

**THE INCORPORATED VILLAGE OF FLOWER HILL**

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED MAY 31, 2019

**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)

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

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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, 2019, 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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Alexandria M. Battaglia, CPA

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

In planning and performing our audit of the 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, 2019, in accordance with auditing standards generally accepted in the United States of America, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning these matters.

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This communication is intended solely for the information and use of the Board of Trustees and management of the Village and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
November 27, 2019



November 27, 2019

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, 2019. 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 June 18, 2018. 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. As described in Note 1 to the financial statements, the Incorporated Village of Flower Hill changed accounting policies related to other post-employment benefits by updating the measurement date utilized in the Village's actuarial valuation to coincide with the Village's fiscal year-end in 2019. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the Incorporated Village of Flower Hill during the fiscal 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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- Length of Service Awards Program – Management’s estimate of the Length of Service Awards Program liabilities described in Note 12 to the financial statements discloses the present value of future obligations under the program, as provided by a third party and the Village’s current financial resources to fund these future obligations. 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.
- Net Pension Liability – Management’s estimate of the liability for retirement systems is based on an actuarial valuation report prepared by a third party. 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.
- Other Post-Retirement Benefits Obligation – Management’s estimate of the liability for other post-retirement benefits is based on an actuarial valuation report prepared by a third party. 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.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements detected as a result of audit procedures. In addition, the misstatements were not material, to each opinion unit’s financial statement taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 8, 2019.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Incorporated Village of Flower Hill's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Incorporated Village of Flower Hill's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

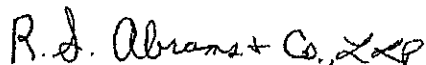
### Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison, schedule of the Village's proportionate share of the net pension liability, schedule of the Village's contributions, schedule of changes in the Village's total OPEB liability, and schedule of the Village's proportionate share of the total LOSAP liability which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of the Incorporated Village of Flower Hill and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



R.S. Abrams & Co., LLP



## ***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, 2019, 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.

## ***Emphasis of Matter - Change in Accounting Principle***

As described in Note 1 to the financial statements, in 2019, the Incorporated Village of Flower Hill changed accounting policies related to other post-employment benefits by updating the measurement date utilized in the Village's actuarial valuation to coincide with the Village's fiscal year-end. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the 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 27, 2019, 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 27, 2019

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2019

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, 2019. 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 2019 are as follows:

- The Village's net position for fiscal year ending May 31, 2019 was \$6,996,900. This was a decrease of \$210,239 from the prior year as expenditures exceeded revenue based on the economic resources measurement focus and the accrual basis of accounting.
- Revenues and other financing sources in the general fund decreased by \$275,829 to \$3,559,301 in fiscal year ending May 31, 2019 from \$3,835,130 in fiscal year ending May 31, 2018, largely attributable to the decrease in operating transfers in, use of money and property, and licenses and permits offset by an increase in state sources and real property taxes.
- Actual general fund revenues and other financing sources for the fiscal year ended May 31, 2019 were higher than the final budget by \$135,621.
- The Village updated the measurement date utilized for the actuarial valuation of its other post-employment benefits obligation to coincide with the Village's fiscal year end. This change in accounting principle resulted in the restatement of opening net position. As a result, the Village's total net position as of May 31, 2018 was restated and decreased by \$16,409.

**2) OVERVIEW OF THE FINANCIAL STATEMENTS**

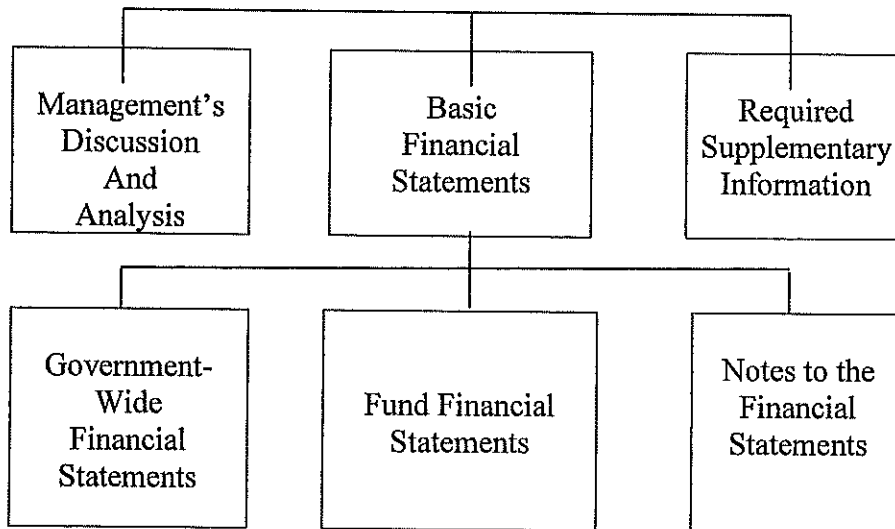
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

- 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. Table A-1 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, 2019

Table A-1: 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, 2019

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2019

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.

