Trend Rate %
	<u>Trend Rate %</u>	<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%	4.53%
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%

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 10 - Other Postemployment Benefits - Continued

The following presents the OPEB liability as of May 31, 2021 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:

	1% Decrease	Current Rates	1% Increase
OPEB plan liability	\$ 55,387,080	\$ 64,952,780	\$ 80,432,675

The following presents the OPEB liability as of May 31, 2021 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:

	1% Decrease 1.16%	Current Rate 2.16%	1% Increase 3.16%
OPEB plan liability	\$ 77,679,576	\$ 64,952,780	\$ 55,067,440

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, 2021 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	\$ 118,436	0.2187	\$ 25,902	\$ 342
J.P.D. Burns Properties, LLC 635-639 Merrick Road	56-3-18.-20	320,113	190,736	0.2187	41,714	28,295
HP Lynbrook, LLC 444 Merrick Road	23-1-19 23-1-4-7	25,200 864,475 889,675	638,125	0.2187	139,558	55,014
HSRE EB Lynbrook, LLC 8 Freer Street	28-2-2.2B2C2D	758,800	740,064	0.2187	161,852	4,098
225 Merrick Road LLC 221-225 Merrick Road	7-9-4-8	129,855	94,344	0.2187	20,633	7,766
SLZM Realty, LLC 443 Sunrise Highway	31-2-4	284,456	108,720	0.2187	23,777	38,434

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 11 - Tax Abatements - Continued

Property Owner	Village Parcel ID (SBL)	Full Assessed Value	Taxable Assessed Value	Tax Rate	PILOT Amount	Taxes Abated
Regal Cinemas, Inc.						
Blake Avenue	61-3-6	7,100				
44 Blake Avenue	61-3-7	7,900				
48 Blake Avenue	61-3-8	8,580				
317-321 Merrick Road	61-3-13	410,491				
333 Merrick Road	61-3-15	21,600				
Merrick Road	61-3-16	5,700				
		<u>461,371</u>	139,465	0.2187	30,501	70,401
CMS Real Estate Holdings, LLC						
266 Merrick Road	11-2-3-5	218,880	215,469	0.2187	47,123	746
Terwillger and Bartone						
5 Freer Street	11-2-3-5	285,300	278,253	0.2187	60,854	1,541
PSEGLI Property						
24 Broadway	24-2-5	319,600				
Broadway	24-2-6	19,600				
Horton Avenue	25-2-3	12,500				
Scranton Avenue	28-5-1	15,800				
Piccadilly Downs	38-3-7	11,200				
Special Franchise	127-40	1,142,089				
208 Whitehall Street	47-1-2	1,162,200				
151 Whitehall Street	47-3-1&A.15-17	3,600,500				
		<u>6,283,489</u>	5,821,326	0.2187	1,273,124	101,075
Total		<u>\$ 9,751,939</u>	<u>\$ 8,344,938</u>		<u>\$ 1,825,038</u>	<u>\$ 307,712</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.

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, 2021, a liability has been recorded in the Governmental Activities and the General Fund in the amount of \$816,534.

Note 13 - Accounting Standards Issued But Not Yet Implemented

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.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 13 - Accounting Standards Issued But Not Yet Implemented - Continued

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.

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.

Incorporated Village of Lynbrook, New York

Notes to Financial Statements May 31, 2021

Note 13 - Accounting Standards Issued But Not Yet Implemented - Continued

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.

