

**THE INCORPORATED VILLAGE OF FLOWER HILL**

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED MAY 31, 2021

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
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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, and the major fund of the Incorporated Village of Flower Hill (the "Village") as of and for the fiscal year ended May 31, 2021, 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.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Village as of May 31, 2021, 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***

As described in Note 1 to the financial statements, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended May 31, 2021. Our opinion is not modified with respect to this matter.

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## **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 42 through 47, 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.

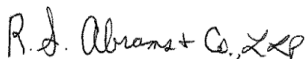
### *Other Information*

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2021 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Village's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP  
Islandia, NY  
October 27, 2021

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2021

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, 2021. 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 2021 are as follows:

- The Village's net position for fiscal year ending May 31, 2021 was \$6,402,347. This was a decrease of \$531,697 from the prior year as expenses exceeded revenues based on the economic resources measurement focus and the accrual basis of accounting.
- Revenues in the general fund decreased by \$274,902 to \$3,389,048 in fiscal year ending May 31, 2021 from \$3,663,950 in fiscal year ending May 31, 2020, largely attributable to the decreases in use of money and property and state sources for highway aid.
- Actual general fund revenues for the fiscal year ended May 31, 2021 were higher than the final budget by \$76,943, primarily due to increases in licenses and permits, offset by decreases in state grant reimbursements and real property taxes.
- Actual general fund expenditures for the fiscal year ended May 31, 2021 were lower than the final budget by \$358,255, primarily due to legal fees in general government support, and employee benefits.
- The Village implemented Government Accounting Standards Board Statement No. 84 (GASB Statement No. 84), *Fiduciary Activities*, in 2021. There was no net effect on fund balance or net deficit as a result of the implementation.

**2) OVERVIEW OF THE FINANCIAL STATEMENTS**

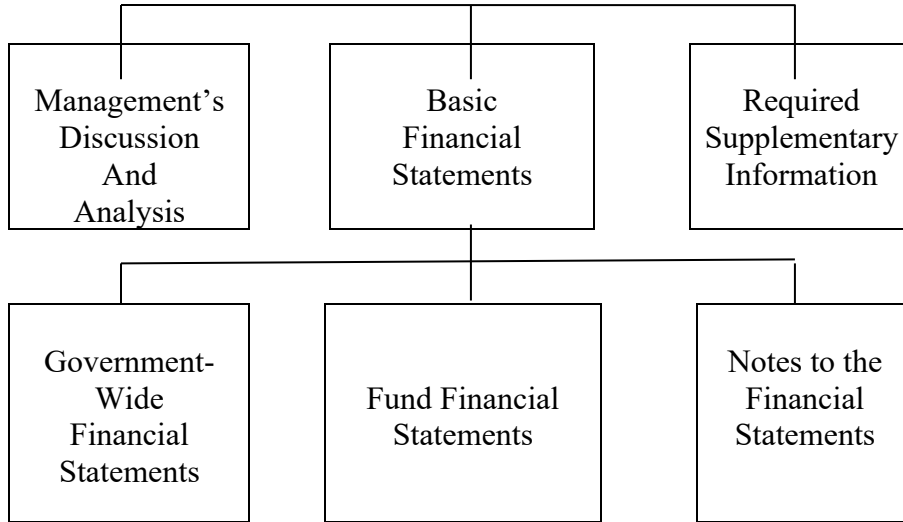
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Village:

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

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2021

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, 2021

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 one kind of fund:

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.

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

**A. Net Position**

Current assets and other liabilities for 2020 have been restated for the implementation of GASB Statement No. 84. This Statement eliminates the fiduciary fund and now records those activities in the general fund. There was no net effect on fund balance or net deficit as a result of the implementation.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2021

The Village's net position decreased by \$531,697 in the fiscal year ended May 31, 2021 as detailed below:

	Fiscal Year 2021	As Restated Fiscal Year 2020	Increase/ (Decrease)	Total Percentage Change
Current assets	\$ 2,941,971	\$ 3,515,475	\$ (573,504)	-16.31%
Capital assets, net of depreciation	5,704,827	6,014,925	(310,098)	-5.16%
Total assets	<u>8,646,798</u>	<u>9,530,400</u>	<u>(883,602)</u>	-9.27%
Deferred outflows of resources	<u>1,121,556</u>	<u>628,769</u>	<u>492,787</u>	78.37%
Other liabilities	487,698	890,108	(402,410)	-45.21%
Long-term liabilities	<u>2,175,468</u>	<u>2,166,990</u>	<u>8,478</u>	0.39%
Total liabilities	<u>2,663,166</u>	<u>3,057,098</u>	<u>(393,932)</u>	-12.89%
Deferred inflows of resources	<u>702,841</u>	<u>168,027</u>	<u>534,814</u>	318.29%
Net position				
Net investment in capital assets	5,704,827	6,014,925	(310,098)	-5.16%
Restricted	816,173	734,388	81,785	11.14%
Unrestricted (deficit)	<u>(118,653)</u>	<u>184,731</u>	<u>(303,384)</u>	-164.23%
Total net position	<u>\$ 6,402,347</u>	<u>\$ 6,934,044</u>	<u>\$ (531,697)</u>	-7.67%

Current assets decreased by \$573,504 compared to the prior year, primarily due to decreases in cash, accounts receivable, and state and federal aid receivable, offset by an increase in length of service award program assets.