**3) FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

**A. Net Position**

The Village's net position decreased by \$210,239 in the fiscal year ended May 31, 2019 as detailed below:

	2019	2018*	Increase/ (Decrease)	Total Percentage Change
Current assets	\$ 2,776,632	\$ 2,884,836	\$ (108,204)	(3.75%)
Capital assets, net of depreciation	5,957,758	6,094,723	(136,965)	(2.25%)
Total assets	<u>8,734,390</u>	<u>8,979,559</u>	<u>(245,169)</u>	-2.73%
Deferred outflows of resources	<u>227,630</u>	<u>448,277</u>	<u>(220,647)</u>	(49.22%)
Other liabilities	87,955	97,178	(9,223)	(9.49%)
Long-term liabilities	<u>1,473,847</u>	<u>1,742,495</u>	<u>(268,648)</u>	(15.42%)
Total liabilities	<u>1,561,802</u>	<u>1,839,673</u>	<u>(277,871)</u>	(15.10%)
Deferred inflows of resources	<u>403,318</u>	<u>381,024</u>	<u>22,294</u>	5.85%
Net position				
Net investment in capital assets	5,957,758	6,094,723	(136,965)	(2.25%)
Restricted	541,827	560,028	(18,201)	(3.25%)
Unrestricted	<u>497,315</u>	<u>552,388</u>	<u>(55,073)</u>	(9.97%)
Total net position	<u>\$ 6,996,900</u>	<u>\$ 7,207,139</u>	<u>\$ (210,239)</u>	(2.92%)

\*Long-term liabilities, deferred inflows, deferred outflows, and unrestricted net position for 2018 have been restated due to a change in measurement date for the Village's actuarial valuation of its total other post-employment benefits obligation. See Note 15 for further information.

Current assets decreased by \$108,204 compared to the prior year, primarily due to a decrease in cash and length of service award program assets offset by an increase in state aid receivable.

Capital assets (net of depreciation) decreased by \$136,965, as compared to the prior year. This was primarily attributable to an excess of depreciation over current year additions.

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2019

Notes 11 and 14, respectively.

Other liabilities decreased by \$9,223, as compared to the prior year, primarily due to a decrease in accounts payable offset by an increase in accrued liabilities and due to employees' retirement system.

Long-term liabilities decreased by \$268,648, as compared to the prior year, due to a decrease in total other post-employment benefits obligations and the length of service award program liability – proportionate share offset by and increase in net pension liability-proportionate share. See Note 10 for more information.

The changes in deferred inflows represent amortization of pension related items, other post-employment benefits, and length of service award programs as discussed in Notes 11, 13, 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 decreased by \$136,965 as compared to the prior year, as a result of the decrease in capital assets.

The restricted net position at May 31, 2019, 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 decreased by \$18,201 due to a decrease in service award program assets.

Unrestricted net position is the balance of the Village's net position. This amount decreased by \$55,073.

**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, 2019 and 2018 is as follows:

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2019

	Fiscal Year 2019	Fiscal Year 2018	Increase/ (Decrease)	Percentage Change
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 868,798	\$ 1,037,044	\$ (168,246)	(16.22%)
Capital Grants	274,209		274,209	100.00%
General revenues				
Real property taxes	1,933,043	1,907,942	25,101	1.32%
State sources	171,462	377,382	(205,920)	(54.57%)
Other	306,095	373,616	(67,521)	(18.07%)
Total revenues	<u>3,553,607</u>	<u>3,695,984</u>	<u>(142,377)</u>	<u>(3.85%)</u>
<b>Expenses</b>				
General support	581,263	498,516	82,747	16.60%
Public safety	1,028,031	933,433	94,598	10.13%
Transportation	749,307	710,831	38,476	5.41%
Economic opportunity & development	2,411	2,981	(570)	(19.12%)
Culture & recreation	25,276	87,524	(62,248)	(71.12%)
Home & community services	810,153	765,470	44,683	5.84%
Depreciation (unallocated)	567,405	469,851	97,554	20.76%
Total expenses	<u>3,763,846</u>	<u>3,468,606</u>	<u>295,240</u>	<u>8.51%</u>
Change in net position	<u>\$ (210,239)</u>	<u>\$ 227,378</u>	<u>\$ (437,617)</u>	<u>(192.46%)</u>

Information for 2018 was not restated for the change in measurement date for the Village's actuarial valuation of its total other post-employment benefits obligation as all information was not readily available. The cumulative effect of applying the change in account principle is shown as an adjustment to the beginning net position in 2019. See Note 15 for more information.

The Village's revenues decreased by \$142,377 or 3.85%. The decrease is due primarily to the decrease in charges for services, state sources and other revenues offset by an increase in capital grants and real property taxes.

The Village's expenses for the year increased by \$295,240 or 8.51%. This was primarily due to increased general support, public safety, home and community, and depreciation expenses offset by decreases in expenses related to culture and recreation.

