

INCORPORATED VILLAGE OF BRIGHTWATERS
BRIGHTWATERS, NEW YORK

FINANCIAL STATEMENTS

MAY 31, 2023

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SKINNON AND FABER
Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

To the Mayor and Board of Trustees
Incorporated Village of Brightwaters
Brightwaters, New York

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Incorporated Village of Brightwaters, as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Brightwater's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Village, as of May 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, local government's proportionate share of the net pension liability (asset), local government contributions, and schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Skinnon and Faber, CPAs, P.C.

SKINNON AND FABER, CPAs, P.C.
Hauppauge, New York
January 23, 2024

INCORPORATED VILLAGE OF BRIGHTWATERS

Management's Discussion and Analysis (Unaudited)

The Board of Trustees of the Incorporated Village of Brightwaters (the "Village"), would like to offer readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended May 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follow this section.

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 Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a long-term view of the Village's finances. Fund financial statements report how Village activities were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail by providing information about the Village's most significant funds. The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by the required supplementary information, which supports the financial statements with a comparison of the Village's General Fund budget for the year, as well as the schedule of the local government's proportionate share of the net pension liability (asset), the schedule of local government contributions, and the schedule of changes in total OPEB liability and related ratios.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

The Village's total net position for governmental and business-type activities increased by \$367,733 for the fiscal year ended May 31, 2023. A condensed summary of the Village's Statement of Net Position for the current year is detailed below.

Condensed Statement of Net Position – Governmental and Business-Type Activities

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|----------------------------------|--------------------------------|---------------------|---------------------------------|---------------------|
| | <u>May 31, 2023</u> | <u>May 31, 2022</u> | <u>May 31, 2023</u> | <u>May 31, 2022</u> |
| Assets | | | | |
| Current and Other Assets | \$ 1,654,582 | \$ 1,928,338 | \$ 336,287 | \$ 463,341 |
| Capital Assets (net) | 4,988,332 | 4,378,684 | 2,824,188 | 2,854,237 |
| Total Assets | <u>6,642,914</u> | <u>6,307,022</u> | <u>3,160,475</u> | <u>3,317,578</u> |
| Deferred Outflows of Resources | <u>741,367</u> | <u>894,232</u> | <u>-</u> | <u>-</u> |
| Liabilities | | | | |
| Other Liabilities | 773,725 | 499,041 | 216,640 | 286,091 |
| Long-Term Liabilities | 4,062,999 | 3,979,420 | 2,322,433 | 2,494,685 |
| Total Liabilities | <u>4,836,724</u> | <u>4,478,461</u> | <u>2,539,073</u> | <u>2,780,776</u> |
| Deferred Inflows of Resources | <u>1,460,059</u> | <u>1,918,428</u> | <u>-</u> | <u>-</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 4,200,658 | 3,618,684 | 488,002 | 359,552 |
| Restricted | 16,282 | 236,892 | - | - |
| Unrestricted (deficit) | <u>(3,129,442)</u> | <u>(3,051,211)</u> | <u>133,400</u> | <u>177,250</u> |
| Total Net Position | <u>\$ 1,087,498</u> | <u>\$ 804,365</u> | <u>\$ 621,402</u> | <u>\$ 536,802</u> |

Net investment in capital assets is the Village's investment in capital assets, such as infrastructure, buildings and improvements, vehicles and equipment, and canal restoration reduced by accumulated depreciation and associated debt. This figure also includes land and construction in progress, which are not depreciated.

Changes in Net Position

The Statement of Activities reports the result of the current year's operations and the effect on the net position in the accompanying financial statements. A summary of the changes in net position from operating results is shown below:

Change in Net Position from Operating Results – Governmental and Business-Type Activities

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|---|--------------------------------|---------------------|---------------------------------|---------------------|
| | <u>May 31, 2023</u> | <u>May 31, 2022</u> | <u>May 31, 2023</u> | <u>May 31, 2022</u> |
| Revenues | | | | |
| Program Revenues: | | | | |
| Fees, Fines and Charges for Services | \$ 766,619 | \$ 637,827 | \$ 246,202 | \$ 259,480 |
| Operating Grants and Contributions | 26,228 | | | |
| Capital Grants and Contributions | 366,484 | 616,318 | - | - |
| General Revenues: | | | | |
| Real Property Taxes and Related Tax Items | 1,933,105 | 1,869,281 | - | - |
| Non Property Tax Items | 142,392 | 147,356 | - | - |
| Other | 265,319 | 238,970 | - | - |
| Total Revenues | <u>3,500,147</u> | <u>3,509,752</u> | <u>246,202</u> | <u>259,480</u> |
| Expenses | | | | |
| Governmental Activities: | | | | |
| General Government Support | 1,357,483 | 1,199,207 | - | - |
| Public Safety | 739,003 | 689,799 | - | - |
| Health | 83,333 | 112,347 | - | - |
| Transportation | 283,902 | 199,317 | - | - |
| Economic Opportunity and Development | 89,416 | 83,177 | - | - |
| Culture and Recreation | 156,778 | 212,114 | 161,602 | 138,990 |
| Home and Community Services | 487,139 | 485,956 | - | - |
| Interest on Debt | 19,960 | 18,751 | - | - |
| Total Expenses | <u>3,217,014</u> | <u>3,000,668</u> | <u>161,602</u> | <u>138,990</u> |
| Change in Net Position | 283,133 | 509,084 | 84,600 | 120,490 |
| Net Position - Beginning of Year | <u>804,365</u> | <u>295,281</u> | <u>536,802</u> | <u>416,312</u> |
| Net Position - End of Year | <u>\$ 1,087,498</u> | <u>\$ 804,365</u> | <u>\$ 621,402</u> | <u>\$ 536,802</u> |

ANALYSIS OF POSITION AND RESULTS OF OPERATION

The Village had an excess of revenues over expenses for governmental activities of \$283,133, resulting in an increase in the Village's net position. The Village also had an excess of revenues over expenses for business-type activities of \$84,600. No significant individual economic factor affected these operating results.

Total revenues were consistent with the prior year for the Village as a whole. Total expenditures were approximately \$240,000 higher as compared to the prior year. General Government Support expense is approximately \$160,000 more than the prior year due to an overall increase in various items such as repairs and maintenance for Village Hall, personnel costs, insurance, gas, computer technology support, and supplies. In addition, Transportation expense is approximately \$85,000 more than the prior year due to increased costs for street maintenance and related repairs.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund balance increased by \$169,764, to an ending fund balance of \$870,196. Of this amount, \$604,368 is unassigned, \$223,000 is assigned for the subsequent year's budget, and \$16,282 is restricted for specific items, which are listed on page 40 of the footnotes to the financial statements. The remaining \$26,546 of fund balance is considered nonspendable, as it relates to prepaid items. The Board of Trustees and management of the Village are interested in maintaining a strong fund balance and continuing to improve the financial condition of the Village through careful budgeting and conservative fiscal policies.

The Capital Projects Fund recognized expenditures over revenue totaling \$405,185, resulting in an ending assigned fund balance of \$116,604. The decrease was mainly due to increased paving and street maintenance projects as well as the start of Highway Yard Building Project.

The net position of the Canal Fund increased \$84,600, resulting in an ending net position of \$621,402. The Village received revenue from canal rental fees totaling \$246,174 and expenses totaled \$161,602.

BUDGETARY ANALYSIS

During the year the Board of Trustees approved a budget adjustment to increase transfers to the Capital Projects Fund by approximately \$140,000.

