

THE INCORPORATED VILLAGE OF FLOWER HILL

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED MAY 31, 2020

**THE INCORPORATED VILLAGE OF FLOWER HILL
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R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926–2014)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Incorporated Village of Flower Hill

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Incorporated Village of Flower Hill as of and for the fiscal year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the Village's total OPEB liability, schedule of the Village's proportionate share of the net pension liability, schedule of the Village's contributions, and the schedule of the Village's proportionate share of the total LOSAP liability on pages 3 through 10 and 45 through 51, respectively, 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 assurances.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020, on our consideration of the Incorporated Village of Flower Hill'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 Incorporated Village of Flower Hill'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 Incorporated Village of Flower Hill's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
November 13, 2020

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

The following is a discussion and analysis of the Incorporated Village of Flower Hill’s (the “Village”) financial performance for the fiscal year ended May 31, 2020. This section is a summary of the Village’s financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Village’s financial statements, which immediately follow this section.

1) FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- The Village’s net position for fiscal year ending May 31, 2020 was \$6,934,044. This was a decrease of \$62,856 from the prior year as expenses exceeded revenue based on the economic resources measurement focus and the accrual basis of accounting.
- Revenues and other financing sources in the general fund increased by \$104,649 to \$3,663,950 in fiscal year ending May 31, 2020 from \$3,559,301 in fiscal year ending May 31, 2019, largely attributable to the increase in use of money and property, offset by a decrease in non-property tax items and real property taxes.
- Actual general fund revenues and other financing sources for the fiscal year ended May 31, 2020 were higher than the final budget by \$103,945, primarily due to the receipt of a state grant reimbursement and increases in the Village’s shares of the Length of Service Award Programs assets from interest earnings and investments gains, which were recorded as revenues from use of money and property.

2) OVERVIEW OF THE FINANCIAL STATEMENTS

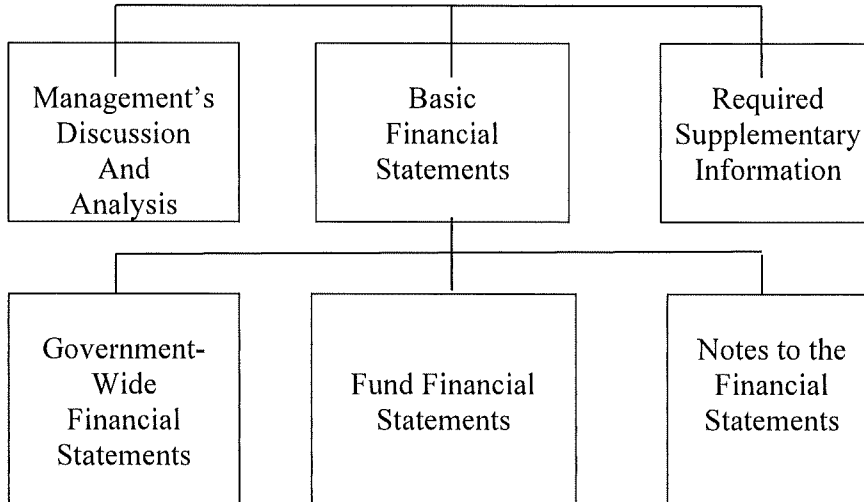
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are Government-Wide Financial Statements that provide both short-term and long-term information about the Village’s overall financial status.
- The remaining statements are Fund Financial Statements that focus on individual parts of the Village, reporting the operations in more detail than the Government-Wide Financial Statements.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Village’s budget for the year. The table shows how the various parts of this annual report are arranged and relate to one another.

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

Organization of the Village's Annual Financial Report



A. Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-Wide Financial Statements report the Village's net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the Village.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the Village, additional non-financial factors such as changes in the Village's property tax base and the condition of buildings and other facilities should be considered.

Net Position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* is the amounts with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
 - *Unrestricted net position* is the net position that does not meet any of the above restrictions.

B. Fund Financial Statements

The Fund Financial Statements provide more detailed information about the Village's funds. Funds are accounting devices that the Village uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The Village has two kinds of funds:

i) Governmental funds

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

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The general fund is the only governmental fund maintained by the Village.

ii) Fiduciary funds

Fiduciary funds are used to account for assets held by the Village in its capacity as agent or trustee and utilize the accrual basis of accounting. All of the Village's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The Village excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

3) FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The Village's net position decreased by \$62,856 in the fiscal year ended May 31, 2020 as detailed below:

	2020	2019	Increase/ (Decrease)	Total Percentage Change
Current assets	\$ 3,047,269	\$ 2,776,632	\$ 270,637	9.75%
Capital assets, net of depreciation	6,014,925	5,957,758	57,167	0.96%
Total assets	<u>9,062,194</u>	<u>8,734,390</u>	<u>327,804</u>	3.75%
Deferred outflows of resources	<u>628,769</u>	<u>227,630</u>	<u>401,139</u>	176.22%
Other liabilities	421,902	87,955	333,947	379.68%
Long-term liabilities	<u>2,166,990</u>	<u>1,473,847</u>	<u>693,143</u>	47.03%
Total liabilities	<u>2,588,892</u>	<u>1,561,802</u>	<u>1,027,090</u>	65.76%
Deferred inflows of resources	<u>168,027</u>	<u>403,318</u>	<u>(235,291)</u>	-58.34%
Net position				
Net investment in capital assets	6,014,925	5,957,758	57,167	0.96%
Restricted	734,388	541,827	192,561	35.54%
Unrestricted	<u>184,731</u>	<u>497,315</u>	<u>(312,584)</u>	-62.85%
Total net position	<u>\$ 6,934,044</u>	<u>\$ 6,996,900</u>	<u>\$ (62,856)</u>	-0.90%

Current assets increased by \$270,637 compared to the prior year, primarily due to an increase in cash and length of service award program assets offset by a decrease in state aid receivable.

Capital assets (net of depreciation) increased by \$57,167, as compared to the prior year. This was primarily attributable to an excess of current year additions over depreciation and loss on disposal.

The changes in deferred outflows represent amortization of pension and length of service award program items as well as the Village's contributions subsequent to the measurement date as discussed in Notes 11 and 14, respectively.

Other liabilities increased by \$333,947, as compared to the prior year, primarily due to an increase in accounts payable offset by a decrease in due to employees' retirement system.

Long-term liabilities increased by \$693,143, as compared to the prior year, due to an increase in total other post-employment benefits obligations, length of service award program liability – proportionate share and net pension liability-proportionate share. See Note 10 for more information.