**4) FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

Variations between years for the governmental Fund Financial Statements are not the same as variations 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.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2019

At May 31, 2019, the general fund reported a fund balance of \$2,651,859, which is a decrease of \$93,287 from the previous fiscal year's fund balance.

Overall revenues and other financing sources increased by \$275,829 (7.19%) compared to the prior fiscal year. This was primarily due to the decrease in operating transfers in, use of money and property, and licenses and permits offset by an increase in state sources and real property taxes.

Expenditures increased by \$235,801 (6.90%) compared to the prior fiscal year. General government support and public safety costs increased from the prior fiscal year by \$92,342 and \$97,918, respectively. The increase in public safety expenditures was primarily due to increased costs related to safety inspections and fire department services. There were also increases in expenditures related to transportation of \$34,326, home and community services of \$44,683, and employee benefits of \$29,350 offset by a decrease in culture and recreation expenditures of \$62,248.

**5) GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village's approved general fund adopted budget for the year ended May 31, 2019 was \$3,858,680. The majority of the funding was real property tax revenue of \$1,927,439.

	<u>Final Budget</u>	<u>Actual</u>	<u>Over/(Under)</u>
<b>Revenues</b>			
Real property taxes	\$ 1,927,439	\$ 1,938,737	\$ 11,298
State sources	303,341	445,671	142,330
Other	1,192,900	1,174,893	(18,007)
	<u>\$ 3,423,680</u>	<u>\$ 3,559,301</u>	<u>\$ 135,621</u>
<b>Expenditures</b>			
General support	910,950	834,179	(76,771)
Public safety	904,995	872,236	(32,759)
Transportation*	629,700	851,272	221,572
Culture & recreation	50,000	25,276	(24,724)
Home & community services	801,157	810,153	8,996
Employee benefits	566,473	491,868	(74,605)
Other	55,000	2,411	(52,589)
	<u>\$ 3,918,275</u>	<u>\$ 3,887,395</u>	<u>\$ (30,880)</u>

\*Includes year-end encumbrances.

The revenues over budget in the amount of \$135,621 includes are primarily due to revenues from state sources. Expenditures over budget in the amount of \$30,800 are due mainly to transportation encumbrances for the purchase of a truck for Village use, offset by expenditures under budget for general support 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, 2019

**6) CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

At May 31, 2019 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>2019</u>	<u>2018</u>	<u>Increase/ (Decrease)</u>
Land	\$ 5,111	\$ 5,111	\$ -
Land Improvements	56,111	56,111	-
Infrastructure	6,965,667	6,548,102	417,565
Structures	3,023,941	3,023,941	-
Vehicles and vehicle equipment	609,131	605,131	4,000
Machinery and equipment	425,166	416,291	8,875
Sub-Total	11,085,127	10,654,687	430,440
Less: accumulated depreciation	<u>(5,127,369)</u>	<u>(4,559,964)</u>	<u>(567,405)</u>
Total net capital assets	<u>\$ 5,957,758</u>	<u>\$ 6,094,723</u>	<u>\$(136,965)</u>

The net decrease in capital assets is due to capital asset additions of \$430,440 offset by depreciation expense in the amount of \$567,405.

**B. Long-Term Debt**

At May 31, 2019, 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 \$4,155,005 for the fiscal year ended May 31, 2020. This is an increase of \$296,325 or 7.68% 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 Robert McNamara  
Village of Flower Hill  
1 Bonnie Heights Road  
Manhasset, New York 11030

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**STATEMENT OF NET POSITION**  
May 31, 2019

<b>ASSETS</b>	
Current Assets	
Cash	
Unrestricted cash	\$ 1,690,046
Receivables	
Taxes	36,818
Property acquired for taxes	71
Accounts receivable	79,423
State and federal aid receivable	274,209
Due from other governments	58,499
Due from fiduciary fund	95,739
Service award program assets	541,827
Non Current Assets	
Capital assets	
Being depreciated, net of accumulated depreciation	5,952,647
Not being depreciated	5,111
<b>TOTAL ASSETS</b>	<u>8,734,390</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	119,599
Length of service award programs	108,031
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>227,630</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	30,743
Accrued liabilities	38,313
Due to employees' retirement system	17,347
Unearned credits	
Collections in advance	1,552
Long-term liabilities	
Due and payable after one year	
Total other post-employment benefits obligation	310,739
Net pension liability - proportionate share - employees' retirement system	141,986
Length of service award program liability - proportionate share	1,021,122
<b>TOTAL LIABILITIES</b>	<u>1,561,802</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	73,567
Length of service award programs	105,743
Total other post-employment benefits obligation	224,008
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>403,318</u>
<b>NET POSITION</b>	
Net investment in capital assets	5,957,758
Restricted for:	
Length of service award program	541,827
Unrestricted	497,315
<b>TOTAL NET POSITION</b>	<u>\$ 6,996,900</u>