Capital assets (net of depreciation) decreased by \$310,098, as compared to the prior year. This was primarily attributable to an excess of depreciation over current year additions.

The changes in deferred outflows of resources represent amortization of pension and length of service award program items as well as the Village's contributions subsequent to the measurement date as discussed in Notes 9 and 12, respectively.

Other liabilities decreased by \$402,410, as compared to the prior year, primarily due to a decrease in accounts payable.

Long-term liabilities increased by \$8,478, as compared to the prior year, due to an increase in length of service award program liability – proportionate share offset by decreases in total other post-employment benefits obligations, and net pension liability-proportionate share. See Note 8 for more information.

The changes in deferred inflows of resources represent amortization of pension related items and length of service award programs as discussed in Notes 9, and 12 respectively.



**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2021

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 \$310,098 as compared to the prior year, as a result of the decrease in capital assets.

The restricted net position at May 31, 2021, relates to the Village's length of service award program assets which are restricted for the purpose of providing benefits to plan participants. Restricted net position increased by \$81,785 due to an increase in service award program assets.

Unrestricted net position (deficit) is the balance of the Village's net position. This amount decreased by \$303,384.

**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, 2021 and 2020 is as follows:

	Fiscal Year 2021	Fiscal Year 2020	Increase/ (Decrease)	Percentage Change
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 949,523	\$ 846,876	\$ 102,647	12.12%
Capital grants	-	149,118	(149,118)	-100.00%
General revenues				
Real property taxes	1,913,181	1,942,569	(29,388)	-1.51%
State sources	181,550	263,416	(81,866)	-31.08%
Interest and penalties on real property	13,900	11,642	2,258	19.40%
Payment in lieu of taxes	39,093	38,790	303	0.78%
Non-property tax items	213,583	201,568	12,015	5.96%
Use of money and property	29,398	201,230	(171,832)	-85.39%
Miscellaneous	43,366	24,263	19,103	78.73%
Total revenues	<u>3,383,594</u>	<u>3,679,472</u>	<u>(295,878)</u>	-8.04%
<b>Expenses</b>				
General support	828,838	880,588	(51,750)	-5.88%
Public safety	1,048,831	986,095	62,736	6.36%
Transportation	581,438	537,078	44,360	8.26%
Economic opportunity & development	2,489	2,533	(44)	-1.74%
Culture & recreation	32,660	21,393	11,267	52.67%
Home & community services	902,001	815,388	86,613	10.62%
Depreciation (unallocated)	519,034	499,253	19,781	3.96%
Total expenses	<u>3,915,291</u>	<u>3,742,328</u>	<u>172,963</u>	4.62%
Change in net position	<u>\$ (531,697)</u>	<u>\$ (62,856)</u>	<u>\$ (468,841)</u>	745.90%

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2021

The Village's revenues decreased by \$295,878 or 8.04%. This was primarily due to decreases in capital grants and use of money and property.

The Village's expenses for the year increased by \$172,963 or 4.62%. This was primarily due to increases in public safety, transportation, culture & recreation, home and community services and depreciation offset by a decrease in general support.

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

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

At May 31, 2021, the general fund reported a fund balance of \$2,407,387, which is a decrease of \$165,640 from the previous fiscal year's fund balance.

Overall revenues increased by \$274,902 or 7.50% compared to the prior fiscal year. This was primarily due to the increases in licenses and permits, miscellaneous revenues, non-property tax items and departmental income offset by decreases in use of money and property and state sources.

Expenditures decreased by \$188,094 or 5.03% compared to the prior fiscal year. This was primarily due to transportation costs decreasing from the prior fiscal year by \$334,046 due to the purchase of a truck in the prior year.

**5) GENERAL FUND BUDGETARY HIGHLIGHTS**

The Village's approved general fund adopted budget for the year ended May 31, 2021 was \$3,912,943. The majority of the funding was real property tax revenue of \$1,941,905.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Over/(Under)</u>
<b>Revenues</b>			
Real property taxes	\$ 1,941,905	\$ 1,918,635	\$ (23,270)
State sources	364,500	181,550	(182,950)
Interest and penalties on real property taxes	15,000	13,900	(1,100)
Payment in lieu of taxes	40,000	39,093	(907)
Non-property tax items	220,000	213,583	(6,417)
Use of money and property	14,000	29,398	15,398
Departmental income	65,700	77,200	11,500
Licenses and permits	569,000	826,034	257,034
Fines and forfeitures	50,000	46,289	(3,711)
Miscellaneous	32,000	43,366	11,366
Total revenues	<u>\$ 3,312,105</u>	<u>\$ 3,389,048</u>	<u>\$ 76,943</u>
<b>Expenditures</b>			
General government support	993,419	857,489	(135,930)
Public safety	927,089	898,217	(28,872)
Transportation	538,135	445,498	(92,637)
Culture & recreation	60,000	32,660	(27,340)
Home & community services	857,300	902,001	44,701
Employee benefits	534,000	416,334	(117,666)
Other	3,000	2,489	(511)
Total expenditures	<u>\$ 3,912,943</u>	<u>\$ 3,554,688</u>	<u>\$ (358,255)</u>

The revenues over budget in the amount of \$76,943 are primarily due to licenses and permits offset by revenues from state sources. Expenditures under budget in the amount of \$358,255 are due mainly to a legal fees in general government support, and employee benefits. 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 42.