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

The changes in deferred inflows represent amortization of pension related items and length of service award programs as discussed in Notes 11, and 14 respectively.

The net investment in capital assets, relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This amount increased by \$57,167 as compared to the prior year, as a result of the increase in capital assets.

The restricted net position at May 31, 2020, relates to the Village's length of service award program assets which are restricted for the purpose of providing benefits to plan participants. Restricted net position increased by \$192,561 due to an increase in service award program assets.

Unrestricted net position is the balance of the Village's net position. This amount decreased by \$312,584.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the fiscal years ended May 31, 2020 and 2019 is as follows:

	Fiscal Year 2020	Fiscal Year 2019*	Increase/ (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 846,876	\$ 868,798	\$ (21,922)	-2.52%
Capital Grants	149,118	274,209	(125,091)	-45.62%
General revenues				
Real property taxes	1,942,569	1,933,043	9,526	0.49%
State sources	263,416	171,462	91,954	53.63%
Other	477,493	306,095	171,398	56.00%
Total revenues	<u>3,679,472</u>	<u>3,553,607</u>	<u>125,865</u>	3.54%
Expenses				
General support	880,588	998,828	(118,240)	-11.84%
Public safety	986,095	1,028,031	(41,936)	-4.08%
Transportation	537,078	331,742	205,336	61.90%
Economic opportunity & development	2,533	2,411	122	5.06%
Culture & recreation	21,393	25,276	(3,883)	-15.36%
Home & community services	815,388	810,153	5,235	0.65%
Depreciation (unallocated)	499,253	567,405	(68,152)	-12.01%
Total expenses	<u>3,742,328</u>	<u>3,763,846</u>	<u>(21,518)</u>	-0.57%
Change in net position	<u>\$ (62,856)</u>	<u>\$ (210,239)</u>	<u>\$ 147,383</u>	-70.10%

*Reclassifications have been made to the 2019 information to conform to the 2020 reporting.

The Village's revenues increased by \$125,865 or 3.54%. This was primarily due to the increase in use of money and property, and state sources offset by a decrease in charges for services and capital grants.

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

The Village's expenses for the year decreased by \$21,518 or .57%. This was primarily due to decreased public safety and general government support offset by increases in expenses related to transportation and home and community services.

4) FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Variances between years for the governmental Fund Financial Statements are not the same as variances between years for the Government-Wide Financial Statements. The Village's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At May 31, 2020, the general fund reported a fund balance of \$2,573,027, which is a decrease of \$78,832 from the previous fiscal year's fund balance.

Overall revenues and other financing sources increased by \$104,649 (2.94%) compared to the prior fiscal year. This was primarily due to the increase in use of money and property as a result of increases in the Village's shares of the service award program assets from interest earnings and investments gains, offset by a decrease in non-property tax items and real property taxes.

Expenditures increased by \$90,194 (2.47%) compared to the prior fiscal year. General government support costs increased from the prior fiscal year by \$50,630 primarily due to increased costs related to building projects and legal services. There was also an increase of \$163,079 in transportation primarily due to the purchase of a new dump truck, and \$5,235 in home and community services offset by decreases in expenditures related to public safety of \$39,436 and employee benefits of \$85,553.

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

5) GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's approved general fund adopted budget for the year ended May 31, 2020 was \$4,155,005. The majority of the funding was real property tax revenue of \$1,941,905.

	<u>Final Budget</u>	<u>Actual</u>	<u>Over/(Under)</u>
Revenues			
Real property taxes	\$ 1,941,905	\$ 1,927,047	\$ (14,858)
State sources	343,000	412,534	69,534
Other	1,275,100	1,324,369	49,269
Total revenues	<u>\$ 3,560,005</u>	<u>\$ 3,663,950</u>	<u>\$ 103,945</u>
Expenditures			
General support	935,055	884,809	(50,246)
Public safety	876,800	832,800	(44,000)
Transportation	857,800	779,544	(78,256)
Culture & recreation	89,300	21,393	(67,907)
Home & community services	851,300	815,388	(35,912)
Employee benefits	541,000	406,315	(134,685)
Other	3,750	2,533	(1,217)
Total expenditures	<u>\$ 4,155,005</u>	<u>\$ 3,742,782</u>	<u>\$ (412,223)</u>

The revenues over budget in the amount of \$103,945 are primarily due to revenues from state sources. Expenditures under budget in the amount of \$412,223 are due mainly to an unexpended contingency account in general support, transportation, culture and recreation, and employee benefit items. Refer to the Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual-General Fund for more detailed information, which begins on page 45.

THE INCORPORATED VILLAGE OF FLOWER HILL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended May 31, 2020

6) CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

At May 31, 2020 the Village had invested in various capital assets, as indicated by the table below. A summary of the Village's capital assets net of depreciation is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase/ (Decrease)</u>
Land	\$ 5,111	\$ 5,111	\$ -
Land Improvements	56,111	56,111	-
Infrastructure	7,266,916	6,965,667	301,249
Structures	3,031,871	3,023,941	7,930
Vehicles and vehicle equipment	715,429	609,131	106,298
Machinery and equipment	<u>415,950</u>	<u>425,166</u>	<u>(9,216)</u>
Sub-Total	11,491,388	11,085,127	406,261
Less: accumulated depreciation	<u>(5,476,463)</u>	<u>(5,127,369)</u>	<u>(349,094)</u>
Total net capital assets	<u>\$ 6,014,925</u>	<u>\$ 5,957,758</u>	<u>\$ 57,167</u>

The net increase in capital assets is due to capital asset additions of \$556,420 offset by depreciation expense and loss on disposal of \$499,253.

B. Long-Term Debt

At May 31, 2020, the Village had no long-term debt obligations.

7) FACTORS BEARING ON THE VILLAGE'S FUTURE

A. The Board of Trustees approved the general fund budget in the amount of \$3,912,943 for the fiscal year ended May 31, 2021. This is a decrease of \$242,062 or 6.19% from the previous year's budget.

8) CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the Village and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Mayor Brian Herrington
Village of Flower Hill
1 Bonnie Heights Road
Manhasset, New York 11030

THE INCORPORATED VILLAGE OF FLOWER HILL
STATEMENT OF NET POSITION
May 31, 2020

ASSETS	
Current Assets	
Cash	
Unrestricted cash	\$ 1,951,652
Receivables	
Taxes	52,340
Property acquired for taxes	71
Accounts receivable	92,787
State and federal aid receivable	149,118
Due from other governments	60,922
Due from fiduciary fund	5,991
Length of service award program assets	734,388
Non Current Assets	
Capital assets	
Being depreciated, net of accumulated depreciation	6,009,814
Not being depreciated	5,111
TOTAL ASSETS	<u>9,062,194</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	358,893
Length of service award programs	269,876
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>628,769</u>
LIABILITIES	
Payables	
Accounts payable	356,090
Accrued liabilities	47,465
Due to employees' retirement system	16,791
Unearned credits	
Collections in advance	1,556
Long-term liabilities	
Due and payable after one year	
Total other post-employment benefits obligation	449,837
Net pension liability - proportionate share - employees' retirement system	514,029
Length of service award program liability - proportionate share	1,203,124
TOTAL LIABILITIES	<u>2,588,892</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	32,402
Length of service award programs	135,625
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>168,027</u>
NET POSITION	
Net investment in capital assets	6,014,925
Restricted for:	
Length of service award program	734,388
Unrestricted	184,731
TOTAL NET POSITION	<u>\$ 6,934,044</u>

THE INCORPORATED VILLAGE OF FLOWER HILL
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended May 31, 2020

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants	
General support	\$ 880,588	\$ 110,023		\$ (770,565)
Public safety	986,095	736,853		(249,242)
Transportation	537,078		\$149,118	(387,960)
Economic opportunity and development	2,533			(2,533)
Culture and recreation	21,393			(21,393)
Home and community services	815,388			(815,388)
Depreciation (unallocated)	499,253			(499,253)
Total Functions and Programs	\$ 3,742,328	\$ 846,876	\$ 149,118	(2,746,334)
 GENERAL REVENUES				
Real property taxes				1,942,569
Interest and penalties on real property taxes				11,642
Payment in lieu of taxes				38,790
Non-property tax items				201,568
Use of money and property				201,230
Miscellaneous				24,263
State sources				263,416
Total General Revenues				2,683,478
Change in Net Position				(62,856)
Total Net Position - Beginning of Year				6,996,900
Total Net Position - End of Year				\$ 6,934,044

THE INCORPORATED VILLAGE OF FLOWER HILL
BALANCE SHEET - GOVERNMENTAL FUNDS
 May 31, 2020

	General Fund
ASSETS	
Cash	
Unrestricted cash	\$ 1,951,652
Receivables	
Taxes	52,340
Property acquired for taxes	71
Accounts receivable	92,787
State and federal aid receivable	149,118
Due from other governments	60,922
Due from fiduciary fund	5,991
Length of service award program assets	734,388
Total Assets	\$ 3,047,269
LIABILITIES	
Payables	
Accounts payable	\$ 356,090
Accrued liabilities	47,465
Due to employees' retirement system	16,791
Unearned credits	
Collections in advance	1,556
Total Liabilities	421,902
DEFERRED INFLOWS OF RESOURCES	
Unavailable real property taxes	52,340
Total Deferred Inflows of Resources	52,340
FUND BALANCES	
Restricted	
Length of service award programs	734,388
Assigned	
Appropriated fund balance	600,838
Unassigned	1,237,801
Total Fund Balance	2,573,027
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 3,047,269

THE INCORPORATED VILLAGE OF FLOWER HILL
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 May 31, 2020

Total Governmental Fund Balances \$ 2,573,027

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenditures revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	(32,402)
Deferred inflows related to length of service award programs	(135,625)

Deferred inflows of resources - property taxes not available to pay for current period expenditures. The Statement of Net Position recognized revenues received under The full accrual method. Governmental funds recognize revenue under the modified accrual.

52,340

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method.

Deferred outflows related to pensions	358,893
Deferred outflows related to length of service award programs	269,876

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 11,491,388	
Accumulated depreciation	<u>(5,476,463)</u>	6,014,925

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Long-term liabilities at year-end consisted of:

Total other post-employment benefits obligation	\$ (449,837)	
Net pension liability - proportionate share (ERS)	(514,029)	
Total length of service award program liability - proportionate share	<u>(1,203,124)</u>	<u>(2,166,990)</u>

Total Net Position \$ 6,934,044

THE INCORPORATED VILLAGE OF FLOWER HILL
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Fiscal Year Ended May 31, 2020

	General Fund
REVENUES	
Real property taxes	\$ 1,927,047
Interest and penalties on real property taxes	11,642
Payment in lieu of taxes	38,790
Non-property tax items	201,568
Use of money and property	201,230
Departmental income	68,275
Licenses and permits	732,853
Fines and forfeitures	45,748
Miscellaneous	24,263
State sources	412,534
	3,663,950
Total Revenues	3,663,950
EXPENDITURES	
General government support	884,809
Public safety	832,800
Transportation	779,544
Economic opportunity and development	2,533
Culture and recreation	21,393
Home and community services	815,388
Employee benefits	406,315
	3,742,782
Total Expenditures	3,742,782
EXCESS (DEFICIENCY)	
OF REVENUES OVER EXPENDITURES	(78,832)
NET CHANGE IN FUND BALANCES	(78,832)
FUND BALANCES - BEGINNING OF YEAR	2,651,859
FUND BALANCES - END OF YEAR	\$ 2,573,027

THE INCORPORATED VILLAGE OF FLOWER HILL
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended May 31, 2020

Net Change in Fund Balances \$ (78,832)

Capital Related Items

Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, in the Statement of Net Position those costs are capitalized and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays	\$ 556,420	
Loss on disposal	(1,031)	
Depreciation expense	<u>(498,222)</u>	57,167

Long-Term Revenue and Expense Differences

The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended May 31, 2020 is 15,522

Increases/decreases in the proportionate share of the net pension liability and the length of service award program liability, and the total other post-employment benefit obligations, and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Total other post-employment benefits	84,910	
Employees' retirement system	(91,584)	
Length of service award program	<u>(50,039)</u>	<u>(56,713)</u>

Change in Net Position \$ (62,856)

THE INCORPORATED VILLAGE OF FLOWER HILL
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
 May 31, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 474,197
Total Assets	\$ 474,197
LIABILITIES	
Deposits held	\$ 468,206
Due to governmental funds	5,991
Total Liabilities	\$ 474,197

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

A. General statement:

The Village of Flower Hill (the “Village”) was incorporated pursuant to an act of the New York State Legislature in 1931. The Village operates under a Board of Trustees form of government in accordance with New York State Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village provides the following services to its residents as authorized by its charter: general support, public safety, culture and recreation, transportation, and community service.