The following significant variances exist between the final budget amounts for the fiscal year ended May 31, 2023, and the actual results:

Revenues and Other Financing Sources:

- Departmental Income – actual revenues were \$99,487 more than final budgeted amounts due to a higher than anticipated volume of collections. Building permits were approximately \$50,000 more than anticipated, beach fees increased

approximately \$8,500, and approximately \$34,000 related to the Youth Camp were collected.

- Use of Money and Property – actual revenues were \$52,318 more than final budgeted amounts due to higher than anticipated interest rates related to the Village’s investment account.
- Miscellaneous Local Sources – actual revenues were \$39,898 more than final budgeted amounts due to the addition of the Village golf event which was not budgeted for.

Expenditures and Other Financing Uses:

- Overall, total expenditures were \$53,813 over budget and other financing uses were \$259,634 under budget.
- General Government Support – actual expenditures were \$32,463 more than final budgeted amounts due to the acquisition of new roofing and gutters for Village Hall and the Court, as well as the installation of a security camera system.
- Health – actual expenditures were \$50,000 less than final budgeted amounts due to an ongoing dispute with the ambulance services pertaining to the billing process.
- Transportation – actual expenditures were \$46,873 more than final budgeted amounts mainly due to the acquisition of a backhoe and increased street repairs and maintenance.
- Economic Assistance and Opportunity – actual expenditures were \$58,856 more than final budgeted amounts mainly due to the addition of the Village golf event, increased personnel, the purchase of bricks and cost of engraving, as well as memorial benches for memorial sites.
- Transfers to the Capital Projects Fund were \$259,634 less than final budgeted amounts. Scheduled transfers from the General Fund to the Capital Projects Fund were not completed by fiscal year-end.

None of the variations between budgeted and actual results are expected to affect future services or liquidity.

A schedule showing the budgeted amounts compared to the Village’s actual financial activity for the General Fund is provided in this report as required supplementary information.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Village’s investment in capital assets as of May 31, 2023 totaled \$7,812,520 (net of accumulated depreciation). The net increase of \$579,599 was due to current acquisitions totaling \$912,978 exceeding depreciation expense of \$333,379. Significant acquisitions during the year include infrastructure costs of \$537,810, vehicles and equipment with a cost of \$160,758, construction in progress for Highway Yard Building totaling \$123,697, buildings and improvements totaling \$84,930, and Canal Restoration totaling \$47,740.

As of May 31, 2023, the Village had total bond indebtedness of \$2,895,000. Scheduled payments of \$340,000 were made during the year ended May 31, 2023.

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

The economic conditions of the Village mirror those of the rest of the region. The administration has been diligent in controlling expenses while continuing to provide efficient services to the residents.

The Village applied for funding under the American Rescue Plan Act. The first payment of \$156,871 was received during the prior fiscal year. The second payment of the same amount was received July 15, 2022.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact:

Incorporated Village of Brightwaters
Nicole Rhodes, Clerk-Treasurer
40 Seneca Drive
Brightwaters, New York 11718

INCORPORATED VILLAGE OF BRIGHTWATERS

Statement of Net Position

May 31, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|------------------------------------|-------------------------------------|---------------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | \$ 1,469,551 | \$ 336,287 | \$ 1,805,838 |
| Cash and Cash Equivalents - Restricted | 16,282 | - | 16,282 |
| Accounts Receivable | 12,304 | - | 12,304 |
| Taxes Receivable | 39,569 | - | 39,569 |
| State and Federal Aid Receivable | 55,084 | - | 55,084 |
| Due from Other Governments | 27,197 | - | 27,197 |
| Due from Other Funds | 636 | - | 636 |
| Prepaid Expenses | 33,959 | - | 33,959 |
| Capital Assets (net) | 4,988,332 | 2,824,188 | 7,812,520 |
| Total Assets | 6,642,914 | 3,160,475 | 9,803,389 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Net Pension | 338,274 | - | 338,274 |
| Other Post-Employment Benefits | 403,093 | - | 403,093 |
| Total Deferred Outflows of Resources | 741,367 | - | 741,367 |
| <u>LIABILITIES</u> | | | |
| Accounts Payable and Accrued Liabilities | 307,653 | - | 307,653 |
| Guaranty and Bid Deposits | 61,361 | - | 61,361 |
| Unearned Revenue | 232,211 | 202,251 | 434,462 |
| Due to Other Funds | - | 636 | 636 |
| Due to Other Governments | 161,274 | - | 161,274 |
| Accrued Interest | 11,226 | 13,753 | 24,979 |
| Long-term Liabilities: | | | |
| Due within one year | 197,599 | 170,333 | 367,932 |
| Due in more than one year | 3,865,400 | 2,152,100 | 6,017,500 |
| Total Liabilities | 4,836,724 | 2,539,073 | 7,375,797 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Net Pension | 57,388 | - | 57,388 |
| Other Post-Employment Benefits | 1,402,671 | - | 1,402,671 |
| Total Deferred Inflows of Resources | 1,460,059 | - | 1,460,059 |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 4,200,658 | 488,002 | 4,688,660 |
| Restricted | 16,282 | - | 16,282 |
| Unrestricted (deficit) | (3,129,442) | 133,400 | (2,996,042) |
| Total Net Position | \$ 1,087,498 | \$ 621,402 | \$ 1,708,900 |

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Activities
For the Year Ended May 31, 2023

| Functions/Programs | Expenses | PROGRAM REVENUES | | | Net (Expense) Revenue and Change in | | |
|---|---------------------|--|--|--|-------------------------------------|-----------------------------|---------------------|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net Position | | Total |
| | | | | | Governmental Activities | Business-Type Activities | |
| Governmental Activities: | | | | | | | |
| General Government Support | \$ 1,357,483 | \$ 42,717 | \$ - | \$ 30,000 | \$ (1,284,766) | \$ - | \$ (1,284,766) |
| Public Safety | 739,003 | 180,977 | - | - | (558,026) | - | (558,026) |
| Health | 83,333 | - | - | - | (83,333) | - | (83,333) |
| Transportation | 242,417 | - | 26,228 | 314,009 | 97,820 | - | 97,820 |
| Economic Assistance and Opportunit | 130,901 | - | - | - | (130,901) | - | (130,901) |
| Culture and Recreation | 156,778 | 56,886 | - | 22,475 | (77,417) | - | (77,417) |
| Home and Community Services | 487,139 | 486,039 | - | - | (1,100) | - | (1,100) |
| Interest on Debt | 19,960 | - | - | - | (19,960) | - | (19,960) |
| Total Governmental Activities | <u>3,217,014</u> | <u>766,619</u> | <u>26,228</u> | <u>366,484</u> | <u>(2,057,683)</u> | <u>-</u> | <u>(2,057,683)</u> |
| Business-Type Activities: | | | | | | | |
| Canal Fund | 161,602 | 246,202 | - | - | - | 84,600 | 84,600 |
| Total Business-Type Activities | <u>161,602</u> | <u>246,202</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>84,600</u> | <u>84,600</u> |
| Totals | <u>\$ 3,378,616</u> | <u>\$ 1,012,821</u> | <u>\$ 26,228</u> | <u>\$ 366,484</u> | <u>(2,057,683)</u> | <u>84,600</u> | <u>(1,973,083)</u> |
| GENERAL REVENUES: | | | | | | | |
| | | | | | 1,933,105 | - | 1,933,105 |
| Real Property Taxes and Related Tax Items | | | | | 142,392 | - | 142,392 |
| Non Property Tax Items | | | | | 60,577 | - | 60,577 |
| Use of Money and Property | | | | | 123,443 | - | 123,443 |
| State and Federal Aid | | | | | 81,299 | - | 81,299 |
| Other Miscellaneous Revenues | | | | | <u>2,340,816</u> | <u>-</u> | <u>2,340,816</u> |
| Total General Revenues | | | | | 283,133 | 84,600 | 367,733 |
| Change in Net Position | | | | | 804,365 | 536,802 | 1,341,167 |
| Beginning Net Position | | | | | <u>\$ 1,087,498</u> | <u>\$ 621,402</u> | <u>\$ 1,708,900</u> |
| Ending Net Position | | | | | | | |