**6) CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

At May 31, 2021 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:

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended May 31, 2021

	2021	2020	Increase/ (Decrease)
Land	\$ 5,111	\$ 5,111	\$ -
Land improvements	56,111	56,111	-
Infrastructure	7,473,880	7,266,916	206,964
Structures	3,031,871	3,031,871	-
Vehicles and vehicle equipment	715,429	715,429	-
Machinery and equipment	417,922	415,950	1,972
Sub-Total	11,700,324	11,491,388	208,936
Less: accumulated depreciation	(5,995,497)	(5,476,463)	(519,034)
Total net capital assets	<u>\$ 5,704,827</u>	<u>\$ 6,014,925</u>	<u>\$ (310,098)</u>

The net decrease in capital assets is due to capital asset additions of \$208,936 offset by depreciation expense of \$519,034.

**B. Long-Term Debt**

At May 31, 2021, 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 \$4,324,254 for the fiscal year ended May 31, 2022. This is an increase of \$411,311 or 10.51% from the previous year’s budget.
- B. The Village applied for funding under the Federal Emergency Management Agency (FEMA) in the amount of \$65,885 which was approved in July of 2021.
- C. The Village applied for funding under the American Rescue Plan Act (ARPA) in the amount of \$501,434 which was approved in August of 2021.

**8) CONTACTING THE VILLAGE’S FINANCIAL MANAGMENT**

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

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**

**STATEMENT OF NET POSITION**

May 31, 2021

**ASSETS**

Current Assets

Cash

Unrestricted cash \$ 1,955,059

Receivables

Property taxes 46,886

Property acquired for taxes 71

Accounts receivable 63,387

Due from other governments 60,395

Length of service award program assets 816,173

Non Current Assets

Capital assets

Being depreciated, net of accumulated depreciation 5,699,716

Not being depreciated 5,111

**TOTAL ASSETS**

8,646,798

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions 437,209

Length of service award programs 684,347

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

1,121,556

**LIABILITIES**

Payables

Accounts payable 13,510

Accrued liabilities 450,401

Due to employees' retirement system 16,423

Unearned credits

Collections in advance 7,364

Long-term liabilities

Due and payable after one year

Total other post-employment benefits obligation 420,951

Net pension liability - proportionate share - employees' retirement system 1,938

Length of service award program liability - proportionate share 1,752,579

**TOTAL LIABILITIES**

2,663,166

**DEFERRED INFLOWS OF RESOURCES**

Pensions 578,929

Length of service award programs 123,912

**TOTAL DEFERRED INFLOWS OF RESOURCES**

702,841

**NET POSITION**

Net investment in capital assets 5,704,827

Restricted for:

Length of service award program 816,173

Unrestricted (deficit) (118,653)

**TOTAL NET POSITION**

\$ 6,402,347

**THE INCORPORATED VILLAGE OF FLOWER HILL**

**STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended May 31, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Capital Grants	Revenue and Changes in Net Position
<b>FUNCTIONS / PROGRAMS</b>				
General support	\$ 828,838	\$ 102,339		\$ (726,499)
Public safety	1,048,831	847,184		(201,647)
Transportation	581,438		\$ -	(581,438)
Economic opportunity and development	2,489			(2,489)
Culture and recreation	32,660			(32,660)
Home and community services	902,001			(902,001)
Depreciation (unallocated)	519,034			(519,034)
	<u>\$ 3,915,291</u>	<u>\$ 949,523</u>	<u>\$ -</u>	<u>(2,965,768)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				1,913,181
Interest and penalties on real property taxes				13,900
Payment in lieu of taxes				39,093
Non-property tax items				213,583
Use of money and property				29,398
Miscellaneous				43,366
State sources				181,550
				<u>2,434,071</u>
Total General Revenues				
Change in Net Position				(531,697)
Total Net Position - Beginning of Year				<u>6,934,044</u>
Total Net Position - End of Year				<u>\$ 6,402,347</u>

**THE INCORPORATED VILLAGE OF FLOWER HILL**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

May 31, 2021

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	
Unrestricted cash	\$ 1,955,059
Receivables	
Property taxes	46,886
Property acquired for taxes	71
Accounts receivable	63,387
Due from other governments	60,395
Length of service award program assets	816,173
Total Assets	<u>\$ 2,941,971</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	\$ 13,510
Accrued liabilities	450,401
Due to employees' retirement system	16,423
Unearned credits	
Collections in advance	7,364
Total Liabilities	<u>487,698</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable real property taxes	46,886
Total Deferred Inflows of Resources	<u>46,886</u>
<b>FUND BALANCES</b>	
Restricted	
Length of service award programs	816,173
Assigned	
Appropriated fund balance	210,464
Unassigned	1,380,750
Total Fund Balance	<u>2,407,387</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,941,971</u>