The financial statements of The Incorporated Village of Flower Hill (the "Village") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the Village are described below:

B. Financial reporting entity:

The Board of Trustees (“Board”) is the legislative body responsible for overall operations. The Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

All governmental activities and functions performed for the Village are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity is based on criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity; Omnibus- An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of: (a) the primary government, which is the Village, (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.

The decision to include a potential component unit in the Village is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village’s reporting entity.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

C. Basis of presentation:

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

i) Government -Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Generally, governmental activities are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund Financial Statements:

The Fund Financial Statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Village reports the following major fund categories:

Governmental Funds:

General fund: This fund is the Village's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Fiduciary Funds:

Fiduciary funds: These funds are used to account for fiduciary activities. Fiduciary activities are those in which the Village acts as trustee or agent for resources that belong to others. These activities are not included in the Government-Wide Financial Statements, because their resources do not belong to the Village, and are not available to be used. The Village has one class of fiduciary funds:

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the Village as an agent for individuals, private organizations, and other governmental units and for payroll or employee withholding.

D. Measurement focus and basis of accounting:

The Government-Wide Financial Statements and the Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues in the governmental funds including real property taxes, to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, other post-employment benefit obligations, and net pension and length of service award program liabilities, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Real property taxes:

Taxes are recorded as receivable on June 1, and become a lien on June 1. Payments must be received on or before July 1. Penalties are imposed thereafter at the rate of 5% for the first month and 1% per month thereafter.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

F. Restricted resources:

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

G. 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. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the Government-Wide Statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 5 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including other post-employment benefits, net pension amounts, length of service award program amounts and useful lives of capital assets.

I. Cash and cash equivalents:

The Village's cash and cash equivalents consist of cash on hand and demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

J. Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Capital assets:

Capital assets are reported at actual cost of acquisitions, when available, or estimated historical costs based on appraisals conducted by independent third-party professionals. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-Wide Financial Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Structures	\$500	Straight-line	50
Vehicles & Equipment	\$500	Straight-line	8-15
Machinery & Equipment	\$500	Straight-line	5-20
Infrastructure	\$500	Straight-line	20

L. Collections in advance:

Collections in advance arise when the Village receives resources before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the recognition criteria are met, or when the Village has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

M. Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has two items that qualify for reporting in this category. The first item is related to pensions reported in the Government-Wide Statement of Net Position and is detailed further in Note 11. The second item is related to the LOSAP liability reported in the Government-Wide Statement of Net Position and is detailed further in Note 14.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Village has two items

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

that qualify for reporting in this category. The first item is related to pensions reported in the Government-Wide Statement of Net Position and is detailed further in Note 11. The second item is related to the LOSAP liability reported in the Government-Wide Statement of Net Position and is detailed further in Note 14.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The Government-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

N. Other benefits:

Village employees participate in the New York State and Local Employees' Retirement System. Village employees are eligible for these benefits when they reach normal retirement age. Village employees may choose to participate in the Village's elective deferred compensation plans established under Internal Revenue Code Section 457.

In addition to providing pension benefits, the Village provides health insurance coverage for active employees, as well as post-employment health insurance coverage and survivor benefits for retired employees hired prior to July 6, 1992. Health care benefits are provided through a plan whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the Government-Wide Financial Statements, the cost of other post-employment benefits is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75. See Note 13 for additional information.

O. Short-term debt:

The Village may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes are converted to long-term financing within five years after the original issue dated. The Village did not issue or redeem any short-term debt during the year.

P. Accrued liabilities and long-term obligations:

Payables, accrued liabilities, and long-term obligations are reported in the Government-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Long-term obligations represent the Village's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Q. Length of service award program:

The Village jointly sponsors the Roslyn Volunteer Firefighter and Port Washington Fire Department, Inc. service award programs, and reports its proportionate share of service award program assets. These assets are required to be held in trust by Article 11-A of New York State General Municipal Law. The underlying assets are reported at fair value based on quoted market prices and include cash and money market deposits, bonds, exchange traded funds, and mutual funds.

R. Equity classifications:

i) Government-Wide Financial Statements:

In the Government-Wide Financial Statements there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are three classifications of fund balance presented:

- 1) **Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Village had no nonspendable fund balance as of May 31, 2020.
- 2) **Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Village has established the following restricted fund balance:

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Restricted for length of service award program – program assets are restricted for the purpose of providing benefits to plan participants. The assets are held in trust and accounted for in the general fund.

- 3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Village’s highest level of decision-making authority (i.e. Board of Trustees). The Village had no committed fund balances as of May 31, 2020.
- 4) **Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the Village’s Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes Board designations not classified as restricted or committed at the end of the fiscal year. The Village had assigned fund balance of \$600,838 as of May 31, 2020.
- 5) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g. expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved revision and then from unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

S. Future changes in accounting standards:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the 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.

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

These are the statements that the Village feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued.

The Village will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND VILLAGE-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the Government-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

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

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

B. Statement of revenues, expenditures, and changes in fund balances vs. statement of activities:

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of two broad categories. The amounts shown represent:

i) Capital related differences:

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

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

ii) Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned.

Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary data:

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

- i) No later than March 20, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for the general fund.
- ii) After public hearings are conducted to obtain taxpayer comments, no later than May 1, the governing board adopts the budget.
- iii) All modifications of the budget must be approved by the governing board. The Treasurer, however, is authorized to make budget transfers within departments.

Formal budgetary accounting is employed as a management control in the general fund. Expenditures are appropriated and compared to actual results in the general fund Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The general fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees. Individual amendments for the current year were not material in relation to the original appropriations which were amended. Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward.

Budgets are established and used for individual capital project expenditures as approved by a special referendum of the Village’s Board. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

B. Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, if applicable, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A. Cash:

The Village’s investment policies are governed by New York State statutes. In addition, the Village is required to have its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts, time deposit 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.

Custodial credit risk is the risk that in the event of a bank failure, the Village’s deposits may not be returned to it. While the Village does not have a specific policy for custodial credit risk. New York State statutes govern the Village’s investment policies, as discussed previously in these Notes.

All of the Village’s aggregate bank balances were covered by depository insurance or collateralized with securities held by pledging financial institutions in the Village’s name at year end. None were exposed to custodial credit risk as described above at year end.