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS

Balance Sheets

May 31, 2023

| <u>ASSETS</u> | <u>Governmental Funds</u> | | |
|--|----------------------------------|--------------------------------|----------------------------|
| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Total</u> |
| Assets: | | | |
| Cash and Cash Equivalents | \$ 1,449,672 | \$ 19,879 | \$ 1,469,551 |
| Cash and Cash Equivalents - Restricted | 16,282 | - | 16,282 |
| Accounts Receivable | 12,304 | - | 12,304 |
| Taxes Receivable | 39,569 | - | 39,569 |
| State and Federal Aid Receivable | 32,609 | 22,475 | 55,084 |
| Due from Other Governments | 27,197 | - | 27,197 |
| Due from Other Funds | 636 | 168,642 | 169,278 |
| Prepaid Expenses | 26,546 | - | 26,546 |
| Total Assets | <u>\$ 1,604,815</u> | <u>\$ 210,996</u> | <u>\$ 1,815,811</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | \$ 113,727 | \$ 94,392 | \$ 208,119 |
| Guaranty and Bid Deposits | 61,361 | - | 61,361 |
| Unearned Revenue | 190,046 | - | 190,046 |
| Due to Other Funds | 168,642 | - | 168,642 |
| Due to Other Governments | 161,274 | - | 161,274 |
| Total Liabilities | <u>695,050</u> | <u>94,392</u> | <u>789,442</u> |
| Deferred Inflows of Resources: | | | |
| Real Property Taxes | 39,569 | - | 39,569 |
| Total Deferred Inflows of Resources | <u>39,569</u> | <u>-</u> | <u>39,569</u> |
| Fund Balance: | | | |
| Nonspendable | 26,546 | - | 26,546 |
| Restricted | 16,282 | - | 16,282 |
| Assigned | 223,000 | 116,604 | 339,604 |
| Unassigned | 604,368 | - | 604,368 |
| Total Fund Balance | <u>870,196</u> | <u>116,604</u> | <u>986,800</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$ 1,604,815</u> | <u>\$ 210,996</u> | <u>\$ 1,815,811</u> |

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Reconciliation of the Governmental Funds Balance Sheets
to the Statement of Net Position
As of May 31, 2023

| | | |
|--|----|------------------|
| Total Fund Balance - Total Governmental Funds | \$ | 986,800 |
| <p>This amount differs from the amount of net position in the Statement of Net Position due to the following:</p> | | |
| Revenues that are earned and measurable but not available to provide financial resources are deferred in the fund financial statements, but are recognized as revenue in the government-wide financial statements and are added. | | 39,569 |
| Capital assets are included as assets in the government-wide financial statements and are added, net of accumulated depreciation. | | 4,988,332 |
| Additional amounts for prepaid expenses are included in the government-wide financial statements as assets and are added. | | 7,413 |
| <p>Deferred outflows of resources related to the following are not reported in the governmental funds:</p> | | |
| Net Pension | | 338,274 |
| Other Post-Employment Benefits | | 403,093 |
| Additional accounts payable included in the Statement of Net Position not due and payable in the current period are excluded from the fund financial statements and are deducted. | | (99,534) |
| Revenues that are measurable and available but not earned are recognized as revenue in the governmental funds. However, these revenues are unearned in the government-wide financial statements and are deducted. | | (42,165) |
| Bond interest payable applicable to governmental activities is not due and payable in the current period and, accordingly, is not reported in the governmental funds. However, these liabilities are included in the liabilities in the government-wide financial statements and are deducted. | | (11,226) |
| Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental funds. However, these liabilities are included in the government-wide financial statements and are deducted. | | |
| Serial Bonds | | (590,333) |
| Installment Purchase Contract | | (85,449) |
| Compensated Absences | | (79,674) |
| Net Pension Liability/Asset | | (542,402) |
| Other Post-Employment Benefits Payable | | (2,765,141) |
| <p>Deferred inflows of resources related to the following are not reported in the governmental funds:</p> | | |
| Net Pension | | (57,388) |
| Other Post-Employment Benefits | | (1,402,671) |
| Total Net Position - Total Governmental Activities | \$ | <u>1,087,498</u> |

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Statements of Revenues, Expenditures and Change in Fund Balances
For the Year Ended May 31, 2023

| | Governmental Funds | | Total |
|--|---------------------------|-------------------------|-------------------|
| | General Fund | Capital Projects | |
| Revenues: | | | |
| Real Property Taxes | \$ 1,900,297 | \$ - | \$ 1,900,297 |
| Real Property Tax Items | 16,733 | - | 16,733 |
| Non Property Tax Items | 142,392 | - | 142,392 |
| Departmental Income | 747,187 | - | 747,187 |
| Use of Money and Property | 60,118 | 459 | 60,577 |
| Licenses and Permits | 24,807 | - | 24,807 |
| Fines and Forfeitures | 36,790 | - | 36,790 |
| Other Compensation for Loss | 18,401 | - | 18,401 |
| Miscellaneous Local Sources | 62,898 | - | 62,898 |
| State and Federal Aid | 493,680 | 22,475 | 516,155 |
| Total Revenues | 3,503,303 | 22,934 | 3,526,237 |
| Expenditures: | | | |
| General Government Support | 980,543 | - | 980,543 |
| Public Safety | 611,222 | - | 611,222 |
| Health | 25,000 | - | 25,000 |
| Transportation | 115,236 | 690,889 | 806,125 |
| Economic Assistance and Opportunity | 110,508 | 41,485 | 151,993 |
| Culture and Recreation | 137,209 | 9,043 | 146,252 |
| Home and Community Services | 487,139 | - | 487,139 |
| Employee Benefits | 480,616 | - | 480,616 |
| Debt Service | 183,217 | - | 183,217 |
| Total Expenditures | 3,130,690 | 741,417 | 3,872,107 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 372,613 | (718,483) | (345,870) |
| Other Financing Sources (Uses): | | | |
| Proceeds from Sale of Asset | 25,000 | - | 25,000 |
| Proceeds from Installment Purchase Contract | - | 85,449 | 85,449 |
| Transfers In | - | 227,849 | 227,849 |
| Transfers Out | (227,849) | - | (227,849) |
| Total Other Financing Sources (Uses) | (202,849) | 313,298 | 110,449 |
| Net Change in Fund Balances | 169,764 | (405,185) | (235,421) |
| Beginning Fund Balance | 700,432 | 521,789 | 1,222,221 |
| Ending Fund Balance | \$ 870,196 | \$ 116,604 | \$ 986,800 |

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS
Reconciliation of the Statements of Revenues, Expenditures and Change in
Fund Balances of the Governmental Funds to the Statement of Activities
For the Year Ended May 31, 2023

Net Change in Fund Balances for Total Governmental Funds \$ (235,421)

This amount differs from the change in net position in the Statement of Activities because of the following:

Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

| | |
|----------------------|-----------|
| Capital Expenditures | 865,238 |
| Depreciation Expense | (255,590) |

Revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are measurable and available to provide current financial resources. In the Statement of Activities, revenues are recognized when they are earned and measurable, regardless of when they become available.