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**May 31, 2021**

Total Governmental Fund Balances		\$ 2,407,387
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		(578,929)
Deferred inflows related to length of service award programs		(123,912)
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.		
		46,886
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		437,209
Deferred outflows related to length of service award programs		684,347
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	\$ 11,700,324	
Accumulated depreciation	<u>(5,995,497)</u>	5,704,827
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	\$ (420,951)	
Net pension liability - proportionate share (ERS)	(1,938)	
Total length of service award program liability - proportionate share	<u>(1,752,579)</u>	<u>(2,175,468)</u>
Total Net Position		<u>\$ 6,402,347</u>



**THE INCORPORATED VILLAGE OF FLOWER HILL**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS

For the Fiscal Year Ended May 31, 2021

	<b>General Fund</b>
	<hr/>
<b>REVENUES</b>	
Real property taxes	\$ 1,918,635
Interest and penalties on real property taxes	13,900
Payment in lieu of taxes	39,093
Non-property tax items	213,583
Use of money and property	29,398
Departmental income	77,200
Licenses and permits	826,034
Fines and forfeitures	46,289
Miscellaneous	43,366
State sources	181,550
	<hr/>
Total Revenues	3,389,048
	<hr/>
<b>EXPENDITURES</b>	
General government support	857,489
Public safety	898,217
Transportation	445,498
Economic opportunity and development	2,489
Culture and recreation	32,660
Home and community services	902,001
Employee benefits	416,334
	<hr/>
Total Expenditures	3,554,688
	<hr/>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(165,640)</b>
	<hr/>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(165,640)</b>
	<hr/>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>2,573,027</b>
	<hr/>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 2,407,387</b>
	<hr/> <hr/>

**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, 2021

Net Change in Fund Balances \$ (165,640)

Capital Related Items

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

Capital outlays	\$ 208,936	
Depreciation expense	<u>(519,034)</u>	(310,098)

Long-Term Revenue and Expense Differences

The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended May 31, 2021 is (5,454)

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

Total other post-employment benefits	28,886	
Employees' retirement system	43,880	
Length of service award program	<u>(123,271)</u>	<u>(50,505)</u>

Change in Net Position \$ (531,697)

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

**A. General statement:**

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

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

The financial reporting entity is based on criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity; Omnibus- An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of: (a) the primary government, which is the Village, (b) organizations for which the primary government is financially accountable and, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

**C. Basis of presentation:**

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

i) Government -Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These statements include the financial activities of the overall government in its entirety. 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. The emphasis of fund financial statements is on major governmental funds.

The Village reports the following major governmental fund:

**General fund:** This fund is the Village's primary operating fund. It accounts for all financial transactions.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

**D. Measurement focus and basis of accounting:**

The Government-Wide Financial Statements is 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. 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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

variety of areas, including other post-employment benefits, net pension liability amounts, length of service award program amounts, and useful lives of capital assets.

**H. 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.

**I. 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.

**J. Capital assets:**

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

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

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

**K. 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.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

**L. 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 9. The second item is related to the LOSAP liability reported in the Government-Wide Statement of Net Position and is detailed further in Note 12.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The Village has two items 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 9. The second item is related to the LOSAP liability reported in the Government-Wide Statement of Net Position and is detailed further in Note 12.

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

**M. 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 11 for additional information.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

**N. 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.

**O. 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.

**P. Length of service award program:**

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

**Q. Equity classifications:**

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.



**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

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:

**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, 2021.

**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.

**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, 2021.

**Assigned fund balance** – Includes amounts that are subject to a purpose constraint that represents an intended use established by the Village’s Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes Board designations not classified as restricted or committed at the end of the fiscal year. The Village had assigned fund balance of \$210,464 as of May 31, 2021.

**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.

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

**R) New accounting pronouncements:**

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended May 31, 2021. 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. The Village has adopted and implemented GASB Statement No. 84, *Fiduciary Activities*, in 2021. There was no net effect on fund balance or net deficit as a result of the implementation.

**S) Future accounting pronouncements:**

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended May 31, 2022. 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.

This is the statement that the Village feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The Village will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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

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

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

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

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

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

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.

Long-term revenue and expense differences:

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

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

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**A. Budgetary data:**

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

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

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

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

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

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.

**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A. Cash and Cash Equivalents:**

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 – DUE FROM OTHER GOVERNMENTS:**

Due from other governments in the general fund at May 31, 2021 consisted of the following:

Nassau County taxes	\$ 60,395
Total	<u>\$ 60,395</u>

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

The Village has deemed the amount to be fully collectible.