NOTE 5 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS AND FIDUCIARY FUND:

The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General fund	\$ 5,991			
Total government activities	5,991	-	-	-
Fiduciary agency fund		\$ 5,991		
Totals	<u>\$ 5,991</u>	<u>\$ 5,991</u>	<u>\$ -</u>	<u>\$ -</u>

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable in the general fund at May 31, 2020 consisted of Consolidated Local Street and Highway Improvement Program (CHIPS) aid in the amount of \$149,118.

The Village has deemed this amount to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at May 31, 2020 consisted of the following:

Nassau County Taxes	\$ 60,457
Fines and Forfeited Bail	465
Total	<u>\$ 60,922</u>

The Village has deemed the amount to be fully collectible.

NOTE 8 - CAPITAL ASSETS:

Capital asset balances and activity for the fiscal year ended May 31, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,111	\$ -	\$ -	\$ 5,111
Total capital assets not being depreciated	<u>5,111</u>	<u>-</u>	<u>-</u>	<u>5,111</u>
Capital assets that are depreciated:				
Land improvements	56,111	-	-	56,111
Infrastructure	6,965,667	301,249	-	7,266,916
Structures	3,023,941	7,930	-	3,031,871
Vehicles and vehicle equipment	609,131	241,307	(135,009)	715,429
Machinery and equipment	425,166	5,934	(15,150)	415,950
Total capital assets being depreciated	<u>11,080,016</u>	<u>556,420</u>	<u>(150,159)</u>	<u>11,486,277</u>
Less accumulated depreciation:				
Land improvements	25,224	2,806	-	28,030
Infrastructure	3,318,440	355,817	-	3,674,257
Structures	929,804	84,952	-	1,014,756
Vehicles and vehicle equipment	529,722	37,773	(135,009)	432,486
Machinery and equipment	324,179	16,874	(14,119)	326,934
Total accumulated depreciation	<u>5,127,369</u>	<u>498,222</u>	<u>(149,128)</u>	<u>5,476,463</u>
Total capital assets being depreciated, net	<u>5,952,647</u>	<u>58,198</u>	<u>(1,031)</u>	<u>6,009,814</u>
Total capital assets, net	<u>\$ 5,957,758</u>	<u>\$ 58,198</u>	<u>\$ (1,031)</u>	<u>\$ 6,014,925</u>

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Depreciation expense of \$498,222 and loss on disposal of \$1,031 was not allocated to the governmental functions.

NOTE 9 - SHORT-TERM DEBT:

The Village did not issue or redeem any short-term debt during the year.

NOTE 10- LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due within One Year
Total other post-employment benefits obligation	\$ 310,739	\$ 189,604	\$ 50,506	\$ 449,837	
LOSAP liability - proportionate share	1,021,122	267,208	85,206	1,203,124	
Net pension liability proportionate share - employees' retirement system	141,986	466,893	94,850	514,029	
Total long-term liabilities	<u>\$ 1,473,847</u>	<u>\$ 923,705</u>	<u>\$ 230,562</u>	<u>\$ 2,166,990</u>	<u>\$ -</u>

The general fund has typically been used to liquidate long-term liabilities such as other post-employment benefits, net pension, and LOSAP liabilities.

NOTE 11- PENSION PLANS:

A. Plan description and benefits provided:

Employees' Retirement System

The Village participates in the New York State and Local Employees' Retirement System ("the System"). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in

THE INCORPORATED VILLAGE OF FLOWER HILL
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the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B. Funding policies:

The System is noncontributory, except as follows:

- a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

The Comptroller certifies the actuarially determined rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund.

The Village contributions made to the System was equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the Village's fiscal year-end were:

	<u>NYERS</u>
2020	\$ 94,294
2019	\$ 99,678
2018	\$ 113,844

C. Pension assets, liabilities, pension expense, and deferred outflows and inflows of resources related to pensions:

At May 31, 2020, the Village reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Village.

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Measurement date	March 31, 2020
Net pension liability	\$ 514,029
Village's portion of the Plan's total net pension liability	0.0019412%
Change in proportion since the prior measurement date	-0.0000628

For the fiscal year ended May 31, 2020, the Village recognized pension expense of \$185,877. At May 31, 2020 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,253	
Changes of assumptions	10,350	8,937
Net difference between projected and actual earnings on pension plan investments	263,516	
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,983	23,465
Employer contributions subsequent to the measurement date	16,791	
	<u>\$ 358,893</u>	<u>\$ 32,402</u>

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

Fiscal year ended:	
2021	\$ 56,217
2022	78,774
2023	95,099
2024	79,610
	<u>\$ 309,700</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.8%
Salary scale	4.20%
Cost of living adjustments	1.3% annually
Decrement tables	April 1, 2010 - March 31, 2015
	System's Experience
Inflation rate	2.50%

The annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

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

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For the Fiscal Year Ended May 31, 2020

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

<u>Valuation date</u>	<u>April 1, 2019</u>	
<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36%	4.05%
International equity	14%	6.15%
Private equity	10%	6.75%
Real estate	10%	4.95%
Absolute return strategies	2%	3.25%
Opportunistic portfolio	3%	4.65%
Real assets	3%	5.95%
Bonds and mortgages	17%	0.75%
Cash and cash equivalents	1%	0.00%
Inflation-indexed bonds	4%	50.00%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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For the Fiscal Year Ended May 31, 2020

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

ERS	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
Employer's proportionate share of the net pension asset (liability)	\$ (943,388)	\$ (514,029)	\$ (118,587)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation date were as follows:

	(Dollars in Thousands)
Valuation date	April 1, 2019
Employers' total pension liability	\$ (194,596,261)
Plan Fiduciary Net Position	168,115,682
Employers' net pension liability	<u>\$ (26,480,579)</u>
Ratio of plan fiduciary net position to the Employers' total pension liability	86.39%

Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of May 31, 2020 represent the projected employer contribution for the period of April 1, 2019 through May 31, 2020 based on paid wages multiplied by the employer's contribution rate, by tier. Accrued ERS retirement contributions as of May 31, 2020 amounted to \$16,791.

NOTE 12 – OTHER RETIREMENT PLANS:

A. Deferred compensation plan:

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions to the Plan. The amount deferred by eligible employees for the fiscal year ended May 31, 2020 was \$58,864.