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended May 31, 2019

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants	
General support	\$ 581,263	\$ 107,904		\$ (473,359)
Public safety	1,028,031	760,894		(267,137)
Transportation	749,307		\$274,209	(475,098)
Economic opportunity and development	2,411			(2,411)
Culture and recreation	25,276			(25,276)
Home and community services	810,153			(810,153)
Depreciation (unallocated)	567,405			(567,405)
Total Functions and Programs	\$ 3,763,846	\$ 868,798	\$ 274,209	(2,620,839)
 <b>GENERAL REVENUES</b>				
Real property taxes				1,933,043
Interest and penalties on real property taxes				17,461
Payment in lieu of taxes				37,362
Non-property tax items				226,718
Use of money and property				1,412
Miscellaneous				23,142
State sources				171,462
Total General Revenues				2,410,600
Change in Net Position				(210,239)
Total Net Position - Beginning of Year (As restated, see Note 15)				7,207,139
Total Net Position - End of Year				\$ 6,996,900

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 May 31, 2019

	<b>General Fund</b>
<b>ASSETS</b>	
Cash	
Unrestricted cash	\$ 1,690,046
Receivables	
Taxes	36,818
Property acquired for taxes	71
Accounts receivable	79,423
State and federal aid receivable	274,209
Due from other governments	58,499
Due from fiduciary fund	95,739
Service awards program assets	541,827
Total Assets	\$ 2,776,632
 <b>LIABILITIES</b>	
Payables	
Accounts payable	\$ 30,743
Accrued liabilities	38,313
Due to employees' retirement system	17,347
Unearned credits	
Collections in advance	1,552
Total Liabilities	87,955
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable real property taxes	36,818
Total Deferred Inflows of Resources	36,818
 <b>FUND BALANCES</b>	
Restricted	
Length of service award programs	541,827
Assigned	
Appropriated fund balance	595,000
Unappropriated fund balance	234,807
Unassigned	1,280,225
Total Fund Balance	2,651,859
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,776,632

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
 May 31, 2019

Total Governmental Fund Balances \$ 2,651,859

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	(73,567)
Deferred inflows related to length of service award programs	(105,743)
Deferred inflows related to other post-employment benefits	(224,008)

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.

36,818

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	119,599
Deferred outflows related to length of service award programs	108,031

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	\$ 11,085,127	
Accumulated depreciation	<u>(5,127,369)</u>	5,957,758

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	\$ (310,739)	
Net pension liability - proportionate share (ERS)	(141,986)	
Total length of service award program liability - proportionate share	<u>(1,021,122)</u>	<u>(1,473,847)</u>

Total Net Position		<u>\$ 6,996,900</u>
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**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
For the Fiscal Year Ended May 31, 2019

	<b>General Fund</b>
<b>REVENUES</b>	
Real property taxes	\$ 1,938,737
Interest and penalties on real property taxes	17,461
Payment in lieu of taxes	37,362
Non-property tax items	226,718
Use of money and property	1,412
Departmental income	64,070
Licenses and permits	754,644
Fines and forfeitures	50,084
Miscellaneous	23,142
State sources	445,671
Total Revenues	3,559,301
<b>EXPENDITURES</b>	
General government support	834,179
Public safety	872,236
Transportation	616,465
Economic opportunity and development	2,411
Culture and recreation	25,276
Home and community services	810,153
Employee benefits	491,868
Total Expenditures	3,652,588
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(93,287)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(93,287)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>2,745,146</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 2,651,859</b>

**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, 2019

Net Change in Fund Balances		\$ (93,287)
 Capital Related Items		
<p>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.</p>		
Capital outlays	\$ 430,440	
Depreciation expense	<u>(567,405)</u>	(136,965)
 Long-Term Revenue and Expense Differences		
<p>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, 2019 is</p>		
		(5,694)
<p>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.</p>		
Total other post-employment benefits	75,796	
Employees' retirement system	(3,904)	
Length of service award program	<u>(46,185)</u>	<u>25,707</u>
 Change in Net Position		 <u>\$ (210,239)</u>

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
 May 31, 2019

	Agency Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 618,637
Total Assets	\$ 618,637
<b>LIABILITIES</b>	
Deposits held	\$ 522,898
Due to governmental funds	95,739
Total Liabilities	\$ 618,637



**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

**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.

**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,

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

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.

**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:

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

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.

**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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

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.

**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.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

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 three 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. The third item is related to other post-employment benefits reported in the Government-Wide Statement of Net Position and is detailed further in Note 13.

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

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.

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

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, 2019.
- 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:
  - 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, 2019.
- 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

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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 \$829,807 assigned fund balance as of May 31, 2019.

- 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. Change in accounting principle:**

For the fiscal year ended May 31, 2019, the measurement date utilized for the actuarial valuation of the Village's other post-employment benefits obligation was updated to coincide with the Village's fiscal year end. This resulted in the restatement of the opening total OPEB liability related to the Village's OPEB Plan, as well as deferred inflows of resources, deferred outflows of resources, and net position. See Note 15 for additional information.

**T. Future changes in accounting standards:**

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal year ended May 31, 2020, which provides guidance for the reporting of certain legally enforceable liabilities associated with the retirement of a tangible capital asset.