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, 2021			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property taxes	\$ 32,508,742	\$ 32,508,742	\$ 32,344,899	\$ (163,843)
Other tax items	1,933,700	1,933,700	1,955,840	22,140
Nonproperty taxes	882,800	882,800	856,928	(25,872)
Departmental income	1,003,200	1,003,200	792,162	(211,038)
Intergovernmental charges	11,000	11,000	13,651	2,651
Use of money and property	102,000	102,000	228,907	126,907
Licenses and permits	795,800	795,800	705,839	(89,961)
Fines and forfeitures	1,550,000	1,550,000	1,497,859	(52,141)
Sale of property and compensation for loss	124,150	124,150	787,273	663,123
Miscellaneous	281,000	281,000	399,073	118,073
State aid	788,300	795,800	986,977	191,177
Federal aid	-	247,273	289,583	42,310
Total revenues	39,980,692	40,235,465	40,858,991	623,526
EXPENDITURES				
General governmental support	5,316,900	5,256,415	4,411,376	845,039
Public safety	13,584,300	13,966,507	13,543,246	423,261
Health	35,500	37,500	35,922	1,578
Transportation	2,694,400	2,757,827	2,595,401	162,426
Economic opportunity and development	63,000	63,000	62,560	440
Culture and recreation	1,817,100	1,934,919	1,543,681	391,238
Home and community services	2,775,700	2,775,700	2,738,828	36,872
Employee benefits	11,050,700	11,077,932	10,810,458	267,474
Debt service				
Principal	91,000	91,000	91,000	-
Interest	2,730	2,730	1,528	1,202
Total expenditures	37,431,330	37,963,530	35,834,000	2,129,530
Excess of revenues over expenditures	2,549,362	2,271,935	5,024,991	2,753,056
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	650,000	650,000
Operating transfers in	-	-	1,774,391	1,774,391
Operating transfers out	(5,626,711)	(5,626,711)	(6,207,896)	(581,185)
Total other financing sources (uses)	(5,626,711)	(5,626,711)	(3,783,505)	1,843,206
Excess (deficiency) of revenues and other financing sources over expenditures and and other financing uses	\$ (3,077,349)	\$ (3,354,776)	1,241,486	\$ 4,596,262
FUND BALANCES, beginning of year			13,354,645	
FUND BALANCES, end of year			\$ 14,596,131	

Incorporated Village of Lynbrook, New York

Required Supplementary Information Schedule of Other Postemployment Benefits Liability

Measurement date as of May 31,	2021	2020	2019
Beginning of year	\$ 50,310,272	\$ 50,928,872	\$ 50,197,860
Charges for the year			
Service cost	1,649,168	1,753,357	1,859,602
Interest	1,795,372	1,959,526	1,849,005
Differences between expected and actual experience	-	1,825,878	-
Changes in assumptions and other inputs	12,816,477	(4,471,543)	(1,330,566)
Benefit payments	(1,618,509)	(1,685,818)	(1,617,029)
Net changes	14,642,508	(618,600)	761,012
End of year	\$ 64,952,780	\$ 50,310,272	\$ 50,958,872
Covered payroll	\$ 17,355,618	\$ 16,748,162	\$ 15,079,468
OPEB liability as a percentage of covered payroll	374.25%	300.39%	337.94%

