INCORPORATED VILLAGE OF RUSSELL GARDENS

GREAT NECK, NEW YORK

FINANCIAL STATEMENTS

FEBRUARY 28, 2023

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SKINNON AND FABER
Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Incorporated Village of Russell Gardens
Great Neck, New York

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Russell Gardens, as of and for the year ended February 28, 2023, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Russell Gardens' 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 and each major fund of the Incorporated Village of Russell Gardens, as of February 28, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Incorporated Village of Russell Gardens and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements of our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 for 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.

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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 Incorporated Village of Russell Gardens' ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinion. 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 generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 control 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 Incorporated Village of Russell Gardens' 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Incorporated Village of Russell Gardens' 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 Supplementary Information

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

Skinnon and Faber, CPAs, P.C.

SKINNON AND FABER, CPAs, P.C.
Hauppauge, New York
July 14, 2023

INCORPORATED VILLAGE OF RUSSELL GARDENS

Management's Discussion and Analysis
(Unaudited)

The Board of Trustees of the Incorporated Village of Russell Gardens (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 February 28, 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 increased by $493,469 from activities for the fiscal year ended February 28, 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 Activities

	February 28, 2023	February 28, 2022
Assets		
Current and Other Assets	$ 2,509,472	$ 2,086,051
Capital Assets (net)	604,653	334,507
Total Assets	3,114,125	2,420,558
Deferred Outflows of Resources	220,718	357,168
Liabilities		
Other Liabilities	88,839	81,076
Long-Term Liabilities	623,979	1,463,019
Total Liabilities	712,818	1,544,095
Deferred Inflows of Resources	1,162,560	267,635
Net Position		
Net Investment in Capital Assets	604,653	334,507
Restricted	85,467	-
Unrestricted	769,345	631,489
Total Net Position	$ 1,459,465	$ 965,996

Net investment in capital assets is the Village's investment in capital assets, such as buildings and improvements, equipment, and infrastructure, reduced by accumulated depreciation and associated debt. This figure also includes land, which is not depreciated. More detailed information can be found in the Notes to the Financial Statements.

Change in Net Position

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

Change in Net Position from Operating Results – Governmental Activities

	For the Years Ended	
	February 28, 2023	**February 28, 2022**
Revenues		
Program Revenues:		
Fines, Fees, and Charges for Services	$ 102,066	$ 132,264
Operating Grants and Contributions	58,283	117,902
Capital Grants and Contributions	50,000	69,124
General Revenues:		
Real Property Taxes and Related Tax Items	1,630,904	1,609,683
Non Property Taxes	26,054	23,976
Use of Money and Property	6,657	754
Miscellaneous Revenues	1,037	1,044
State and Federal Aid	43,062	50,467
Total Revenues	1,918,063	2,005,214
Expenses		
Governmental Activities:		
General Government Support	500,151	604,418
Public Safety	76,772	55,992
Transportation	547,589	452,272
Culture and Recreation	38,921	37,281
Home and Community Services	261,161	264,661
Total Expenses	1,424,594	1,414,624
Change in Net Position	493,469	590,590
Net Position - Beginning of Year	965,996	375,406
Net Position - End of Year	$ 1,459,465	$ 965,996

ANALYSIS OF POSITION AND RESULTS OF OPERATION

During the year, the Village had an excess of revenues over expenses of $493,469. This excess caused an increase in net position of the Village. The increase is mainly due to a change in assumptions related to Other Post-Employment Benefits.

The Village had a decrease in total revenue from the prior year of $87,151. Program revenue decreased a total of $108,941 primarily due to the receipt of disaster recovery funds related to Tropical Storm Isaias in the prior year; less disaster recovery funds were received in the current year. In addition, general revenue increased $21,790 as compared to the prior year. Total expenses were consistent with the prior year.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund balance increased by $346,020 to an ending fund balance of $2,304,924. The Board of Trustees is interested in maintaining this level of fund balance through careful budgeting and fiscal policies.

BUDGETARY ANALYSIS

The Board of Trustees approved budget adjustments between the original adopted budget and final budget amounts which are reflected in the schedule on page 36. The following significant variances exist between the final budget for the fiscal year ended February 28, 2023 and the actual results:

Revenues:

- State and Federal Aid: Actual revenues were $287,401 lower than budgeted. The original budget included $361,760 to upgrade the lights to more efficient LED lighting, purchase a snow plow truck, and repair roads. The Village anticipated receiving State Aid for these projects, however, during the fiscal year these projects did not commence. The difference between budgeted and actual revenue was offset by additional State and Federal funding received during the year. In addition, the Village utilized $48,513 of the Coronavirus State and Local Fiscal Recovery Funds disbursed to replace the revenue loss due to COVID-19.
- Overall, total revenue was $279,973 under budget.