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended May 31, 2020. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended May 31, 2021. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

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



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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.

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.

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**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.

**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.

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**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	\$ 95,739			
Total government activities	95,739	-	-	-
Fiduciary agency fund		\$ 95,739		
Totals	<u>\$ 95,739</u>	<u>\$ 95,739</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:**

State and federal aid receivable in the general fund at May 31, 2019 consisted of Consolidated Local Street and Highway Improvement Program (CHIPS) aid in the amount of \$274,209.

The Village has deemed this amount to be fully collectible.

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**NOTE 7 – DUE FROM OTHER GOVERNMENTS:**

Due from other governments in the general fund at May 31, 2019 consisted of a Nassau County mortgage tax receivable in the amount of \$58,499.

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, 2019 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
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	6,548,102	417,565		6,965,667
Structures	3,023,941			3,023,941
Vehicles and vehicle equipment	605,131	4,000		609,131
Machinery and equipment	416,291	8,875		425,166
Total capital assets being depreciated	<u>10,649,576</u>	<u>430,440</u>	<u>-</u>	<u>11,080,016</u>
Less accumulated depreciation:				
Land improvements	22,418	2,806		25,224
Infrastructure	2,892,970	425,470		3,318,440
Structures	845,050	84,754		929,804
Vehicles and vehicle equipment	493,364	36,358		529,722
Machinery and equipment	306,162	18,017		324,179
Total accumulated depreciation	<u>4,559,964</u>	<u>567,405</u>	<u>-</u>	<u>5,127,369</u>
Total capital assets being depreciated, net	<u>6,089,612</u>	<u>(136,965)</u>	<u>-</u>	<u>5,952,647</u>
Total capital assets, net	<u>\$ 6,094,723</u>	<u>\$ (136,965)</u>	<u>\$ -</u>	<u>\$ 5,957,758</u>

Depreciation expense of \$567,405 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.

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**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*	580,641	22,006	291,908	310,739	
LOSAP liability - proportionate share	1,077,788	164,425	221,091	1,021,122	
Net pension liability proportionate share - employees' retirement system	84,066	153,915	95,995	141,986	
<b>Total long-term liabilities</b>	<b>\$ 1,742,495</b>	<b>\$ 340,346</b>	<b>\$ 608,994</b>	<b>\$ 1,473,847</b>	<b>\$ -</b>

\*Beginning balance as restated for change in measurement date, see Note 15.

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 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](http://www.osc.state.ny.us/retire/publications/index.php)

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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:

	NYERS
2019	\$ 99,678
2018	\$ 113,844
2017	\$ 110,188

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

At May 31, 2019, 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, 2019
Net pension liability	\$ 141,986
Village's portion of the Plan's total net pension liability	0.0020040%
Change in proportion since the prior measurement date	-0.0006007%

For the fiscal year ended May 31, 2019, the Village recognized pension expense of \$103,581. At May 31, 2019 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	\$ 27,960	\$ 9,531
Changes of assumptions	35,690	
Net difference between projected and actual earnings on pension plan investments		36,442
Changes in proportion and differences between employer contributions and proportionate share of contributions	38,602	27,594
Employer contributions subsequent to the measurement date	17,347	
	<u>\$ 119,599</u>	<u>\$ 73,567</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, 2020. 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:	
2020	\$ 37,792
2021	(24,271)
2022	(922)
2023	16,086
	<u>\$ 28,685</u>

**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

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pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Measurement date	March 31, 2019
Actuarial valuation date	April 1, 2018
Interest rate	7.0%
Salary scale	4.20%
Cost of living adjustments	1.3% annually
Descrement tables	April 1, 2010 - March 31, 2015
Inflation rate	System's Experience 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-2014.

The actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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, 2018</u>	
<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	36%	4.55%
International equity	14%	6.35%
Global equity		
Private equity	10%	7.50%
Real estate	10%	5.55%
Absolute return strategies	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real assets	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	-0.25%
Inflation-indexed bonds	4%	1.25%
	<u>100%</u>	



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Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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.

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 7.0%, 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 (6.0 %) or 1-percentage point higher (8.0%) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension asset (liability)	\$ (620,787)	\$ (141,986)	\$ 260,240

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, 2018
Employers' total pension liability	\$ (189,803,429)
Plan Fiduciary Net Position	182,718,124
Employers' net pension liability	<u>\$ (7,085,305)</u>

Ratio of plan fiduciary net position to the Employers' total pension liability	96.27%
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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, 2019 represent the projected employer contribution for the period of April 1, 2019 through May 31, 2019 based on paid wages multiplied by the employer's contribution rate, by tier. Accrued ERS retirement contributions as of May 31, 2019 amounted to \$17,347.

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**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, 2019 was \$28,220.