(26,090)

Expenditures for certain insurance premiums are recorded in the governmental funds when the payments are due. In the Statement of Activities, these costs are allocated over the policy period that they pertain to.

587

Net change in deferred outflows of resources not reported in the governmental funds:

| | |
|--------------------------------|----------|
| Net Pension | (72,404) |
| Other Post-Employment Benefits | (80,461) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:

| | |
|--|-----------|
| Accounts Payable | (62,286) |
| Accrued Interest | (6,410) |
| Compensated Absences | (12,853) |
| Net Pension Liability/Asset | (761,222) |
| Other Post-Employment Benefits Payable | 387,458 |

Net change in deferred inflows of resources not reported in the governmental funds:

| | |
|--------------------------------|-----------|
| Net Pension | 725,676 |
| Other Post-Employment Benefits | (267,307) |

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term liabilities and related items.

84,218

Change in Net Position of Governmental Activities in the Statement of Activities \$ 283,133

INCORPORATED VILLAGE OF BRIGHTWATERS

Statement of Net Position

May 31, 2023

| | <u>Proprietary Funds</u> |
|--------------------------------------|--------------------------|
| | <u>Canal Fund</u> |
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ 336,287 |
| Total Current Assets | <u>336,287</u> |
| Capital Assets: | |
| Canal Restoration | 3,135,412 |
| Less: Accumulated Depreciation | <u>(311,224)</u> |
| Net Capital Assets | <u>2,824,188</u> |
| Total Assets | <u>3,160,475</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities: | |
| Unearned Revenue | 202,251 |
| Due to Other Funds | 636 |
| Bond Interest Payable | 13,753 |
| Bonds Payable, Inclusive of Premiums | <u>170,333</u> |
| Total Current Liabilities | <u>386,973</u> |
| Long-Term Liabilities: | |
| Bonds Payable, Inclusive of Premiums | <u>2,152,100</u> |
| Total Long Term Liabilities | <u>2,152,100</u> |
| Total Liabilities | <u>2,539,073</u> |
| <u>NET POSITION</u> | |
| Net Investment in Capital Assets | 488,002 |
| Unrestricted | <u>133,400</u> |
| Total Net Position | <u>\$ 621,402</u> |

INCORPORATED VILLAGE OF BRIGHTWATERS
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended May 31, 2023

| | Proprietary Funds |
|--|--------------------------|
| | Canal Fund |
| Operating Revenues | |
| Charges for Services | \$ 246,174 |
| Operating Expenses | |
| Cost of Services | 33,057 |
| Depreciation Expense | 77,789 |
| Total Operating Expenses | 110,846 |
| Operating Income | 135,328 |
| Non-Operating Income and Expenses | |
| Interest Income | 28 |
| Interest Expense | (50,756) |
| Total Non-Operating Income and Expenses | (50,728) |
| Change in Net Position | 84,600 |
| Beginning Net Position | 536,802 |
| Ending Net Position | \$ 621,402 |

INCORPORATED VILLAGE OF BRIGHTWATERS

Statement of Cash Flows

For the Year Ended May 31, 2023

| | <u>Proprietary Funds</u> |
|---|--------------------------|
| | <u>Canal Fund</u> |
| Cash Flows from Operating Activities | |
| Receipts from Customers | \$ 244,415 |
| Payments to Suppliers | (33,057) |
| Net Cash Provided by Operating Activities | <u>211,358</u> |
| Cash Flows from Investing Activities | |
| Interest Income | 28 |
| Net Cash Provided by Investing Activities | <u>28</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Payment of Long-Term Debt | (170,333) |
| Payment of Interest | (53,691) |
| Payments for Capital Assets | (47,740) |
| Payments to Other Funds | (59,864) |
| Net Cash Used by Capital and Related Financing Activities | <u>(331,628)</u> |
| Net Decrease in Cash and Cash Equivalents | (120,242) |
| Cash and Cash Equivalents at Beginning of Year | <u>456,529</u> |
| Cash and Cash Equivalents at End of Year | <u>\$ 336,287</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities | |
| Operating Income | \$ 135,328 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | |
| Depreciation Expense | 77,789 |
| Decrease in Unearned Revenue | (1,759) |
| Net Cash Provided by Operating Activities | <u>\$ 211,358</u> |

See Notes to the Financial Statements

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Incorporated Village of Brightwaters have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Village's significant accounting policies are described below.

A. FINANCIAL REPORTING ENTITY

The Village of Brightwaters, which was incorporated in 1916, is governed by Village law, general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for the overall operations, the Mayor serves as Chief Executive Officer and the Clerk-Treasurer serves as Chief Fiscal Officer.

The following basic services are provided: fire protection, sanitation, recreation, Village planning, street maintenance and lighting.

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 consists of the primary government, which is the Village, organizations for which the primary government is financially accountable, and 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 as set forth in GASB Statements Nos. 14, 39, and 61.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB Statements Nos. 14, 39, and 61 including legal standing, fiscal dependency, and financial accountability. No other organizations have been included or excluded from the reporting entity.

B. BASIS OF PRESENTATION

1. Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of governmental activities for the Village.

The statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

period in which the liability is incurred. The types of transactions reported as program revenues for the Village are reported in three categories: 1) fees, fines, and charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All interfund balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and business-type activities.

2. Fund Financial Statements:

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The Village records its transactions in the fund types described below.

Fund Categories

- a. **GOVERNMENTAL FUNDS** – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources). The following are the Village’s governmental fund types:

General Fund – the principal operating fund and includes all operations not accounted for and reported in another fund.

Capital Projects Fund – used to account for and report financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

- b. **PROPRIETY FUNDS** – used to account for ongoing organizations or activities which are similar to those often found in the private sector. The measurement focus of proprietary funds is upon the determination of operating income, changes in net position, and cash flows. The following proprietary fund is utilized:

Enterprise Funds – used to account for operations where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed and recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements For the Year Ended May 31, 2023

Included are the following operations:

Canal Fund – an enterprise fund used to account for the revenues and expenses relevant to canal services to the Village’s residents. Canal service charges are the primary source of operating revenues, all other revenue received not specifically identifiable to canal services are classified as non-operating.

3. Equity Classifications:

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), breaks fund balance out into five different classifications: Nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

Assigned consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. 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.

Unassigned represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Village spends funds in the following order: restricted, committed, assigned, unassigned.

It is the goal of the Village to achieve and maintain an unassigned fund balance in the general fund at fiscal year-end of not less than 6% and not more than 20% of budgeted expenditures.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

Modified Accrual Basis – All governmental funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, State and Federal Aid, mortgage tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

Expenditures are recorded when the liability is incurred except that:

- Expenditures for prepaid expenses and inventory-type items are generally recognized at the time of purchase.
- Principal and interest on indebtedness are recognized as expenditures when payment is due.
- Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when payment is due.
- Pension costs are recognized as an expenditure when billed by the State.
- Other Post-Employment Benefits are charged as expenditures when payment is due.

Accrual Basis – Proprietary funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the fund. The capital assets are reported at original cost. Depreciation has been recorded using the straight-line method over 40 years for Canal Restoration.

D. CASH AND CASH EQUIVALENTS

The Village considers all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

E. INVESTMENTS

An investment is a security or other asset that a government holds primarily for the purpose of income or profit and with present service capacity that is based solely on its ability to generate cash or to be sold to generate cash. Capital assets held for resale are excluded from being classified as investments.

Investments are generally reported at fair value. There are, however, two exceptions: certificates of deposit, which are reported at cost; and external investment pools, which may elect to measure all investments at amortized cost if certain criteria (as outlined in GASB No. 79) is met.