Expenditures:

- General Government Support: Actual expenditures related to general government support were $141,135 less than budgeted. Actual expenditures for personnel services were less than budgeted due to change in personnel. Actual expenditures for repairs and equipment were also less than anticipated.
- Transportation: Actual expenditures related to transportation were $506,883 less than budgeted. The Village budgeted for maintenance of streets and equipment,

which was not expended during the year. In addition, the Village anticipated to perform LED light conversion, however the project did not commence during the fiscal year, the Village anticipates the project to begin in the subsequent fiscal year.

- Home and Community Services: Actual expenditures related to home and community services were $55,199 less than budgeted. Actual expenditures for refuse removal and shade tree maintenance were less than anticipated.
- Employee Benefits: Actual expenditures related to employee benefits were $100,000 less than budgeted. Due to change in personnel, the Village over budgeted for state retirement, social security, worker's compensation, and hospital and medical expenditures.
- Overall, total expenditures were $840,343 under budget.

These variations from budgeted amounts are not expected to affect future services or liquidity.

A detailed 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 ASSETS AND LONG-TERM DEBT ACTIVITY

As of February 28, 2023 the Village's investment in capital assets totaled $604,653 (net of accumulated depreciation). During the year, the Village purchased equipment totaling $307,179 and invested in infrastructure with a cost totaling $15,045.

As of February 28, 2023, the Village had no long-term indebtedness.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The current economic conditions mirror those of the rest of the region. The Village faces increasing costs and shrinking revenues from non property tax revenue. The administration has been diligent in containing expenses without sacrificing services to the residents.

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 Russell Gardens
Danielle Pennise, Village Clerk-Treasurer
6 Tain Drive
Great Neck, New York 11021

INCORPORATED VILLAGE OF RUSSELL GARDENS
Statement of Net Position
February 28, 2023

ASSETS		
Cash and Cash Equivalents	$	2,340,693
Accounts Receivable		14,664
Taxes Receivable		12,078
Due from Other Governments		4,605
Prepaid Expenses		51,965
Net Pension Asset - Proportionate Share		85,467
Capital Assets (net)		604,653
Total Assets		3,114,125
DEFERRED OUTFLOWS OF RESOURCES		220,718
LIABILITIES		
Accounts Payable and Accrued Liabilities		2,011
Guaranty and Bid Deposits		86,828
Long-Term Liabilities:		
Due Within One Year:		
Compensated Absences		2,708
Due in More Than One Year:		
Compensated Absences		24,367
Other Post-Employment Benefits		596,904
Total Liabilities		712,818
DEFERRED INFLOWS OF RESOURCES		1,162,560
NET POSITION		
Net Investment in Capital Assets		604,653
Restricted		85,467
Unrestricted		769,345
Total Net Position	$	1,459,465

See Notes to the Financial Statements

INCORPORATED VILLAGE OF RUSSELL GARDENS
Statement of Activities
For the Year Ended February 28, 2023

Functions/Programs	Expenses	PROGRAM REVENUES: Fines, Fees and Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	Net (Expense) / Revenue
Governmental Activities:					
General Government Support	$ 500,151	$ 79,716	$ -	$ -	$ (420,435)
Public Safety	76,772	15,700	-	-	(61,072)
Transportation	547,589	6,650	9,770	50,000	(481,169)
Culture and Recreation	38,921	-	-	-	(38,921)
Home and Community Services	261,161	-	48,513	-	(212,648)
Total Governmental Activities	$ 1,424,594	$ 102,066	$ 58,283	$ 50,000	(1,214,245)
GENERAL REVENUES:					
Real Property Taxes and Related Tax Items					1,630,904
Non Property Tax Items					26,054
Use of Money and Property					6,657
Miscellaneous Revenues					1,037
State and Federal Aid					43,062
Total General Revenues					1,707,714
Change in Net Position					493,469
Net Position - Beginning of Year					965,996
Net Position - End of Year					$ 1,459,465