**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 100% of premiums for retirees and 100% of the premiums 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 measurement year ended May 31, 2019, the Village contributed an estimated \$39,931 to the Plan, including \$39,931 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, 2019, 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	<u><u>5</u></u>

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**B. Total OPEB liability:**

The Village's total OPEB liability of \$310,739 was measured as of May 31, 2019, and was determined by an actuarial valuation as of May 31, 2019 using the alternate measurement method.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the May 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.79%
Healthcare cost trend rates	6.00% for 2019, and thereafter
Retirees' share of benefit-related costs	0% of health insurance premiums for retirees and surviving spouse coverage

Mortality rates were based on the 94 GAR, projected to 2002.

The actuarial assumptions used in the May 31, 2019 valuation were determined using the Entry Age Normal Cost Method with 10-year amortization of initial OPEB liability. 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:**

	<b>Total OPEB Liability</b>
Balance at May 31, 2018 - as restated	<u>\$ 580,641</u>
Changes for the fiscal year:	
Service cost	
Interest	22,006
Changes of benefit terms	-
Differences between expected and actual experience	(203,884)
Changes in assumptions or other inputs	(48,093)
Benefit payments	(39,931)
Net changes	<u>(269,902)</u>
Balance at May 31, 2019	<u><u>\$ 310,739</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 3.58% to 3.79%.

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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 (2.79%) or 1-percentage-point higher (4.79%) than the current discount rate:

	1% Decrease (2.79%)	Discount Rate (3.79%)	1% Increase (4.79%)
Total OPEB liability	\$328,794	\$310,739	\$294,375

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 (5.00%) or 1-percentage-point higher (7.00%) than the current healthcare cost trend rates:

	1% Decrease (5.00%)	Healthcare Cost Trend Rates (6.00%)	1% Increase (7.00%)
Total OPEB liability	\$294,552	\$310,739	\$328,217

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

For the fiscal year ended May 31, 2019, the Village recognized OPEB expense (credit) of (\$35,866). At May 31, 2019, the Village reported deferred inflows of resources related to OPEB of \$224,008. This represents differences between expected and actual experience and changes in assumptions or other inputs. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal year ended:

2020	57,872
2021	57,872
2022	57,870
2023	50,394
	\$ 224,008

**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, 2018, 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.

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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.

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, 2018 measurement date, the following participants were covered by the benefit terms:

	<u>Roslyn LOSAP</u>	<u>Port Washington LOSAP</u>
Inactive participants currently receiving benefit payments	46	50
Inactive participants entitled to but not yet receiving benefit payments	86	69
Active participants	106	219
Total	<u>238</u>	<u>338</u>

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.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

Trust Assets

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

Measurement of Total LOSAP Liability

The total LOSAP liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of December 31, 2017, with update procedures used to roll forward the total LOSAP liability to December 31, 2018.

Actuarial Assumptions

The total LOSAP liability in the December 31, 2017 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 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. 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, 2018
LOSAP liability	\$ 420,215
Village's portion of the Plan's total LOSAP liability	6.7928%
Change in proportion since the prior measurement date	-0.0214%

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

Port Washington LOSAP	
Measurement date	December 31, 2018
LOSAP liability	\$ 600,907
Village's portion of the Plan's total LOSAP liability	7.2860%
Change in proportion since the prior measurement date	-

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, 2018 measurement date, calculated using the discount rate of 3.64 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 (2.64 percent) or 1-percentage point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Village's proportionate share of Roslyn LOSAP liability	\$497,669	\$420,215	\$358,989
Village's proportionate share of Port Washington LOSAP liability	710,352	600,907	512,783
Total LOSAP liability - proportionate share	\$1,208,021	\$1,021,122	\$871,772

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

For the fiscal year ended May 31, 2019 the Village recognized LOSAP expense of \$74,477. Of this amount, \$27,230 was attributable to the Roslyn LOSAP and \$47,247 was attributable to the Port Washington LOSAP. At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:



**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
<b>Roslyn LOSAP:</b>		
Differences between expected and actual experience	\$ 5,910	
Changes of assumptions or other inputs	32,525	\$ 31,719
Changes in proportion	10,771	12,034
Benefit payments & administrative expenses subsequent to the measurement date	5,764	
<b>Port Washington LOSAP:</b>		
Differences between expected and actual experience		15,502
Changes of assumptions or other inputs	47,243	46,488
Changes in proportion		
Benefit payments & administrative expenses subsequent to the measurement date	5,818	
	<u>\$ 108,031</u>	<u>\$ 105,743</u>

Deferred outflows of resources related to LOSAP resulting from Village transactions subsequent to the measurement date reported in the amount of \$11,582 are comprised of \$5,764 for the Roslyn LOSAP and \$5,818 for the Port Washington LOSAP and will be recognized as a reduction of the total LOSAP liability in the fiscal year ended May 31, 2020.