F. PROPERTY TAXES

Real property taxes are levied annually no later than June 1. Real property tax payments are due in total by July 1 of each year. A penalty of 5% is imposed after July 1. Interest is charged at a rate of 1% per month up to a total of 12% per annum.

General Municipal Law Section 3-c established a tax levy limit for local governments in New York State effective June 24, 2011. This law generally limits the amount by which local governments can increase property tax levies to 2% or the rate of inflation, whichever is less. The law does provide exclusions for certain specific costs and allows the governing board to override the tax levy limit with a supermajority vote.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

G. BUDGETARY DATA

1. Budget Policies – The budget policies are as follows:

An operating budget is adopted each fiscal year. The Mayor prepares a preliminary budget and the Village Board of Trustees holds a public hearing. Subsequent to the public hearing, revisions (if any) are made and the budget is adopted by the Village Board as its budget for the coming year. The budget is not subject to referendum. Any supplemental appropriations that amend total expenditures require Village Board resolution. All budget appropriations lapse at the end of each fiscal year.

2. Budget Basis of Accounting:

Budgets are adopted annually on a basis consistent with generally accepted accounting principles applicable to municipalities.

H. CAPITAL ASSETS

Capital assets, which include land, construction in progress, buildings and improvements, vehicles and equipment, infrastructure, and canal restoration are reported in the government-wide financial statements. The Village defines capital assets as assets with the initial, individual cost of more than \$1,000 and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets acquired in a service concession arrangement are recorded at acquisition value. Depreciation has been recorded using the straight-line method over 5 to 20 years for vehicles and equipment, 15 to 40 years for infrastructure, and 40 years for buildings and improvements and canal restoration. Land and construction in progress are not depreciated. General infrastructure assets acquired or constructed prior to June 1, 2004 are not reported in the financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets are not shown on governmental fund balance sheets.

I. COMPENSATED ABSENCES

The Village's union employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacation time can be accumulated upon written request citing extenuating circumstances. Sick time can be accumulated up to a maximum of 60 days. However, upon termination or retirement, each union employee shall be paid for accumulated sick leave, but in no event more than 36 days. Records are maintained by the Clerk-Treasurer. At May 31, 2023, the Village has an estimated liability of \$79,674.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

J. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees. Substantially all of the Village's full-time employees may become eligible for these benefits.

Healthcare benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for these other post-employment benefits payable is recorded as a long-term liability in the government-wide financial statements. The liability is estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement No. 75.

K. INSURANCE

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Village carries various insurance policies to mitigate any losses that might occur.

L. USE OF 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 and disclosures. Accordingly, actual results may differ from those estimates. Estimates and assumptions are made in a variety of areas, including other post-employment benefits, net pension liability (asset) amounts, and useful lives of capital assets.

M. UNEARNED REVENUE

Unearned revenues are reported when the Village receives resources before it has a legal claim to them as a result of an exchange transaction. In subsequent periods, when the funds are available, the liability for unearned revenues is removed and revenues are recorded.

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

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 will not be recognized as an inflow of resources until that time.

O. NEW ACCOUNTING STANDARD

Effective June 1, 2022, the Village implemented GASB Statement No. 87, *Leases*. This standard will improve consistency in accounting and financial reporting for leases by governments, as well as requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The provisions of this adoption had no material effect on the financial statements of the Village.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village's cash and cash equivalents consist of cash on hand and time and demand deposits. The Village's investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village Clerk-Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of New York State or its localities, and a CLASS investment account with the Municipal Investors Service Corp., which has a collateral arrangement with a third-party custodial bank.

Collateral is required for all deposits and certificates of deposit as provided for by law of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's custodial bank in the Village's name.

INCORPORATED VILLAGE OF BRIGHTWATERS

**Notes to the Financial Statements
For the Year Ended May 31, 2023**

They consisted of:

Deposits

All deposits, including certificates of deposit, are carried at cost plus accrued interest.

Bank balances for the Village’s deposits with financial institutions as of May 31, 2023, totaled \$679,928 and were covered by federal deposit insurance or third-party collateral as follows:

| | |
|--|--------------------------|
| Amount FDIC - Insured | \$ 250,000 |
| Amount Collateralized by Third Parties | <u>429,928</u> |
| Total Amounts | <u><u>\$ 679,928</u></u> |

Investment Pool: The Village participates in a multi-municipal cooperative investment pool arrangement pursuant to New York State General Municipal Law Article 3A and 5-G, whereby it holds investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

The Village’s investments of \$1,185,772 have been recorded as cash equivalents in the general fund and investments of \$14,433 have been recorded as cash equivalents in the capital fund. These amounts represent the cost of the investment pool shares and is considered approximate to market value. The investment pool is categorically exempt from New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from NYCLASS, 717 17th Street, Suite 1850, Denver, CO 80202.

2. Property Taxes:

Total taxes receivable of \$39,569 are offset by deferred inflows of resources – real property taxes of the same amount, which represents the tax liens that will not be collected within the first 60 days of the subsequent year.

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2023

3. Interfund Receivables, Payables, and Transfers:

As of May 31, 2023, the interfund receivables and payables were as follows:

| | Amount Receivable | Amount Payable |
|-----------------------|----------------------|-------------------|
| General Fund | \$ 636 | \$ 168,642 |
| Canal Fund | - | 636 |
| Capital Projects Fund | 168,642 | - |
| Totals | <u>\$ 169,278</u> | <u>\$ 169,278</u> |

During the year, transfers totaling \$227,849 were made between the Capital Projects Fund and the General Fund to support the costs of capital projects. The following is a summary of interfund transfers:

| | Transfers In | Transfers Out |
|-----------------------|-------------------|-------------------|
| General Fund | \$ - | \$ 227,849 |
| Capital Projects Fund | 227,849 | - |
| Totals | <u>\$ 227,849</u> | <u>\$ 227,849</u> |

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

4. Changes in Capital Assets:

1. A summary of changes in capital assets for Governmental Activities follows:

| | Balance May 31, 2022 | Additions | Reductions | Balance May 31, 2023 |
|---|-------------------------|-------------------|--------------------|-------------------------|
| Capital Assets That Are Not Depreciated: | | | | |
| Land | \$ 240,131 | \$ - | \$ - | \$ 240,131 |
| Construction in Progress | 41,957 | 123,697 | (41,957) | 123,697 |
| Total Nondepreciable Cost | 282,088 | 123,697 | (41,957) | 363,828 |
| Capital Assets That Are Depreciated: | | | | |
| Vehicles and Equipment | 1,096,277 | 160,758 | (64,486) | 1,192,549 |
| Buildings and Improvements | 377,719 | 84,930 | - | 462,649 |
| Infrastructure | 4,953,935 | 537,810 | - | 5,491,745 |
| Total Depreciable Cost | 6,427,931 | 783,498 | (64,486) | 7,146,943 |
| Less Accumulated Depreciation: | | | | |
| Vehicles and Equipment | (747,689) | (89,219) | 64,486 | (772,422) |
| Buildings and Improvements | (255,797) | (9,633) | - | (265,430) |
| Infrastructure | (1,327,849) | (156,738) | - | (1,484,587) |
| Total Accumulated Depreciation | (2,331,335) | (255,590) | 64,486 | (2,522,439) |
| Net Capital Assets That Are Depreciated | 4,096,596 | 527,908 | - | 4,624,504 |
| Grand Total | \$ 4,378,684 | \$ 651,605 | \$ (41,957) | \$ 4,988,332 |