See Notes to the Financial Statements

INCORPORATED VILLAGE OF RUSSELL GARDENS
Balance Sheet
February 28, 2023

	General Fund
ASSETS	
Cash and Cash Equivalents	$ 2,340,693
Accounts Receivable	14,664
Taxes Receivable	12,078
Due from Other Governments	4,605
Prepaid Expenses	21,723
Total Assets	$ 2,393,763
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable and Accrued Liabilities	$ 2,011
Guaranty and Bid Deposits	86,828
Total Liabilities	88,839
Fund Balance:	
Nonspendable	21,723
Assigned	1,773,498
Unassigned	509,703
Total Fund Balance	2,304,924
Total Liabilities and Fund Balance	$ 2,393,763

See Notes to the Financial Statements

INCORPORATED VILLAGE OF RUSSELL GARDENS
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
As of February 28, 2023

Total Fund Balance - Governmental Fund	$ 2,304,924
This amount differs from the amount of net position in the Statement of Net Position due to the following:	
Certain additional prepaid items are added to the government-wide financial statements as assets.	30,242
Capital assets are included as assets in the government-wide financial statements and are added, net of accumulated depreciation.	604,653
Deferred outflows of resources related to pensions are not reported in the governmental fund.	220,718
Long-term liabilities are not due and payable in the current period and, accordingly, are not reported in the governmental fund. However, these liabilities are included in government-wide financial statements and are deducted.	
Compensated Absences	(27,075)
Net Pension Asset	85,467
Other Post-Employment Benefits	(596,904)
Deferred inflows of resources are not reported in the governmental fund.	
Pension Related Amounts	(306,973)
Other Post-Employment Benefits	(855,587)
Total Net Position	$ 1,459,465

INCORPORATED VILLAGE OF RUSSELL GARDENS
Statement of Revenues, Expenditures and Change in Fund Balance
For the Year Ended February 28, 2023

	General Fund
Revenues:	
Real Property Taxes	$ 1,634,282
Real Property Tax Items	4,577
Non Property Tax Items	26,054
Use of Money and Property	6,657
Licenses and Permits	79,716
Fines and Forfeitures	15,700
Miscellaneous Local Sources	1,037
State and Federal Aid	151,345
Total Revenues	1,919,368
Expenditures:	
General Government Support	368,105
Public Safety	64,473
Transportation	581,707
Culture and Recreation	24,505
Home and Community Services	261,161
Employee Benefits	280,047
Total Expenditures	1,579,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	339,370
Other Financing Sources:	
Proceeds from Sale of Asset	6,650
Total Other Financing Sources	6,650
Net Change in Fund Balance	346,020
Fund Balance at Beginning of Year	1,958,904
Fund Balance at End of Year	$ 2,304,924

See Notes to the Financial Statements

INCORPORATED VILLAGE OF RUSSELL GARDENS
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended February 28, 2023

Net Change in Fund Balance for the Governmental Fund	$ 346,020
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 the governmental fund 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	322,224
Depreciation Expense	(52,078)
Revenues are recorded in the governmental fund when they become susceptible to accrual, that is when they are earned, measurable and available to provide current financial resources. In the Statement of Activities, major revenues are recognized when they are earned and measurable, regardless of when they become available.	(7,955)
Net change in deferred outflows of resources not reported in the funds:	
Pension Related Amounts	2,400
Other Post-Employment Benefits	(138,850)
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 they pertain to.	(7,874)
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 fund.	
Compensated Absences	890
Net Pension Liability/Asset	86,307
Other Post-Employment Benefits	837,310
Net change in deferred inflows of resources not reported in the funds:	
Pension Related Amounts	(39,338)
Other Post-Employment Benefits	(855,587)
Change in Net Position of Governmental Activities in the Statement of Activities	$ 493,469

See Notes to the Financial Statements

INCORPORATED VILLAGE OF RUSSELL GARDENS
Notes to the Financial Statements
For the Year Ended February 28, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village 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 Incorporated Village of Russell Gardens, which was established in 1931, 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 overall operations. The Mayor serves as Chief Executive Officer and the Clerk-Treasurer serves as Chief Fiscal Officer.

The following basic services are provided: general government, street maintenance, trees and lighting, snow removal, refuse removal, and planning and zoning.

All governmental activities and functions/programs 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 (a) the primary government, which is the Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement 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 14, 39 and 61 including legal standing, fiscal dependency, and financial accountability. No other entities have been included or excluded from the reporting entity.

B. BASIS OF PRESENTATION

1. Government-wide Financial Statements:

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of the activities of the Village. Fiduciary activities of the Village are not included in these statements.

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

2. <u>Fund Financial Statements:</u>

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 government 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.