**NOTE 6 - CAPITAL ASSETS:**

Capital asset balances and activity for the fiscal year ended May 31, 2021 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,111	\$ -	\$ -	\$ 5,111
Total capital assets not being depreciated	<u>5,111</u>	<u>-</u>	<u>-</u>	<u>5,111</u>
Capital assets that are depreciated:				
Land improvements	56,111	-	-	56,111
Infrastructure	7,266,916	206,964	-	7,473,880
Structures	3,031,871	-	-	3,031,871
Vehicles and vehicle equipment	715,429	-	-	715,429
Machinery and equipment	415,950	1,972	-	417,922
Total capital assets being depreciated	<u>11,486,277</u>	<u>208,936</u>	<u>-</u>	<u>11,695,213</u>
Less accumulated depreciation:				
Land improvements	28,030	2,806	-	30,836
Infrastructure	3,674,257	368,522	-	4,042,779
Structures	1,014,756	85,151	-	1,099,907
Vehicles and vehicle equipment	432,486	45,938	-	478,424
Machinery and equipment	326,934	16,617	-	343,551
Total accumulated depreciation	<u>5,476,463</u>	<u>519,034</u>	<u>-</u>	<u>5,995,497</u>
Total capital assets being depreciated, net	<u>6,009,814</u>	<u>(310,098)</u>	<u>-</u>	<u>5,699,716</u>
Total capital assets, net	<u>\$ 6,014,925</u>	<u>\$ (310,098)</u>	<u>\$ -</u>	<u>\$ 5,704,827</u>

Depreciation expense of \$519,034 was not allocated to the governmental functions.

**NOTE 7 - SHORT-TERM DEBT:**

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

**NOTE 8 – LONG-TERM LIABILITIES:**

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

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

	Beginning Balance	Issued	Redeemed	Ending Balance
Total other post-employment benefits obligation	\$ 449,837	\$ 31,192	\$ 60,078	\$ 420,951
Net pension liability proportionate share				
Employees' retirement system	514,029	-	512,091	1,938
LOSAP liability - proportionate share	1,203,124	717,779	168,324	1,752,579
Total long-term liabilities	<u>\$ 2,166,990</u>	<u>\$ 748,971</u>	<u>\$ 740,493</u>	<u>\$ 2,175,468</u>

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

**NOTE 9– 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) 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:

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

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

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

	<u>NYSERS</u>
2021	\$ 99,988
2020	\$ 94,294
2019	\$ 99,678

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

At May 31, 2021, 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.

Measurement date	March 31, 2021
Net pension liability	\$ 1,938
Village's portion of the Plan's total net pension liability	0.0019465%
Change in proportion since the prior measurement date	-0.0000053

For the fiscal year ended May 31, 2021, the Village recognized pension expense of \$99,988. At May 31, 2021 the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,671	
Changes of assumptions	356,374	6,721
Net difference between projected and actual earnings on pension plan investments	-	556,767
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,741	15,441
Employer contributions subsequent to the measurement date	16,423	
	\$ 437,209	\$ 578,929

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, 2022. 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:	
2022	\$ 24,098
2023	7,715
2024	23,255
2025	103,075
	\$ 158,143

Actuarial Assumptions

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



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Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Interest rate	5.90%
Salary scale	4.40%
Cost of living adjustments	1.4% annually
Descrement tables	April 1, 2015 - March 31, 2020
	System's Experience
Inflation rate	2.70%

The annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020.

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

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

<u>Measurement Date</u>	<u>ERS</u>	
	<u>March 31, 2021</u>	
<u>Asset type</u>	<u>Target</u>	<u>Long-term</u>
	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>
Domestic equity	32%	4.05%
International equity	15%	6.30%
Private equity	10%	6.75%
Real estate	9%	4.95%
Opportunistic/Absolute return strategy	3%	4.50%
Opportunistic portfolio	4%	3.63%
Real assets	3%	5.95%
Fixed Income	23%	0.00%
Cash	1%	0.50%
	<u>100%</u>	

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Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. 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 5.90%, 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 (4.90 %) or 1-percentage point higher (6.90%) than the current rate:

ERS	Decrease (4.90%)	Assumption (5.90%)	Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (537,971)	\$ (1,938)	\$ 492,410

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)
Measurement date	March 31, 2021
Employers' total pension liability	\$ (220,680,157)
Plan Fiduciary Net Position	220,580,583
Employers' net pension liability	<u>\$ (99,574)</u>

Ratio of plan fiduciary net position to the Employers' total pension liability	99.95%
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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, 2021 represent the projected employer contribution for the period of April 1, 2021 through May 31, 2021 based on paid wages multiplied by the employer's contribution rate, by tier. Accrued ERS retirement contributions as of May 31, 2021 amounted to \$16,423.