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:	<u>Roslyn</u> <u>LOSAP</u>	<u>Port Washington</u> <u>LOSAP</u>	<u>Total</u>
2020	\$540	(\$915)	(\$375)
2021	540	(915)	(375)
2022	540	(915)	(375)
2023	540	(915)	(375)
2024	540	(915)	(375)
Thereafter	2,754	(10,173)	(7,419)
	<u>\$5,454</u>	<u>(\$14,748)</u>	<u>(\$9,294)</u>

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2019

**NOTE 15 – PRIOR PERIOD ADJUSTMENTS:**

For the fiscal year ended May 31, 2019, the measurement date utilized for the actuarial valuation of the Village’s other post-employment benefits obligation was updated to coincide with the Village’s fiscal year end. This resulted in the restatement of the opening total OPEB liability related to the Village’s OPEB Plan, as well as deferred inflows of resources, deferred outflows of resources, and net position.

The Village’s opening net position has been restated as follows:

	Government-Wide Net Position
Balance as of May 31, 2018, as reported	\$ 7,223,548
Removal of beginning total OPEB liability	667,177
Removal of beginning deferred outflows of resources	(73,043)
Addition of beginning total OPEB liability	(580,641)
Addition of beginning deferred inflows of resources	(29,902)
	\$ 7,207,139

**NOTE 16 – 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 17 – 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, 2019, 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, 2019

**NOTE 17 – SUBSEQUENT EVENTS:**

The Village has evaluated subsequent events through November 27, 2019, 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, 2019**

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
<b>Local Sources</b>				
Real property taxes	\$ 1,927,439	\$ 1,927,439	\$ 1,938,737	\$ 11,298
Interest and penalties on real property taxes	15,000	15,000	17,461	2,461
Payment in lieu of taxes	40,000	40,000	37,362	(2,638)
Non-property tax items	200,000	200,000	226,718	26,718
Use of money and property	24,400	24,400	1,412	(22,988)
Departmental income	64,000	64,000	64,070	70
Licenses and permits	718,500	718,500	754,644	36,144
Fines and forfeitures	65,000	65,000	50,084	(14,916)
Miscellaneous	66,000	66,000	23,142	(42,858)
<b>Total Local Sources</b>	<u>3,120,339</u>	<u>3,120,339</u>	<u>3,113,630</u>	<u>(6,709)</u>
<b>State Sources</b>				
Per capita	20,000	20,000	19,822	(178)
Mortgage tax	140,000	140,000	149,457	9,457
Highway aid	130,000	130,000	274,209	144,209
Justice court assistance			2,183	2,183
Sales tax aid	13,341	13,341		(13,341)
<b>Total State Sources</b>	<u>303,341</u>	<u>303,341</u>	<u>445,671</u>	<u>142,330</u>
<b>Total Revenues</b>	<u>3,423,680</u>	<u>3,423,680</u>	<u>3,559,301</u>	<u>135,621</u>
<b>Other Financing Sources</b>				
Interfund Transfers	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<u>3,423,680</u>	<u>3,423,680</u>	<u>\$ 3,559,301</u>	<u>\$ 135,621</u>
<b>Appropriated Fund Balance</b>	<u>435,000</u>	<u>494,595</u>		
<b>Total Revenues, Other Financing Sources, and Appropriated Fund Balance</b>	<u>\$ 3,858,680</u>	<u>\$ 3,918,275</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**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND (Continued)**  
**For the Fiscal Year Ended May 31, 2019**

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
<b>EXPENDITURES</b>					
<b><u>GENERAL GOVERNMENT SUPPORT</u></b>					
Board of trustees	\$ 3,000	\$ 3,000	\$ -	\$ -	\$ 3,000
Village justice	78,500	78,500	79,689	-	(1,189)
Mayor	1,500	1,500	1,259	-	241
Auditor	38,000	38,000	40,155	-	(2,155)
Budget Officer	300	300	-	-	300
Assessment	1,750	1,750	-	-	1,750
Taxes	500	500	320	-	180
Treasurer/Clerk	267,650	267,650	270,974	-	(3,324)
Law	96,500	96,500	80,804	-	15,696
Engineer	55,000	55,000	70,169	-	(15,169)
Elections	1,250	1,250	518	-	732
Building	108,000	108,000	106,395	-	1,605
Central garage	31,000	31,000	33,037	-	(2,037)
Unallocated insurance	65,000	65,000	64,378	-	622
Municipal association dues	11,000	11,000	15,904	-	(4,904)
Judgments & claims	50,000	50,000	67,852	-	(17,852)
Other	2,000	2,000	1,850	-	-
Contingency	100,000	100,000	875	-	99,125
Total General Government Support	<u>910,950</u>	<u>910,950</u>	<u>834,179</u>	<u>-</u>	<u>76,771</u>
<b><u>PUBLIC SAFETY</u></b>					
Code Officer	82,500	82,500	82,618	-	(118)
Fire department	548,400	607,995	584,160	-	23,835
Safety inspection	214,500	214,500	205,458	-	9,042
Total Public Safety	<u>845,400</u>	<u>904,995</u>	<u>872,236</u>	<u>-</u>	<u>32,759</u>
<b><u>TRANSPORTATION</u></b>					
Street administration	86,700	86,700	90,432	-	(3,732)
Street maintenance	495,000	495,000	494,709	234,807	(234,516)
Snow plow	40,000	40,000	28,808	-	11,192
Street lighting	8,000	8,000	2,516	-	5,484
Total Transportation	<u>629,700</u>	<u>629,700</u>	<u>616,465</u>	<u>234,807</u>	<u>(221,572)</u>
<b><u>ECONOMIC OPPORTUNITY AND DEVELOPMENT</u></b>					
Publicity	5,000	5,000	2,411	-	2,589
Total Economic Opportunity and Development	<u>5,000</u>	<u>5,000</u>	<u>2,411</u>	<u>-</u>	<u>2,589</u>
Balance carried forward	<u>\$ 2,391,050</u>	<u>\$ 2,450,645</u>	<u>\$ 2,325,291</u>	<u>\$ 234,807</u>	<u>\$ (109,453)</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, 2019**