<u>Fund Categories</u>

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 is the Village's governmental fund type.

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

3. <u>Equity Classifications:</u>

<u>Government-wide Financial Statements</u>

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 their 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.

a. *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.

b. *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.

c. *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.

d. *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.

e. *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 the funds in the following order: restricted, committed, assigned, unassigned.

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows, liabilities, and deferred inflows 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 – Governmental fund financial statements are reported using the current financial resources measurement focus and 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.

Expenditures are recorded when a liability is incurred except that:

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

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. PROPERTY TAXES

Real property taxes are levied annually no later than February 15 and become a lien on the first day of the levy year. Taxes are collected during the period March 1 to April 1 without penalty or interest. Penalty charges are levied and collected after April 1 in accordance with Real Property Tax Law.

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.

F. BUDGETARY DATA

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

- No later than December 20, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following March 1. The tentative budget includes proposed expenditures and the proposed means of financing for the General Fund.
- After public hearings are conducted by the Board of Trustees to obtain taxpayer comments; no later than February 1, the Board of Trustees adopts the budget.
- All modifications to the budget must be approved by the Board of Trustees. (However, the Clerk-Treasurer is authorized to transfer certain budget amounts within departments).

2. Budget Basis of Accounting:

- Budgets are adopted annually on a basis consistent with generally accepted accounting principles applicable to municipalities.
- Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

G. CAPITAL ASSETS

Capital assets, which include buildings and improvements, equipment, infrastructure and land, are reported in the government-wide financial statements. 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 20-50 years for buildings and improvements, 20-30 years for infrastructure and 5-7 years for equipment. Land is not depreciated. General infrastructure assets constructed prior to March 1, 2005 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 the governmental fund balance sheet.

H. COMPENSATED ABSENCES

Retirement Stipend – employees who have at least twenty-five years of continuous employment with the Village upon retirement are entitled to receive three weeks salary; thirty years continuous employment shall receive four weeks salary; and, thirty-five years of continuous employment shall receive a sum equal to five weeks salary.

Vested Sick Leave - upon termination with the Village, employees will be paid fifty percent (50%) of a day's pay for each sick day accrued, up to a maximum of fifty (50) sick days.

I. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the Village provides health insurance coverage for retired employees.

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.

J. 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 loss that might occur.

K. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. 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.

L. 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 will not be recognized as an outflow of resources (expenditure/expense) until that time.

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.

M. NEW ACCOUNTING STANDARD

Effective March 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, bank deposits, and investments with original maturity dates of three months or less from the date of acquisition. The Village investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in specified FDIC-insured commercial banks located in New York 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, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit as provided for by law for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are the same as the permissible investments mentioned above.

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.

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 February 28, 2023 totaled $1,344,749 and are covered by federal deposit insurance or third-party collateral as follows:

Amount FDIC Insured	$ 250,000
Amount Collateralized by the Village's Custodial Banks	1,094,749
Total Amounts	$ 1,344,749

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 $1,030,184 have been recorded as cash equivalents in the general fund. This amount represents the cost of the investment pool shares and is considered approximate to market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Asset Securities System (NYCLASS), which may be obtained from NYCLASS, 717 17th Street, Suite 1850, Denver, CO 80202.

2. Changes in Capital Assets:

A summary of changes in capital assets follows:

	Balances Feb. 28, 2022	Additions	Reductions	Balances Feb. 28, 2023
Capital Assets That Are Not Depreciated:				
Land	$ 7,709	$ -	$ -	$ 7,709
Total Nondepreciable Cost	7,709	-	-	7,709
Capital Assets That Are Depreciated:				
Buildings and Improvements	294,236	-	-	294,236
Equipment	756,873	307,179	(103,010)	961,042
Infrastructure	47,218	15,045	-	62,263
Total Depreciable Cost	1,098,327	322,224	(103,010)	1,317,541
Less:				
Accumulated Depreciation:				
Buildings and Improvements	(111,951)	(10,339)	-	(122,290)
Equipment	(656,889)	(39,304)	103,010	(593,183)
Infrastructure	(2,689)	(2,435)	-	(5,124)
Total Accumulated Depreciated	(771,529)	(52,078)	103,010	(720,597)
Net Capital Assets That Are Depreciated	326,798	270,146	-	596,944
Grand Total	$ 334,507	$ 270,146	$ -	$ 604,653

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

Governmental Activities		
General Government Support	$	3,706
Transportation		38,823
Culture and Recreation		9,549
Total Depreciation Expense – Governmental Activities	$	52,078

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, multi-employer defined benefit pension plan. The System is included in the State of New York's financial report as a pension trust fund. The Public Employee's Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. In these statements, GLIP amounts are apportioned to and included in ERS.