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For the Fiscal Year Ended May 31, 2020

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A. General information about the OPEB plan:

Plan Description

The Village’s OPEB Plan (the “Plan”), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their spouses if hired prior to July 6, 1992. Benefits are provided through the New York State Health Insurance Program (NYSHIP). Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the Village. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees hired prior to July 6, 1992 and their spouses. Benefit terms provide for the Village to contribute 90% - 100% of premiums for retirees and Medicare Part B premiums reimbursement only for surviving spouses. The Village recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For the fiscal year ended May 31, 2020, the Village contributed an estimated \$50,506 to the Plan, including \$50,506 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the Village to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	-
Total members	5

B. Total OPEB liability:

The Village’s total OPEB liability of \$449,837 was measured as of May 31, 2020, and was determined by an actuarial valuation as of June 1, 2019.

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the May 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Discount rate	2.63%
Healthcare cost trend rates	8.0% decreasing to 5% ultimate
Retirees' share of benefit-related costs	0% - 10% of health insurance premiums for retirees and 100% surviving spouse coverage

The discount rate was based on the S&P 20 AA Municipal Bond Index.

Mortality rates were based on the RP 2006 with MP 2019 projection.

The actuarial assumptions used in the May 31, 2020 valuation were determined using the Entry Age Normal Cost Method. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the total OPEB liability:

	Total OPEB Liability
Balance at May 31, 2019	<u>\$ 310,739</u>
Changes for the fiscal year:	
Service cost	-
Interest	10,820
Differences between expected and actual experience	62,450
Plan experience	91,011
Changes in assumptions or other inputs	25,323
Benefit payments	<u>(50,506)</u>
Net changes	139,098
Balance at May 31, 2020	<u><u>\$ 449,837</u></u>

There were no significant plan changes since the last valuation.

Changes in assumptions or other inputs include the following:

- The discount rate was changed from 3.79% to 2.63%.

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

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

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.63%) or 1-percentage-point higher (3.63%) than the current discount rate:

	1% Decrease (1.63%)	Discount Rate (2.63%)	1% Increase (3.63%)
Total OPEB liability	\$471,673	\$449,837	\$428,000

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

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.0%)	1% Increase (9.00% decreasing to 6.0%)
Total OPEB liability	\$397,656	\$449,837	\$505,617

D. OPEB Expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the fiscal year ended May 31, 2020, the Village recognized OPEB expense of \$408,326. The Village reported no deferred inflows and outflows of resources related to OPEB as of May 31, 2020.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

NOTE 14 – LENGTH OF SERVICE AWARDS PROGRAM – LOSAP:

Plan Description

The Village participates in two multi-employer, defined benefit, length of service award programs ("LOSAPs") established under section 457(e)(11) of the Internal Revenue Code. The Roslyn Volunteer Firefighter Service Award Program took effect on January 1, 1996 for the active volunteer firefighters of the Roslyn Highlands Hook & Ladder, Engine & Hose Company, Inc. and the Rescue Hook & Ladder Company No. 1. The ten municipalities sponsoring this program are the Town of North Hempstead, Town of Oyster Bay, Village of Brookville, Village of East Hills, Village of Flower Hill, Village of North Hills, Village of Old Westbury, Village of Roslyn, Village of Roslyn Estates, and Village of Roslyn Harbor. The Port Washington Fire Department, Inc. Service Award Program took effect on January 1, 1993 for the active volunteer firefighters of the Port Washington Fire Department, Inc. The seven municipalities sponsoring this program are the Town of North Hempstead, Village of Flower Hill, Village of Baxter Estates, Village of Manorhaven, Village of Plandome Manor, Village of Port Washington North, and Village of Sands Point. Both programs were established pursuant to Article 11-A of the New York State General Municipal Law. The programs provide municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is a member of the joint sponsoring board of both programs along with other local municipalities. The information contained in this note is based on information for the LOSAPs for the plan year ending December 31, 2019, which is the most recent plan year for which complete information is available.

Under both LOSAP programs, an eligible program participant is defined to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Award Program Service Credit. An active volunteer firefighter earns a year of Service Credit for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program.

For the Roslyn LOSAP, participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit, becoming totally and permanently disabled, dying while an active volunteer, or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 62 and is the age at which benefits begin to be paid to Participants.

For the Port Washington LOSAP, participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is age 65 and is the age at which benefits begin to be paid to Participants.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Benefits Provided

Under both LOSAP programs, a participant's Service Award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals \$20.00 multiplied by the total number of years of Service Credit earned by the participant. The maximum number of years of Service Credit a participant may earn is 30 years under the Roslyn Volunteer Firefighter Service Award Program and 40 years under the Port Washington Fire Department, Inc. Service Award Program. Currently, there are no other forms of payment of a volunteer's earned Service Award under the programs. Except in the case of pre-Entitlement Age death or total and permanent disablement, a participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who continue to be active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Service Credit and thereby increase their Service Award payments. The pre-Entitlement Age death and disability benefit is equal to the actuarial value of the participant's earned Service Award at the time of death or disablement. All death and disability benefits are self-insured and paid from each program's Trust Fund. The programs do not provide extra line-of-duty death or disability benefits. Under the Roslyn Volunteer Firefighter Service Award Program only, if a pre-Entitlement Age participant is an active member at the time of death, the minimum death benefit payable is \$10,000.

Participants Covered by the Benefit Terms

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

	Roslyn LOSAP	Port Washington LOSAP
Inactive participants currently receiving benefit payments	48	49
Inactive participants entitled to but not yet receiving benefit payments	92	72
Active participants	95	209
Total	235	330

Contributions

New York State General Municipal Law §219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village.

Trust Assets

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

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Measurement of Total LOSAP Liability

The total LOSAP liability at the December 31, 2019 measurement date was determined using an actuarial valuation as of December 31, 2018, with update procedures used to roll forward the total LOSAP liability to December 31, 2019.