**NOTE 10 – 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, 2021 was \$34,484.

**NOTE 11 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):**

**A. General information about the OPEB plan:**

Plan Description

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

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees hired prior to July 6, 1992 and their spouses. Benefit terms provide for the Village to contribute 90% - 100% of premiums for retirees and Medicare Part B premiums reimbursement only for surviving spouses. The Village recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For the fiscal year ended May 31, 2021, the Village contributed an estimated \$60,078 to the Plan, including \$60,078 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, 2021, the following employees were covered by the benefit terms:

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

**B. Total OPEB liability:**

The Village’s total OPEB liability of \$420,951 was measured as of May 31, 2021, and was determined by an actuarial valuation as of June 1, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the May 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Discount rate	1.59%
Healthcare cost trend rates	8.0% decreasing to 5% ultimate
Retirees' share of benefit-related costs	0% - 10% of health insurance premiums for retirees and 100% surviving spouse coverage

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

Mortality rates were based on the RP 2006 with MP 2020 projection.

The actuarial assumptions used in the May 31, 2021 valuation were determined using the Entry Age Normal Cost Method. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

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**C. Changes in the total OPEB liability:**

Balance at May 31, 2020	\$	449,837
Changes for the fiscal year:		
Service cost		-
Interest		11,041
Differences between expected and actual experience		(3,788)
Changes in assumptions or other inputs		23,939
Benefit payments		(60,078)
Net changes		(28,886)
Balance at May 31, 2021	\$	420,951

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 2.63% to 1.59%.

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 (0.59%) or 1-percentage-point higher (2.59%) than the current discount rate:

	1% Decrease (0.59%)	Discount Rate (1.59%)	1% Increase (2.59%)
Total OPEB liability	\$443,975	\$420,951	\$397,926

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

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

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	1% Decrease (7.00% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.0%)	1% Increase (9.00% decreasing to 6.0%)
Total OPEB liability	\$372,121	\$420,951	\$473,149

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

For the fiscal year ended May 31, 2021, the Village recognized OPEB expense of \$31,192. The Village reported no deferred inflows and outflows of resources related to OPEB as of May 31, 2021.

**NOTE 12 – 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, 2020, 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

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For the Fiscal Year Ended May 31, 2021

performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program.

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

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

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, 2020 measurement date, the following participants were covered by the benefit terms:

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	Roslyn LOSAP	Port Washington LOSAP
Inactive participants currently receiving benefit payments	47	52
Inactive participants entitled to but not yet receiving benefit payments	92	79
Active participants	108	205
Total	247	336

Contributions

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

Trust Assets

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

Measurement of Total LOSAP Liability

The total LOSAP liability at the December 31, 2020 measurement date was determined using an actuarial valuation as of December 31, 2019, with update procedures used to roll forward the total LOSAP liability to December 31, 2020.

Actuarial Assumptions

The total LOSAP liability in the December 31, 2020 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 1.93%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond



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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

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, 2020
LOSAP liability	\$ 633,546
Village's portion of the Plan's total	
LOSAP liability	7.3718%
Change in proportion since the prior	
measurement date	0.2154%

Port Washington LOSAP	
Measurement date	December 31, 2020
LOSAP liability	\$ 1,119,033
Village's portion of the Plan's total	
LOSAP liability	8.72%
Change in proportion since the prior	
measurement date	0.00%

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, 2020 measurement date, calculated using the discount rate of 1.93 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 (0.93 percent) or 1-percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Village's proportionate share of Roslyn LOSAP liability	\$765,976	\$633,546	\$531,324
Village's proportionate share of Port Washington			
LOSAP liability	1,352,788	1,119,033	935,496
Total LOSAP liability - proportionate share	\$2,118,764	\$1,752,579	\$1,466,820

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

For the fiscal year ended May 31, 2021 the Village recognized LOSAP expense of \$168,324. Of this amount, \$51,687 was attributable to the Roslyn LOSAP and \$116,637 was attributable to the Port

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

Washington LOSAP. At May 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Roslyn LOSAP:</b>		
Differences between expected and actual experience	\$ 6,110	\$ 1,280
Changes of assumptions or other inputs	167,076	27,606
Changes in proportion	44,215	9,651
Benefit payments & administrative expenses subsequent to the measurement date	6,856	
<b>Port Washington LOSAP:</b>		
Differences between expected and actual experience	\$ 11,181	\$ 44,963
Changes of assumptions or other inputs	349,532	40,412
Changes in proportion	89,097	
Benefit payments & administrative expenses subsequent to the measurement date	10,280	
	<u>\$ 684,347</u>	<u>\$ 123,912</u>

Deferred outflows of resources related to LOSAP resulting from Village transactions subsequent to the measurement date reported in the amount of \$17,136 are comprised of \$6,856 for the Roslyn LOSAP and \$10,280 for the Port Washington LOSAP and will be recognized as a reduction of the total LOSAP liability in the fiscal year ended May 31, 2021.

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

Year Ended May 31:	<u>Roslyn LOSAP</u>	<u>Port Washington LOSAP</u>	<u>Total</u>
2022	\$ 24,198	\$ 53,185	\$ 77,383
2023	24,198	53,185	77,383
2024	24,198	53,185	77,383
2025	24,198	53,185	77,383
2026	24,198	53,185	77,383
Thereafter	57,874	98,510	156,384
	<u>\$ 178,864</u>	<u>\$ 364,435</u>	<u>\$ 543,299</u>

**THE INCORPORATED VILLAGE OF FLOWER HILL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Fiscal Year Ended May 31, 2021

**NOTE 13 – 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 14 – 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, 2021, which could affect future operating budgets of the Village.