Separately issued financial statements can be viewed on the Comptroller's website at: www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Membership Tiers

Pension legislation enacted in 1973, 1976, 1983, 2009 and 2012 established distinct classes of membership. For convenience, the System uses a tier concept to distinguish these groups generally:

ERS

Tier 1	Those persons who last became members before July 1, 1973.
Tier 2	Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
Tier 3	Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
Tier 4	Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
Tier 5	Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
Tier 6	Those persons who first became members on or after April 1, 2012.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100% vested.

Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten to five years. Therefore, all Members are vested when they reach five years of service credit.

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, 2022 was approximately 16.2% 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, 2022, 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:

2022-2023	$	75,010
2021-2022		66,320
2020-2021		66,029

<u>Member Contributions</u>

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.

<u>Benefits</u>

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4, and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 3, 4, and 5 members, each year of final average salary calculation is limited to no more than 10% greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is 63.

Benefit Calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% greater than the average of the previous four years.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members' tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. The cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1% or exceed 3%.

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

At February 28, 2023, the Village reported a liability (asset) of ($85,467) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of March 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability (asset) 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 February 28, 2023, the Village's proportion was 0.0010455%, which was an increase of .0002016 from its proportion measured at March 31, 2021.

For the year ended February 28, 2023, the Village recognized pension expense of $25,641.

At February 28, 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	$ 6,473	$ 8,395
Changes of Assumptions	142,635	2,407
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	279,870
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	71,610	16,301
	$ 220,718	$ 306,973

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:	
2023	$ (2,681)
2024	(16,518)
2025	(61,205)
2026	(5,851)
2027	-
	$ (86,255)

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

	ERS
Inflation	2.7%
Salary increases	4.4%
Investment rate of return (net of investment expense including inflation)	5.9%
Cost-of-living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2020. 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, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 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 rate 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32 %	3.30 %
International equity	15	5.85
Private equity	10	6.50
Real estate	9	5.00
Opportunistic/Absolute Return Strategy	3	4.10
Credit	4	3.78
Real assets	3	5.80
Fixed Income	23	0.00
Cash	1	(1.00)
	100 %	

The real rate of return is net of the long-term inflation assumption of 2.50%.

Discount Rate

The discount rate used to measure 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 current period net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Village's proportionate share of the net pension liability (asset) 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)	$ 219,992	$ (85,467)	$ (340,969)

Pension Plan Fiduciary Net Position

The components of the collective net pension liability of participating employers as of March 31, 2022, were as follows:

	Employees' Retirement System (Dollars in Thousands)
Employers' total pension liability	$ 223,874,888
Plan net position	(232,049,473)
Employers' net pension liability (asset)	$ (8,174,585)
Ratio of fiduciary net position to the employers' total pension liability	103.65%

2. Post-Employment Healthcare Plan:

Plan Description. The Village sponsors a single-employer healthcare plan that provides post-employment medical benefits for eligible retirees and their spouses through the New York State Health Insurance Plan (NYSHIP) (the "Plan"). Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. The Village does not issue a publicly available financial report for the plan; however, the financial activities of NYSHIP are included with the financial statements of the State of New York.

Funding Policy. The Plan provides a specified percentage of the retiree health premiums (and, if applicable, the retiree's spouse's premium) charged by the insurance carrier is paid by the Village. The Village contributes 50% of the cost of current-year premiums for eligible retired plan members and 35% for their spouse. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid.

At this time there is no New York statute providing local governments with the authority for establishing a post-employment benefits trust. Since the Village cannot fund the OPEB liability at this time, the required contribution is based on a projected pay-as-you-go financing requirement. The contribution requirements of Plan members and the Village are established by the Board of Trustees. For the year ended February 28, 2023, the Village did not make a contribution.

Benefits Provided. As of February 28, 2023 the following employees were covered by the benefit terms:

Active Employees	4
Inactive employees entitled to but not yet receiving benefit payments	-
Inactive employees or beneficiaries currently receiving benefit payments	6
Total	10

Total OPEB Liability. The Village's total OPEB liability of $596,904 was measured using the Entry Age Normal Cost Method as of February 28, 2023.