Actuarial Assumptions

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

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

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

Discount Rate

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

Proportionate Share of LOSAP Liabilities

Roslyn LOSAP	
Measurement date	December 31, 2019
LOSAP liability	\$ 479,717
Village's portion of the Plan's total LOSAP liability	7.1564%
Change in proportion since the prior measurement date	0.3666%

Port Washington LOSAP	
Measurement date	December 31, 2019
LOSAP liability	\$ 723,407
Village's portion of the Plan's total LOSAP liability	8.72%
Change in proportion since the prior measurement date	1.43%

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Sensitivity of the Total LOSAP Liability to Changes in the Discount Rate

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

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Village's proportionate share of Roslyn LOSAP liability	\$570,486	\$479,717	\$408,302
Village's proportionate share of Port Washington LOSAP liability	874,004	723,407	605,112
Total LOSAP liability - proportionate share	\$1,444,490	\$1,203,124	\$1,013,414

LOSAP Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to LOSAP

For the fiscal year ended May 31, 2020 the Village recognized LOSAP expense of \$85,206. Of this amount, \$32,916 was attributable to the Roslyn LOSAP and \$52,290 was attributable to the Port Washington LOSAP. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Roslyn LOSAP:		
Differences between expected and actual experience	\$ 6,672	
Changes of assumptions or other inputs	56,962	\$ 30,107
Changes in proportion	31,538	10,843
Benefit payments & administrative expenses subsequent to the measurement date	6,558	
Port Washington LOSAP:		
Differences between expected and actual experience		51,225
Changes of assumptions or other inputs	56,249	43,450
Changes in proportion	103,902	
Benefit payments & administrative expenses subsequent to the measurement date	7,995	
	<u>\$ 269,876</u>	<u>\$ 135,625</u>

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

Deferred outflows of resources related to LOSAP resulting from Village transactions subsequent to the measurement date reported in the amount of \$14,553 are comprised of \$6,558 for the Roslyn LOSAP and \$7,995 for the Port Washington LOSAP and will be recognized as a reduction of the total LOSAP liability in the fiscal year ended May 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LOSAP will be recognized in LOSAP expense as follows:

Year Ended May 31:	Roslyn LOSAP	Port Washington LOSAP	Total
2021	\$ 6,271	\$ 10,386	\$ 16,657
2022	6,271	10,386	16,657
2023	6,271	10,386	16,657
2024	6,271	10,386	16,657
2025	6,271	10,386	16,657
Thereafter	22,867	13,546	36,413
	<u>\$ 54,222</u>	<u>\$ 65,476</u>	<u>\$ 119,698</u>

NOTE 15 – RISK MANAGEMENT:

The Village is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 16 – COMMITMENTS AND CONTINGENCIES:

A. Litigation:

The Village is involved in litigation proceedings resulting from the conduct of its affairs. Management cannot estimate monetary amounts associated with the resolution of these cases, nor the likelihood of an unfavorable outcome.

B. Certiorari proceedings:

From time to time, the Village is involved in 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. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for the taxes collected through May 31, 2020, which could affect future operating budgets of the Village.

THE INCORPORATED VILLAGE OF FLOWER HILL
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended May 31, 2020

NOTE 17 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through November 13, 2020, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

THE INCORPORATED VILLAGE OF FLOWER HILL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 1,941,905	\$ 1,941,905	\$ 1,927,047	\$ (14,858)
Interest and penalties on real property taxes	15,000	15,000	11,642	(3,358)
Payment in lieu of taxes	40,000	40,000	38,790	(1,210)
Non-property tax items	229,000	229,000	201,568	(27,432)
Use of money and property	17,400	17,400	201,230	183,830
Departmental income	66,500	66,500	68,275	1,775
Licenses and permits	735,000	735,000	732,853	(2,147)
Fines and forfeitures	65,000	65,000	45,748	(19,252)
Miscellaneous	107,200	107,200	24,263	(82,937)
Total Local Sources	3,217,005	3,217,005	3,251,416	34,411
State Sources				
Per capita	20,000	20,000	19,896	(104)
Mortgage tax	160,000	160,000	135,848	(24,152)
Highway aid	150,000	150,000	149,118	(882)
Dormitory Authority grant reimbursement			94,710	94,710
Sales tax aid	13,000	13,000	12,962	(38)
Total State Sources	343,000	343,000	412,534	69,534
Total Revenues	3,560,005	3,560,005	3,663,950	103,945
Other Financing Sources				
Interfund Transfers	-	-	-	-
Total Revenues and Other Financing Sources	3,560,005	3,560,005	\$ 3,663,950	\$ 103,945
Appropriated Fund Balance	595,000	595,000		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	\$ 4,155,005	\$ 4,155,005		

Note to Required Supplementary Information

Budget Basis of Accounting

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

THE INCORPORATED VILLAGE OF FLOWER HILL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Fiscal Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
<u>GENERAL GOVERNMENT SUPPORT</u>					
Board of trustees	\$ 1,750	\$ 1,750	\$ 3,674		\$ (1,924)
Village justice	77,200	77,200	79,313		(2,113)
Mayor	1,200	1,200	692		508
Auditor	40,000	40,000	34,573		5,427
Budget Officer	150	150	-		150
Assessment	750	750	182		568
Taxes	500	500	-		500
Treasurer/Clerk	271,005	271,005	266,419		4,586
Law	92,000	92,000	135,657		(43,657)
Engineer	55,000	55,000	83,820		(28,820)
Elections	750	750	1,663		(913)
Building	109,750	109,750	137,923		(28,173)
Cental garage	26,000	26,000	20,156		5,844
Unallocated insurance	68,000	68,000	50,630		17,370
Municipal association dues	14,000	14,000	10,690		3,310
Judgments & claims	75,000	75,000	59,167		15,833
Other	2,000	2,000	250		-
Contingency	100,000	100,000	-		100,000
Total General Government Support	<u>935,055</u>	<u>935,055</u>	<u>884,809</u>	<u>-</u>	<u>50,246</u>
<u>PUBLIC SAFETY</u>					
Code Officer	84,550	84,550	84,387		163
Fire department	579,000	579,000	543,518		35,482
Safety inspection	213,250	213,250	204,895		8,355
Total Public Safety	<u>876,800</u>	<u>876,800</u>	<u>832,800</u>	<u>-</u>	<u>44,000</u>
<u>TRANSPORTATION</u>					
Street administration	90,000	90,000	93,462		(3,462)
Street maintenance	724,500	724,500	662,359		62,141
Snow plow	40,000	40,000	19,445		20,555
Street lighting	3,300	3,300	4,278		(978)
Total Transportation	<u>857,800</u>	<u>857,800</u>	<u>779,544</u>	<u>-</u>	<u>78,256</u>
<u>ECONOMIC OPPORTUNITY AND DEVELOPMENT</u>					
Publicity	3,750	3,750	2,533		1,217
Total Economic Opportunity and Development	<u>3,750</u>	<u>3,750</u>	<u>2,533</u>	<u>-</u>	<u>1,217</u>
Balance carried forward	<u>\$ 2,673,405</u>	<u>\$ 2,673,405</u>	<u>\$ 2,499,686</u>	<u>\$ -</u>	<u>\$ 173,719</u>