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,					
	2021	2020	2019	2018	2017	2016
New York State and Local Employees' Retirement System						
Village's proportion of the net pension liability	0.0279752%	0.0278647%	0.0278147%	0.0280194%	0.0259385%	0.0260916%
Village's proportionate share of the net pension liability	\$ 27,856	\$ 7,378,732	\$ 1,970,756	\$ 904,311	\$ 2,437,239	\$ 4,187,778
Village's covered-employee payroll	8,463,365	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	0.33%	93.39%	25.61%	12.31%	34.85%	60.44%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	99.95%	96.27%	98.24%	94.70%	90.70%
New York State and Local Police and Fire Retirement System						
Village's proportion of the net pension liability	0.2142128%	0.2103579%	0.1930775%	0.1910564%	0.1795892%	0.1721537%
Village's proportionate share of the net pension liability	\$ 3,719,325	\$ 11,243,498	\$ 3,238,031	\$ 1,931,115	\$ 3,722,259	\$ 5,097,105
Village's covered-employee payroll	8,708,761	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	42.71%	129.64%	39.19%	23.28%	46.26%	69.53%
Plan fiduciary net position as a percentage of the total pension liability	95.79%	95.79%	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,					
	2021	2020	2019	2018	2017	2016
New York State and Local Employees' Retirement System						
Contractually required contribution	\$ 1,199,321	\$ 1,117,037	\$ 1,092,616	\$ 1,255,876	\$ 1,242,255	\$ 1,220,792
Contributions in relation to the contractually required contribution	1,199,321	1,117,037	1,092,616	1,255,876	1,242,255	1,220,792
Contribution deficiency (excess)	-	-	-	-	-	-
Village's covered-employee payroll	8,463,365	7,901,215	7,696,697	7,349,052	6,993,444	6,928,317
Contributions as a percentage of covered-employee payroll	14.17%	14.14%	14.20%	17.09%	17.76%	17.62%
New York State and Local Police and Fire Retirement System						
Contractually required contribution	\$ 1,814,711	\$ 1,804,377	\$ 1,710,956	\$ 1,843,388	\$ 1,975,396	\$ 1,645,415
Contributions in relation to the contractually required contribution	1,814,711	1,804,377	1,710,956	1,843,388	1,975,396	1,645,415
Contribution deficiency (excess)	-	-	-	-	-	-
Village's covered-employee payroll	8,708,761	8,672,785	8,263,124	8,296,284	8,045,546	7,330,969
Contributions as a percentage of covered-employee payroll	20.84%	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,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 285,688	\$ 222,449	\$ 160,240	\$ 195,724
Interest	300,097	325,750	307,457	302,665
Changes due to differences in experience	6,009	85,646	264,355	185,644
Changes of assumptions and other inputs	629,490	1,293,726	1,369,969	(381,395)
Benefit payments	<u>(343,709)</u>	<u>(263,627)</u>	<u>(257,259)</u>	<u>(262,388)</u>
Net change in total pension liability	<u>877,575</u>	<u>1,663,944</u>	<u>1,844,762</u>	<u>40,250</u>
Total Pension Liability - Beginning	<u>12,230,011</u>	<u>10,566,067</u>	<u>8,721,305</u>	<u>8,681,055</u>
Total Pension Liability - Ending	<u>\$ 13,107,586</u>	<u>\$ 12,230,011</u>	<u>\$ 10,566,067</u>	<u>\$ 8,721,305</u>
Covered Payroll	None	None	None	None
Total Pension Liability as a Percentage of Covered Payroll	N/A	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, 2021			
	Community Development	Library	Debt Service	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 239,884	\$ -	\$ 239,884
Cash and cash equivalents, restricted	-	-	1,770,756	1,770,756
Due from other funds	-	-	3,636	3,636
Prepaid expenditures	-	2,836	-	2,836
Accounts	-	-	-	-
State and Federal aid	51,220	-	-	51,220
Total assets	<u>\$ 51,220</u>	<u>\$ 242,720</u>	<u>\$ 1,774,392</u>	<u>\$ 2,068,332</u>
LIABILITIES				
Accounts payable	\$ 49,048	\$ 33,222	\$ -	\$ 82,270
Accrued liabilities	-	26,830	-	26,830
Due to other funds	2,172	-	1,774,392	1,776,564
Unearned revenues	-	8,990	-	8,990
Total liabilities	<u>51,220</u>	<u>69,042</u>	<u>1,774,392</u>	<u>1,894,654</u>
FUND BALANCES				
Nonspendable	-	2,836	-	2,836
Assigned	-	170,842	-	170,842
Total fund balances	<u>-</u>	<u>173,678</u>	<u>-</u>	<u>173,678</u>
Total liabilities and fund balances	<u>\$ 51,220</u>	<u>\$ 242,720</u>	<u>\$ 1,774,392</u>	<u>\$ 2,068,332</u>

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, 2021			Total
	Community Development	Library	Debt Service	
REVENUES				
Departmental income	\$ -	\$ 1,610	\$ -	\$ 1,610
Intergovernmental charges	-	144,756	-	144,756
Use of money and property	-	605	5,775	6,380
Sale of property and compensation for loss	-	1	-	1
Miscellaneous	-	226	-	226
State aid	-	12,119	-	12,119
Federal aid	82,361	-	-	82,361
	82,361	-	-	82,361
Total revenues	82,361	159,317	5,775	247,453
EXPENDITURES				
General governmental support	-	673	35,876	36,549
Culture and recreation	-	1,235,036	-	1,235,036
Home and community services	82,361	-	-	82,361
Employee benefits	-	449,381	-	449,381
Debt service				
Principal	-	-	3,576,468	3,576,468
Interest	-	-	458,432	458,432
	-	-	458,432	458,432
Total expenditures	82,361	1,685,090	4,070,776	5,838,227
Deficiency of revenues over expenditures	-	(1,525,773)	(4,065,001)	(5,590,774)
OTHER FINANCING SOURCES (USES)				
Proceeds from premium on issuance of debt	-	-	63,488	63,488
Operating transfers in	-	1,546,611	4,666,587	6,213,198
Operating transfers out	-	-	(1,774,390)	(1,774,390)
	-	-	(1,774,390)	(1,774,390)
Total other financing sources (uses)	-	1,546,611	2,955,685	4,502,296
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	20,838	(1,109,316)	(1,088,478)
FUND BALANCES, beginning of year	-	152,840	1,109,316	1,262,156
FUND BALANCES, end of year	\$ -	\$ 173,678	\$ -	\$ 173,678



**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, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 14, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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
March 14, 2022