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental Activities

| | |
|---|---------------------|
| General Government Support | \$ (68,025) |
| Public Safety | (11,320) |
| Transportation | (139,221) |
| Economic Assistance and Opportunity | (10,915) |
| Culture and Recreation | (26,109) |
| Total Depreciation Expense – Governmental Activities | \$ (255,590) |

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2023

A summary of changes in capital assets for Business-type Activities follows:

| | Balance May 31, 2022 | Additions | Reductions | Balance May 31, 2023 |
|---|-------------------------|--------------------|-------------|-------------------------|
| Capital Assets That Are Depreciated: | | | | |
| Canal Restoration | \$ 3,087,672 | \$ 47,740 | - | \$ 3,135,412 |
| Total Depreciable Cost | <u>3,087,672</u> | <u>47,740</u> | <u>-</u> | <u>3,135,412</u> |
| Less Accumulated Depreciation: | | | | |
| Canal Restoration | (233,435) | (77,789) | - | (311,224) |
| Total Accumulated Depreciation | <u>(233,435)</u> | <u>(77,789)</u> | <u>-</u> | <u>(311,224)</u> |
| Total Capital Assets That Are Depreciated | <u>\$ 2,854,237</u> | <u>\$ (30,049)</u> | <u>\$ -</u> | <u>\$ 2,824,188</u> |

B. LIABILITIES

1. Pension Plan:

Description of Plan

The Village participates in the New York State and Local Employees' Retirement System (ERS or the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2022, he was elected for a new term commencing January 1, 2023.

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. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS is a cost sharing, multiple-employer defined benefit pension plan. The System is included in the State's financial report as a pension trust fund. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements For the Year Ended May 31, 2023

In these statements, GLIP amounts are apportioned to and included in ERS. Separately issued financial statements can be accessed on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2023 was approximately 11.6% of covered employee payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2023, the applicable interest rate was 5.9%.

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

| | | |
|---------|----|--------|
| 2022-23 | \$ | 75,742 |
| 2021-22 | | 99,471 |
| 2020-21 | | 80,076 |

Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2023, the Village reported a liability of \$542,402 for its proportionate share of the net pension. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate net pension was determined by an actuarial valuation as of that date. 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 pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2023, the Village's proportion was 0.0025294%, which was a decrease of 0.0001474% from its proportion measured at March 31, 2022.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

For the year ended May 31, 2023, the Village recognized pension expense of \$183,691. At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 57,770 | \$ 15,233 |
| Changes of Assumptions | 263,426 | 2,911 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 3,187 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 17,078 | 36,057 |
| | \$ 338,274 | \$ 57,388 |

There were no amounts reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended March 31:

| | |
|------|------------|
| 2024 | \$ 62,804 |
| 2025 | (34,409) |
| 2026 | 108,041 |
| 2027 | 144,450 |
| 2028 | - |
| | \$ 280,886 |

Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023.

The actuarial valuation for ERS used the following actuarial assumptions:

| | |
|---|------|
| Inflation | 2.9% |
| Salary increases | 4.4% |
| Investment rate of return (net of investment expense, including inflation) | 5.9% |
| Cost-of-living adjustments | 1.5% |

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

Annuitant mortality rates are based on April 1, 2015 – April 1, 2020, System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020, used the same assumptions to measure the total pension liability.

The actuarial assumptions used in the April 1, 2022 valuations are based on the results of an actuarial experience study for the period April 1, 2015 – April 1, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Domestic equity | 32 % | 4.30 % |
| International equity | 15 | 6.85 |
| Private equity | 10 | 7.50 |
| Real estate | 9 | 4.60 |
| Opportunistic/ARS Portfolio | 3 | 5.38 |
| Credit | 4 | 5.43 |
| Real assets | 3 | 5.84 |
| Fixed income | 23 | 1.50 |
| Cash | 1 | - |
| | <u>100 %</u> | |

The real rate of return is net of the long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 determined. 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.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the Village's proportionate share of the net pension liability calculated using the current-period discount rate assumption of 5.9%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9%) or 1-percentage-point higher (6.9%) than the current rate:

| | 1% Decrease (4.9%) | Current Assumption (5.9%) | 1% Increase (6.9%) |
|---|--------------------------|---------------------------------|--------------------------|
| Village's proportionate share of the net pension liability (asset) | \$ 1,310,754 | \$ 542,402 | \$ (99,645) |

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2023, were as follows:

| | Employees' Retirement System (Dollars in Thousands) |
|--|---|
| Employers' total pension liability | \$ 232,627,259 |
| Fiduciary net position | (211,183,223) |
| Employers' net pension liability (asset) | \$ 21,444,036 |
| Ratio of fiduciary net position to the employers' total pension liability | 90.78% |

2. Long-Term Liabilities:

- a. Outstanding Bond indebtedness aggregated \$2,895,000.
- b. Serial Bonds

The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are reflected in the government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities. Enterprise fund debt is liquidated with enterprise income.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

c. Other Long-Term Liabilities

In addition to the above long-term liabilities, the local government had the following non-current liabilities:

- Installment Purchase Contract – Represents the remaining installments due on the purchase of equipment.
- Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences.
- Net Pension Liability – Represents the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees' past periods of service.
- Other Post-Employment Benefits (OPEB) – Represents the non-current portion of the liability to current employees and retirees.

d. The following is a summary of changes in long-term liabilities:

| | Payable at beginning of year | Additions | Reductions | Payable at end of year | Due in One Year |
|---------------------------------|------------------------------------|----------------|------------------|------------------------------|--------------------|
| Governmental Activities: | | | | | |
| Bonds, Inclusive of Premiums | \$ 760,000 | \$ - | \$ (169,667) | \$ 590,333 | \$ 169,667 |
| Installment Purchase Contract | - | 85,449 | - | 85,449 | 19,965 |
| Compensated Absences | 66,821 | 12,853 | - | 79,674 | 7,967 |
| Net Pension Liability | - | 542,402 | - | 542,402 | - |
| Other Post-Employment Benefits | 3,152,599 | 198,033 | (585,491) | 2,765,141 | - |
| Total Governmental Activities | <u>3,979,420</u> | <u>838,737</u> | <u>(755,158)</u> | <u>4,062,999</u> | <u>197,599</u> |

| | Payable at beginning of year | Additions | Reductions | Payable at end of year | Due in One Year |
|----------------------------------|------------------------------------|-------------------|---------------------|---------------------------|--------------------|
| Business-Type Activities: | | | | | |
| Bonds, Inclusive of Premiums | 2,494,685 | - | (172,252) | 2,322,433 | 170,333 |
| Total Business-Type Activities | <u>2,494,685</u> | <u>-</u> | <u>(172,252)</u> | <u>2,322,433</u> | <u>170,333</u> |
| Total Long-Term Liabilities | <u>\$ 6,474,105</u> | <u>\$ 838,737</u> | <u>\$ (927,410)</u> | <u>\$ 6,385,432</u> | <u>\$ 367,932</u> |

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

- e. Long-Term Debt Maturity Schedule – The following is a statement of serial bonds with corresponding maturity schedules:

Governmental Activities:

| <u>Original Date Issued</u> | <u>Original Amount</u> | <u>Rate %</u> | <u>Date Final Maturity</u> | <u>Outstanding May 31, 2023</u> |
|-----------------------------|------------------------|---------------|----------------------------|---------------------------------|
| 2016 | \$ 1,650,000 | 2.0% | 2026 | \$ 495,000 |
| 2021 | 100,000 | 2.0% | 2041 | 95,333 |