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
Balance carried forward	\$ 2,391,050	\$ 2,450,645	\$ 2,325,291	\$ 234,807	\$ (109,453)
<b><u>CULTURE AND RECREATION</u></b>					
Parks and recreation	50,000	50,000	25,276		24,724
Total Culture and Recreation	50,000	50,000	25,276	-	24,724
<b><u>HOME AND COMMUNITY SERVICE</u></b>					
Refuse and garbage	791,157	791,157	800,000		(8,843)
Sanitation	10,000	10,000	10,153		(153)
Total Home and Community Service	801,157	801,157	810,153	-	(8,996)
<b><u>EMPLOYEE BENEFITS</u></b>					
Worker's compensation	50,000	50,000	36,797		13,203
Unemployment insurance			4,537		(4,537)
Disability insurance	2,000	2,000	2,188		(188)
Health insurance	300,000	300,000	232,722		67,278
Social security benefits	42,000	42,000	56,991		(14,991)
Length of service award programs	51,473	51,473	58,955		(7,482)
State retirement system	121,000	121,000	99,678		21,322
Total Employee Benefits	566,473	566,473	491,868	-	74,605
<b><u>OTHER FINANCING USES</u></b>					
Interfund Transfers	50,000	50,000	-	-	50,000
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 3,858,680</b>	<b>\$ 3,918,275</b>	<b>\$ 3,652,588</b>	<b>\$ 234,807</b>	<b>\$ 30,880</b>
Net change in fund balances			(93,287)		
Fund balances - beginning of year			2,745,146		
Fund balances - end of year			<u>\$ 2,651,859</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>2019</u>	<u>2018*</u>
<b>Total OPEB Liability</b>		
Service cost	\$ -	\$ -
Interest	22,006	23,884
Changes of benefit terms	-	-
Differences between expected and actual experience	(203,884)	
Changes in assumptions or other inputs	(48,093)	(37,377)
Benefit payments	<u>(39,931)</u>	<u>(73,043)</u>
<b>Net change in total OPEB liability</b>	(269,902)	(86,536)
<b>Total OPEB liability - beginning</b>	<u>580,641</u>	<u>667,177</u>
<b>Total OPEB liability - ending</b>	<u>\$ 310,739</u>	<u>\$ 580,641</u>
<b>Covered-employee payroll</b>	\$ -	\$ -
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	-	-

\* 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:

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, \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability	0.0020040%	0.0026047%	0.0024572%	0.0002968%
Village's proportionate share of the net pension liability	\$ 141,986	\$ 84,066	\$ 230,886	\$ 408,074
Village's covered payroll	\$ 695,107	\$ 802,329	\$ 776,527	\$ 727,605
Village's proportionate share of the net pension liability as a percentage of its covered payroll	20.43%	10.48%	29.73%	56.08%
Plan fiduciary net position as a percentage of the total pension liability	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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 99,678	\$ 113,844	\$ 110,188	\$ 127,667	\$ 124,149	\$ 162,313	\$ 123,880	\$ 91,345	\$ 59,539	\$ 42,758
Contributions in relation to the contractually required contribution	99,678	113,844	110,188	127,667	124,149	162,313	123,880	91,345	59,539	42,758
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered employee payroll	\$ 729,824	\$ 791,076	\$ 776,527	\$ 727,605	\$ 690,651	\$ 721,360	\$ 621,516	\$ 554,181	\$ 530,324	\$ 516,860
Contributions as a percentage of covered payroll	13.66%	14.39%	14.19%	17.55%	17.98%	22.50%	19.93%	16.48%	11.23%	8.27%

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

<u>Length of Service Award Programs (LOSAPs)</u>			
	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Roslyn LOSAP</u></b>			
Village's proportion of the total LOSAP liability	6.7928%	7.0066%	6.8080%
Village's proportionate share of the total LOSAP liability	\$ 420,215	\$ 455,233	\$ 387,217
<b><u>Port Washington LOSAP</u></b>			
Village's proportion of the total LOSAP liability	7.2860%	7.2860%	7.2860%
Village's proportionate share of the total LOSAP liability	\$ 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%

*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, 2019, 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 27, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
November 27, 2019