Note to Required Supplementary Information

Budget Basis of Accounting

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

INCORPORATED VILLAGE OF FLOWER HILL
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Fiscal Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
Balance carried forward	\$ 2,673,405	\$ 2,673,405	\$ 2,499,686	\$ -	\$ 173,719
<u>CULTURE AND RECREATION</u>					
Parks and recreation	89,300	89,300	21,393		67,907
Total Culture and Recreation	89,300	89,300	21,393	-	67,907
<u>HOME AND COMMUNITY SERVICE</u>					
Refuse and garbage	839,300	839,300	800,000		39,300
Sanitation	12,000	12,000	15,388		(3,388)
Total Home and Community Service	851,300	851,300	815,388	-	35,912
<u>EMPLOYEE BENEFITS</u>					
Worker's compensation	40,000	40,000	20,688		19,312
Unemployment insurance	-	-	-		-
Disability insurance	2,000	2,000	1,129		871
Health insurance	280,000	280,000	228,767		51,233
Social security benefits	45,000	45,000	58,282		(13,282)
Length of service award programs	53,000	53,000	3,155		49,845
State retirement system	121,000	121,000	94,294		26,706
Total Employee Benefits	541,000	541,000	406,315	-	134,685
<u>OTHER FINANCING USES</u>					
Interfund Transfers			-	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 4,155,005	\$ 4,155,005	\$ 3,742,782	\$ -	\$ 412,223
Net change in fund balances			(78,832)		
Fund balances - beginning of year			2,651,859		
Fund balances - end of year			<u>\$ 2,573,027</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

THE INCORPORATED VILLAGE OF FLOWER HILL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
For the Fiscal Years Ended May 31,

	<u>2020</u>	<u>2019</u>	<u>2018*</u>
Total OPEB Liability			
Service cost	\$ -	\$ -	\$ -
Interest	10,820	22,006	23,884
Changes of benefit terms	-	-	-
Differences between expected and actual experience	62,450	(203,884)	
Changes in assumptions or other inputs	116,334	(48,093)	(37,377)
Benefit payments	<u>(50,506)</u>	<u>(39,931)</u>	<u>(73,043)</u>
Net change in total OPEB liability	139,098	(269,902)	(86,536)
Total OPEB liability - beginning	<u>310,739</u>	<u>580,641</u>	<u>667,177</u>
Total OPEB liability - ending	<u>\$ 449,837</u>	<u>\$ 310,739</u>	<u>\$ 580,641</u>
Covered-employee payroll	\$ -	\$ -	\$ -
Total OPEB liability as a percentage of covered-employee payroll	-	-	-

* As restated

Notes to Schedule:

Changes of assumptions or other inputs

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.63%
2019	3.79%
2018	3.58%

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 to pay related benefits.

The amounts presented for the fiscal year were determined as of the measurement date of the plan.

THE INCORPORATED VILLAGE OF FLOWER HILL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Years Ended May 31, *

	NYSERS Pension Plan				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability	0.0019412%	0.0020040%	0.0026047%	0.0024572%	0.0002968%
Village's proportionate share of the net pension liability	\$ 514,029	\$ 141,986	\$ 84,066	\$ 230,886	\$ 408,074
Village's covered payroll	\$ 746,622	\$ 695,107	\$ 802,329	\$ 776,527	\$ 727,605
Village's proportionate share of the net pension liability as a percentage of its covered payroll	68.85%	20.43%	10.48%	29.73%	56.08%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%

*The amounts presented for each fiscal year were determined as of the measurement date of the plan.

THE INCORPORATED VILLAGE OF FLOWER HILL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGES' CONTRIBUTIONS
For the Last Ten Fiscal Years Ended May 31.

	NYSERS Pension Plan									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 94,294	\$ 99,678	\$ 113,844	\$ 110,188	\$ 127,667	\$ 124,149	\$ 162,313	\$ 123,880	\$ 91,345	\$ 59,539
Contributions in relation to the contractually required contribution	94,294	99,678	113,844	110,188	127,667	124,149	162,313	123,880	91,345	59,539
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered employee payroll	\$ 745,454	\$ 729,824	\$ 791,076	\$ 776,527	\$ 727,605	\$ 690,651	\$ 721,360	\$ 621,516	\$ 554,181	\$ 530,324
Contributions as a percentage of covered payroll	12.65%	13.66%	14.39%	14.19%	17.55%	17.98%	22.50%	19.93%	16.48%	11.23%

THE INCORPORATED VILLAGE OF FLOWER HILL
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE TOTAL LOSAP LIABILITY
For the Fiscal Years Ended May 31, *

Length of Service Award Programs (LOSAPs)				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Roslyn LOSAP</u>				
Village's proportion of the total LOSAP liability	7.1564%	6.7928%	7.0066%	6.8080%
Village's proportionate share of the total LOSAP liability	\$ 479,717	\$ 420,215	\$ 455,233	\$ 387,217
<u>Port Washington LOSAP</u>				
Village's proportion of the total LOSAP liability	8.7200%	7.2860%	7.2860%	7.2860%
Village's proportionate share of the total LOSAP liability	\$ 723,407	\$ 600,907	\$ 622,555	\$ 546,522

Notes to Required Supplementary Information

Changes of Assumptions or Other Inputs

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

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

Trust Assets

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

*The amounts presented for each fiscal year were determined as of the measurement dates of the plans.



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

To the Board of Trustees
Incorporated Village Flower Hill

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, general fund, and the fiduciary fund of the Incorporated Village of Flower Hill, as of and for the fiscal year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Flower Hill's basic financial statements, and have issued our report thereon dated November 13, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Incorporated Village of Flower Hill'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 Incorporated Village of Flower Hill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Incorporated Village of Flower Hill'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Incorporated Village of Flower Hill's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
November 13, 2020



R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926-2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

November 13, 2020

To the Board of Trustees
Incorporated Village of Flower Hill
1 Bonnie Heights Road
Manhasset, New York 11030

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Incorporated Village of Flower Hill for the fiscal year ended May 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 18, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Incorporated Village of Flower Hill are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2020. We noted no transactions entered into by the Village of Flower Hill during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Incorporated Village of Flower Hill's financial statements were:

- Useful Life of Capital Assets - Management's estimate of the useful life of capital assets is based on the historical asset life information for the Village's capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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