Business-Type Activities:

| <u>Original Date Issued</u> | <u>Original Amount</u> | <u>Rate %</u> | <u>Date Final Maturity</u> | <u>Outstanding May 31, 2023</u> |
|-----------------------------|------------------------|---------------|----------------------------|---------------------------------|
| 2017 | \$ 1,600,000 | 2.5% | 2032 | \$ 970,000 |
| 2021 | 1,400,000 | 2.0% | 2041 | 1,334,667 |

- f. The following table summarizes the Village’s future debt service requirements related to governmental activities (Serial Bond and Installment Purchase):

| <u>Years Ending May 31:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|------------------|-------------------|
| 2024 | \$ 189,632 | \$ 14,025 | \$ 203,657 |
| 2025 | 190,536 | 9,728 | 200,264 |
| 2026 | 191,481 | 5,390 | 196,871 |
| 2027 | 27,468 | 2,659 | 30,127 |
| 2028 | 4,667 | 1,533 | 6,200 |
| 2029-2033 | 25,667 | 6,193 | 31,860 |
| 2034-2038 | 28,333 | 3,527 | 31,860 |
| 2039-2041 | 18,000 | 720 | 18,720 |
| Total | <u>\$ 675,784</u> | <u>\$ 43,775</u> | <u>\$ 719,559</u> |

INCORPORATED VILLAGE OF BRIGHTWATERS
Notes to the Financial Statements
For the Year Ended May 31, 2023

- g. The following table summarizes the Village’s future debt service requirements related to business-type activities (Serial Bonds):

| Years Ending May 31: | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| 2024 | \$ 170,333 | \$ 50,087 | \$ 220,420 |
| 2025 | 170,333 | 46,418 | 216,751 |
| 2026 | 170,333 | 42,749 | 213,082 |
| 2027 | 170,333 | 39,080 | 209,413 |
| 2028 | 175,333 | 35,285 | 210,618 |
| 2029-2033 | 799,333 | 112,488 | 911,821 |
| 2034-2038 | 396,667 | 49,373 | 446,040 |
| 2039-2041 | 252,000 | 10,080 | 262,080 |
| Total | <u>\$ 2,304,665</u> | <u>\$ 385,560</u> | <u>\$ 2,690,225</u> |

C. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description. The Village maintains a post-employment health insurance plan for retired employees of the Village. The plan is a single-employer defined benefit OPEB plan administered by the Village. The plan provides medical insurance through the New York State Empire Health Insurance Plan and dental and vision benefits through Teamsters Local 237. The plan’s benefits are provided to all eligible retirees and their eligible spouses and can be amended by action of the Governing Board subject to applicable collective bargaining and employment agreements. For a retiree to be eligible, he or she should have completed twenty consecutive years working full time for the Village. All financial activities of the plan are included in the financial statements of the Village. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided. The plan provides healthcare benefits for retirees and their dependents.

Funding Policy. The Village will generally contribute 80% of the NYSHIP/State Empire medical premium amounts for both individual and family coverage (for employees hired prior to October 1, 2014, the Village contributes 100%). The Village’s funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants. Current New York State law prohibits municipalities from pre-funding retiree medical benefit obligations in a Trust.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements For the Year Ended May 31, 2023

Employees Covered By Benefit Terms. As of May 31, 2023, the following employees were covered by the benefit terms:

| | |
|--|----|
| Active Employees | 9 |
| Inactive employees or beneficiaries currently receiving benefit payments | 5 |
| Total | 14 |

Total OPEB Liability. The Village's total OPEB liability of \$2,765,141 was measured using the alternative measurement method as of May 31, 2022 rolled forward to May 31, 2023. For the year ended May 31, 2023, the Village recognized OPEB expense of \$41,403.

Actuarial Assumptions and Other Inputs

| | |
|------------------------|---------------------|
| Payroll Growth Rate | 3.00% |
| Discount Rate | 4.24% |
| Healthcare Trends Rate | 8% decreasing to 5% |

The discount rate was based on the S&P Municipal Bond 20-year High Grade Rate Index. Mortality rates were based on PUB 2010 Mortality Table with MP-2021 projection.

Changes in the Total OPEB Liability

| | |
|---|--------------|
| Balance at May 31, 2022 | \$ 3,152,599 |
| Changes for the year: | |
| Service cost | 82,887 |
| Interest | 115,146 |
| Changes in benefit terms | - |
| Difference between expected and actual experience | (225,520) |
| Changes in assumptions and other inputs | (278,878) |
| Benefit Payments | (81,093) |
| Net changes | (387,458) |
| Balance at May 31, 2023 | \$ 2,765,141 |

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 (3.24%) or 1-percentage-point higher (5.24%) than the current discount rate:

| | 1% Decrease (3.24%) | Discount Rate (4.24%) | 1% Increase (5.24%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB Liability | \$ 3,245,699 | \$ 2,765,141 | \$ 2,383,348 |

INCORPORATED VILLAGE OF BRIGHTWATERS

**Notes to the Financial Statements
For the Year Ended May 31, 2023**

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 the healthcare cost trend rates that are 1-percentage-point lower (7% decreasing to 4%) or 1-percentage-point higher (9% decreasing to 6%) than the healthcare cost trend rates:

| | 1% Decrease (7% decreasing to 4%) | Healthcare Cost Trend Rates (8% decreasing to 5%) | 1% Increase (9% decreasing to 6%) |
|----------------------|--|---|--|
| Total OPEB Liability | \$ 2,357,802 | \$ 2,765,141 | \$ 3,292,417 |

At May 31, 2023, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 64,959 | \$ 292,664 |
| Changes of assumptions or other inputs | 338,134 | 1,110,007 |
| Total | <u>\$ 403,093</u> | <u>\$ 1,402,671</u> |

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

Year Ended May 31:

| | |
|------------|---------------------|
| 2024 | \$ (156,630) |
| 2025 | (156,630) |
| 2026 | (156,630) |
| 2027 | (156,628) |
| 2028 | (162,650) |
| Thereafter | (210,410) |
| Total | <u>\$ (999,578)</u> |

D. FUND BALANCE

The government’s fund balance classification policies and procedures are as follows:

1. For committed fund balances:
 - a. The government’s highest level of decision-making authority resides with the Board of Trustees.
 - b. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is through formal resolution by the Board.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements

For the Year Ended May 31, 2023

2. For assigned fund balances:
 - a. The body or official authorized to assign amounts to specific purpose is the Board of Trustees.
 - b. The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given to the Board of Trustees.

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

As of May 31, 2023, the Village has made the following fund balance designations:

| | General Fund | Capital Projects |
|---------------------------------|--------------|------------------|
| Nonspendable Fund Balance: | | |
| Prepaid Expenses | \$ 26,546 | \$ - |
| Total Nonspendable Fund Balance | \$ 26,546 | \$ - |
| Restricted Fund Balance: | | |
| Brick Walkway | \$ 13,033 | \$ - |
| Playground Equipment | 3,249 | - |
| Total Restricted Fund Balance | \$ 16,282 | \$ - |
| Assigned Fund Balance: | | |
| Subsequent Year's Budget | \$ 223,000 | \$ - |
| Capital Projects | - | 116,604 |
| Total Assigned Fund Balance | \$ 223,000 | \$ 116,604 |

E. CONCENTRATION OF RISK

The Village maintains all cash and cash equivalents in one depository. FDIC insurance covers all government accounts up to \$250,000 (per official custodian) for demand and time and savings accounts.

F. COMMITMENTS AND CONTINGENCIES

Contracts

The Village contracts annually with the Bay Shore Fire District to provide fire protection for residents and property owners within the territorial limits of the Village. Payments made during the fiscal year totaled \$330,532 for this protection.