**NOTE 15 – SUBSEQUENT EVENTS:**

Management of the District evaluated events through October 27, 2021 which is the date the financial statements were available to be issued, and noted the following:

- A. The Village applied for funding under the Federal Emergency Management Agency (FEMA) in the amount of \$65,885 which was approved in July of 2021.
- B. The Village applied for funding under the American Rescue Plan Act (ARPA) in the amount of \$501,434 which was approved in August of 2021.

**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, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 1,941,905	\$ 1,941,905	\$ 1,918,635	\$ (23,270)
Interest and penalties on real property taxes	15,000	15,000	13,900	(1,100)
Payment in lieu of taxes	40,000	40,000	39,093	(907)
Non-property tax items	220,000	220,000	213,583	(6,417)
Use of money and property	14,000	14,000	29,398	15,398
Departmental income	65,700	65,700	77,200	11,500
Licenses and permits	569,000	569,000	826,034	257,034
Fines and forfeitures	50,000	50,000	46,289	(3,711)
Miscellaneous	32,000	32,000	43,366	11,366
Total Local Sources	<u>2,947,605</u>	<u>2,947,605</u>	<u>3,207,498</u>	<u>259,893</u>
State Sources				
Per capita	19,500	19,500	-	(19,500)
Mortgage tax	145,000	145,000	178,677	33,677
Highway aid	150,000	150,000	-	(150,000)
Dormitory Authority grant reimbursement	50,000	50,000	2,873	(47,127)
Total State Sources	<u>364,500</u>	<u>364,500</u>	<u>181,550</u>	<u>(182,950)</u>
Total Revenues	<u>3,312,105</u>	<u>3,312,105</u>	<u>3,389,048</u>	<u>76,943</u>
Other Financing Sources				
Interfund Transfers	-	-	-	-
Total Revenues and Other Financing Sources	<u>3,312,105</u>	<u>3,312,105</u>	<u>\$ 3,389,048</u>	<u>\$ 76,943</u>
Appropriated Fund Balance	<u>600,838</u>	<u>600,838</u>		
Total Revenues, Other Financing Sources, and Appropriated Fund Balance	<u>\$ 3,912,943</u>	<u>\$ 3,912,943</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, 2021

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual and Encumbrances
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT SUPPORT</b>					
Board of trustees	\$ 500	\$ 500	\$ 16,270		\$ (15,770)
Village justice	73,900	73,900	74,719		(819)
Mayor	600	600	439		161
Auditor	40,000	40,000	27,509		12,491
Budget Officer	150	150	172		(22)
Assessment	750	750	694		56
Taxes	400	400	-		400
Treasurer/Clerk	276,469	276,469	277,590		(1,121)
Law	250,000	250,000	100,511		149,489
Engineer	55,000	55,000	100,368		(45,368)
Elections	750	750	4,302		(3,552)
Building	103,700	103,700	122,708		(19,008)
Central garage	21,700	21,700	22,437		(737)
Unallocated insurance	55,000	55,000	54,742		258
Municipal association dues	16,000	16,000	14,315		1,685
Judgments & claims	48,000	48,000	40,713		7,287
Other	500	500	-		-
Contingency	50,000	50,000	-		50,000
Total General Government Support	<u>993,419</u>	<u>993,419</u>	<u>857,489</u>	<u>-</u>	<u>135,930</u>
<b>PUBLIC SAFETY</b>					
Code Officer	86,651	86,651	85,982		669
Fire department	649,500	649,500	613,182		36,318
Safety inspection	190,938	190,938	199,053		(8,115)
Total Public Safety	<u>927,089</u>	<u>927,089</u>	<u>898,217</u>	<u>-</u>	<u>28,872</u>
<b>TRANSPORTATION</b>					
Street administration	92,250	92,250	95,211		(2,961)
Street maintenance	410,885	410,885	328,181		82,704
Snow plow	32,000	32,000	19,077		12,923
Street lighting	3,000	3,000	3,029		(29)
Total Transportation	<u>538,135</u>	<u>538,135</u>	<u>445,498</u>	<u>-</u>	<u>92,637</u>
<b>ECONOMIC OPPORTUNITY AND DEVELOPMENT</b>					
Publicity	3,000	3,000	2,489		511
Total Economic Opportunity and Development	<u>3,000</u>	<u>3,000</u>	<u>2,489</u>	<u>-</u>	<u>511</u>
<b>CULTURE AND RECREATION</b>					
Parks and recreation	60,000	60,000	32,660		27,340
Total Culture and Recreation	<u>60,000</u>	<u>60,000</u>	<u>32,660</u>	<u>-</u>	<u>27,340</u>
<b>HOME AND COMMUNITY SERVICE</b>					
Refuse and garbage	845,300	845,300	888,371		(43,071)
Sanitation	12,000	12,000	13,630		(1,630)
Total Home and Community Service	<u>857,300</u>	<u>857,300</u>	<u>902,001</u>	<u>-</u>	<u>(44,701)</u>
<b>EMPLOYEE BENEFITS</b>					
Worker's compensation	40,000	40,000	25,587		14,413
Unemployment insurance	-	-	4,575		(4,575)
Disability insurance	2,000	2,000	1,079		921
Health insurance	270,000	270,000	224,431		45,569
Social security benefits	60,000	60,000	59,325		675
Length of service award programs	60,000	60,000	1,349		58,651
State retirement system	102,000	102,000	99,988		2,012
Total Employee Benefits	<u>534,000</u>	<u>534,000</u>	<u>416,334</u>	<u>-</u>	<u>117,666</u>
<b>OTHER FINANCING USES</b>					
Interfund Transfers			-	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 3,912,943</u>	<u>\$ 3,912,943</u>	<u>\$ 3,554,688</u>	<u>\$ -</u>	<u>\$ 358,255</u>
Net change in fund balances			(165,640)		
Fund balances - beginning of year			<u>2,573,027</u>		
Fund balances - end of year			<u>\$ 2,407,387</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018*</u>
<b>Total OPEB Liability</b>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	11,041	10,820	22,006	23,884
Changes of benefit terms		-	-	-
Differences between expected and actual experience	(3,788)	62,450	(203,884)	
Changes in assumptions or other inputs	23,939	116,334	(48,093)	(37,377)
Benefit payments	<u>(60,078)</u>	<u>(50,506)</u>	<u>(39,931)</u>	<u>(73,043)</u>
<b>Net change in total OPEB liability</b>	(28,886)	139,098	(269,902)	(86,536)
<b>Total OPEB liability - beginning</b>	<u>449,837</u>	<u>310,739</u>	<u>580,641</u>	<u>667,177</u>
<b>Total OPEB liability - ending</b>	<u>\$ 420,951</u>	<u>\$ 449,837</u>	<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:

2021	1.59%
2020	2.63%
2019	3.79%
2018	3.58%

*Trust Assets*

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

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

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

	<b>NYSERS Pension Plan</b>					
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability	0.0019465%	0.0019412%	0.0020040%	0.0026047%	0.0024572%	0.0002968%
Village's proportionate share of the net pension liability	\$ 1,938	\$ 514,029	\$ 141,986	\$ 84,066	\$ 230,886	\$ 408,074
Village's covered payroll	\$ 746,847	\$ 746,622	\$ 695,107	\$ 802,329	\$ 776,527	\$ 727,605
Village's proportionate share of the net pension liability as a percentage of its covered payroll	0.26%	68.85%	20.43%	10.48%	29.73%	56.08%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

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

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

<b>NYSERS Pension Plan</b>										
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 99,988	\$ 94,294	\$ 99,678	\$ 113,844	\$ 110,188	\$ 127,667	\$ 124,149	\$ 162,313	\$ 123,880	\$ 91,345
Contributions in relation to the contractually required contribution	<u>99,988</u>	<u>94,294</u>	<u>99,678</u>	<u>113,844</u>	<u>110,188</u>	<u>127,667</u>	<u>124,149</u>	<u>162,313</u>	<u>123,880</u>	<u>91,345</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered employee payroll	\$ 730,004	\$ 745,454	\$ 729,824	\$ 791,076	\$ 776,527	\$ 727,605	\$ 690,651	\$ 721,360	\$ 621,516	\$ 554,181
Contributions as a percentage of covered payroll	13.70%	12.65%	13.66%	14.39%	14.19%	17.55%	17.98%	22.50%	19.93%	16.48%



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

	<b>Length of Service Award Programs (LOSAPs)</b>				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>Roslyn LOSAP</u></b>					
Village's proportion of the total LOSAP liability	7.3718%	7.1564%	6.7928%	7.0066%	6.8080%
Village's proportionate share of the total LOSAP liability	\$ 633,546	\$ 479,717	\$ 420,215	\$ 455,233	\$ 387,217
<b><u>Port Washington LOSAP</u></b>					
Village's proportion of the total LOSAP liability	8.7200%	8.7200%	7.2860%	7.2860%	7.2860%
Village's proportionate share of the total LOSAP liability	\$ 1,119,033	\$ 723,407	\$ 600,907	\$ 622,555	\$ 546,522

**Notes to Required Supplementary Information**

*Changes of Assumptions or Other Inputs*

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

December 31, 2016:	3.71%
December 31, 2017:	3.16%
December 31, 2018:	3.64%
December 31, 2019:	3.26%
December 31, 2020:	1.93%

*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.



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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, and general fund of the Incorporated Village of Flower Hill, as of and for the fiscal year ended May 31, 2021, 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 October 27, 2021.

**Internal Control over Financial Reporting**

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

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

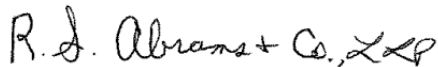
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

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

## Purpose of this Report

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



R.S. Abrams & Co., LLP  
Islandia, New York  
October 27, 2021