INCORPORATED VILLAGE OF BRIGHTWATERS

Notes to the Financial Statements For the Year Ended May 31, 2023

On February 3, 2020, the Village entered into an agreement for garbage collection and disposal. The contract is for a period of four years commencing June 1, 2020, and ending May 31, 2024. At the termination date of the contract period, the contract may be extended up to three times each for a two-year interval at the sole discretion of the Village of Brightwaters and with the consent of the vendor. The minimum required payment for the year ending May 31, 2023, is \$445,632.

Federal and State Grants

The Village is a recipient of a number of Federal and State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could lead to certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the respective agency for each grant.

Tax Certiorari

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek a 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 taxes collected through May 31, 2023, which could affect future operating budgets of the Village.

Other

The Village is subject to litigation in the ordinary conduct of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

There are no contingencies that the Village is aware of that would have a material impact on the financial statements.

G. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2023, and the date that these financial statements were available to be issued, January 23, 2024, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF BRIGHTWATERS
Required Supplementary Information
For the Year Ended May 31, 2023
(Unaudited)

Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - General Fund

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|--|----------------------------|-------------------------|-------------------|
| Revenues: | | | |
| Real Property Taxes | \$ 1,918,322 | \$ 1,918,322 | \$ 1,900,297 |
| Real Property Tax Items | 6,000 | 6,000 | 16,733 |
| Non Property Tax Items | 134,000 | 134,000 | 142,392 |
| Departmental Income | 647,700 | 647,700 | 747,187 |
| Use of Money and Property | 7,800 | 7,800 | 60,118 |
| Licenses and Permits | 23,000 | 23,000 | 24,807 |
| Fines and Forfeitures | 40,000 | 40,000 | 36,790 |
| Other Compensation for Loss | 500 | 500 | 18,401 |
| Miscellaneous Local Sources | 23,000 | 23,000 | 62,898 |
| State and Federal Aid | 465,846 | 465,846 | 493,680 |
| Total Revenues | <u>3,266,168</u> | <u>3,266,168</u> | <u>3,503,303</u> |
| Expenditures: | | | |
| General Government Support | 948,080 | 948,080 | 980,543 |
| Public Safety | 630,229 | 630,229 | 611,222 |
| Health | 75,000 | 75,000 | 25,000 |
| Transportation | 68,363 | 68,363 | 115,236 |
| Economic Assistance and Opportunity | 51,651 | 51,651 | 110,508 |
| Culture and Recreation | 121,200 | 121,200 | 137,209 |
| Home and Community Services | 517,332 | 517,332 | 487,139 |
| Employee Benefits | 488,472 | 488,472 | 480,616 |
| Debt Service | 176,550 | 176,550 | 183,217 |
| Total Expenditures | <u>3,076,877</u> | <u>3,076,877</u> | <u>3,130,690</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>189,291</u> | <u>189,291</u> | <u>372,613</u> |
| Other Financing Sources (Uses): | | | |
| Proceeds From Sale of Asset | - | - | 25,000 |
| Transfers Out | (346,162) | (487,483) | (227,849) |
| Total Other Financing Sources (Uses) | <u>(346,162)</u> | <u>(487,483)</u> | <u>(202,849)</u> |
| Net Change in Fund Balance | <u>\$ (156,871)</u> | <u>\$ (298,192)</u> | <u>169,764</u> |
| Beginning Fund Balance | | | 700,432 |
| Ending Fund Balance | | | <u>\$ 870,196</u> |

Note to the Schedule:

The General Fund had an excess of expenditures over appropriations for the year ended May 31, 2023.

INCORPORATED VILLAGE OF BRIGHTWATERS
Required Supplementary Information
For the Year Ended May 31, 2023
(Unaudited)

Schedule of the Local Government's Proportionate Share of the Net Pension Liability (Asset)

NYSLRS Pension Plan
For the Fiscal Year Ended May 31,**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|-------------|--------------|-------------|-------------|-------------|-------------|
| Village's proportion of the net pension liability (asset) | 0.0025294% | 0.0026768% | 0.0024265% | 0.0023875% | 0.0023056% | 0.0018306% |
| Village's proportionate share of the net pension liability (asset) | \$ 542,402 | \$ (218,820) | \$ 2,416 | \$ 632,236 | \$ 163,361 | \$ 59,082 |
| Village's covered payroll | \$ 652,899 | \$ 611,024 | \$ 575,520 | \$ 639,261 | \$ 508,638 | \$ 390,000 |
| Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 83.08% | (35.81%) | 0.42% | 98.90% | 32.12% | 15.15% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% |

Notes to the Schedule:

Additional years will be presented as they become available for a full 10-year trend.

*** The amounts presented for the fiscal year were determined as of the March 31, 2023 measurement date.

INCORPORATED VILLAGE OF BRIGHTWATERS
Required Supplementary Information
For the Year Ended May 31, 2023
(Unaudited)

Schedule of Local Government Contributions

NYSLRS Pension Plan
For the Fiscal Year Ended May 31,

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------|---------------|---------------|----------------|----------------|---------------|
| Contractually required contribution | \$ 75,742 | \$ 99,471 | \$ 80,076 | \$ 217,703 | \$ 115,413 | \$ 77,722 |
| Contributions in relation to the contractually required contribution | <u>75,742</u> | <u>99,471</u> | <u>80,076</u> | <u>217,703</u> | <u>115,413</u> | <u>77,722</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | | |
| Village's covered-employee payroll | \$ 652,899 | \$ 611,024 | \$ 575,520 | \$ 639,261 | \$ 508,638 | \$ 390,000 |
| Contributions as a percentage of covered-employee payroll | 11.60% | 16.28% | 13.91% | 34.06% | 22.69% | 19.93% |

Notes to the Schedule:

Additional years will be presented as they become available for a full 10-year trend.

INCORPORATED VILLAGE OF BRIGHTWATERS
Required Supplementary Information
May 31, 2023
(Unaudited)

Schedule of Changes in Total OPEB Liability and Related Ratios

| <u>Total OPEB Liability</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2019</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Service cost | \$ 82,887 | \$ 132,366 | \$ 130,812 | \$ 105,106 |
| Interest | 115,146 | 65,226 | 93,693 | 91,885 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | (225,520) | 54,487 | (158,980) | 48,186 |
| Changes in assumptions | (278,878) | (1,161,291) | 541,015 | - |
| Benefits payments | (81,093) | (80,876) | (52,646) | (68,941) |
| Net change in total OPEB liability | (387,458) | (990,088) | 553,894 | 176,236 |
| Total OPEB liability - beginning of year | 3,152,599 | 4,142,687 | 3,223,317 | 3,047,081 |
| Beginning Balance Adjustment | - | - | 365,476 | - |
| Total OPEB liability - end of year | <u>\$ 2,765,141</u> | <u>\$ 3,152,599</u> | <u>\$ 4,142,687</u> | <u>\$ 3,223,317</u> |
| Plan fiduciary net position as percentage of the total OPEB liability | 0% | 0% | 0% | 0% |
| Covered-employee payroll | \$ 652,899 | \$ 611,024 | \$ 575,520 | \$ 508,638 |
| Total OPEB liability as a percentage of covered-employee payroll | 424% | 516% | 720% | 634% |

Notes to the Schedule:

Additional years will be presented as they become available for a full 10-year trend.

No assets are accumulated in a trust that meet the criteria in GASBS No. 75, paragraph 4, to pay other post-employment benefits.

There have been no significant changes in benefit terms, the size or composition of the population covered by the benefit terms, or assumptions used.