Actuarial Assumptions and Other Inputs

Interest Rate	4.10%
2023 Healthcare Trends Rate (Pre-65/Post-65)	6.50%
2024 Healthcare Trends Rate (Pre-65/Post-65)	6.50%
Post-2024 Healthcare Trends Rate (Pre-65/Post-65)	6.50%

Mortality rates were based on the IRC 417(e) 2023 Applicable Mortality Table.

Change in the Total OPEB Liability

Balance at February 28, 2022	$ 1,434,214
Changes:	
Service cost	8,369
Interest	49,624
Change in benefit terms	(752,998)
Difference between expected and actual experience	(5,608)
Changes in assumptions	(96,981)
Benefit Payments	(39,716)
Net changes	(837,310)
Balance at February 28, 2023	$ 596,904

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 (3.10%) or 1-percentage point higher (5.10%) than the current discount rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	$ 668,771	$ 596,904	$ 536,925

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 is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the healthcare cost trend rates:

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB Liability	$ 537,663	$ 596,904	$ 666,288

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended February 28, 2023, the Village recognized OPEB expense of $157,127. At February 28, 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	$ -	$ 5,608
Changes of assumptions	-	96,981
Change in benefit terms	-	752,998
Total	$ -	$ 855,587

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 February 28:		
2024	$	171,117
2025		171,117
2026		171,117
2027		171,117
2028		171,119
Total	$	855,587

C. LONG-TERM LIABILITIES

a. Other Long-Term Liabilities – The local government had the following non-current liabilities:

- Compensated Absences – Represents the value of earned and unused portions of the liability for compensated absences.
- Other Post-Employment Benefits – Represents the estimated liability of future health care benefits.

b. Summary of Long-Term Liabilities – The following is a summary of long-term liabilities by fund as of February 28, 2023:

	General
Compensated Absences	$ 27,075
Other Post-Employment Benefits	596,904
Total Long-Term Liabilities	$ 623,979

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

	Compensated Absences	Other Post - Employment Benefits	Net Pension Liability
Payable at beginning of fiscal year	$ 27,965	$ 1,434,214	$ 840
Additions	-	57,993	-
Reductions	(890)	(895,303)	(840)
Payable at end of fiscal year	$ 27,075	$ 596,904	$ -

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.

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.

The Village's fund balance consisted of the following as of February 28, 2023:

	General
Nonspendable Fund Balance:	
Prepaid Items	$ 21,723
Total Nonspendable Fund Balance	$ 21,723
Assigned Fund Balance:	
Subsequent Year's Budget	$ 125,000
Roads	1,005,000
Equipment	391,000
Technology	139,998
Building Maintenance	112,500
Total Assigned Fund Balance	$ 1,773,498

E. CONCENTRATIONS 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 accounts and time and savings accounts. All deposits in excess of the FDIC limit are fully collateralized.

F. COMMITMENTS AND CONTINGENCIES

Grants – The Village is a recipient of a number of State and Federal 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.

Certiorari Proceedings – From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through February 28, 2023, which could affect future operating budgets of the Village.

Litigation – The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased through independent third parties.

There are no other 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 February 28, 2023 and the date that these financial statements were available to be issued, July 14, 2023, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF RUSSELL GARDENS
Required Supplementary Information
For the Year Ended February 28, 2023
(Unaudited)

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

	Original Budget	Final Budget	Actual
Revenues:			
Real Property Taxes	$ 1,626,203	$ 1,626,203	$ 1,634,282
Real Property Tax Items	6,000	6,000	4,577
Non Property Tax Items	18,000	18,000	26,054
Use of Money and Property	880	880	6,657
Licenses and Permits	50,000	50,000	79,716
Fines and Forfeitures	10,000	10,000	15,700
Miscellaneous Local Sources	49,512	49,512	1,037
State and Federal Aid	438,746	438,746	151,345
Total Revenues	2,199,341	2,199,341	1,919,368
Expenditures:			
General Government Support	563,440	509,240	368,105
Public Safety	63,000	75,500	64,473
Transportation	1,085,090	1,088,590	581,707
Culture and Recreation	50,604	50,604	24,505
Home and Community Services	316,360	316,360	261,161
Employee Benefits	341,847	380,047	280,047
Total Expenditures	2,420,341	2,420,341	1,579,998
Excess (Deficiency) of Revenues Over (Under) Expenditures	(221,000)	(221,000)	339,370
Other Financing Sources:			
Proceeds from Sale of Asset	-	-	6,650
Total Other Financing Sources	-	-	6,650
Net Change in Fund Balance	$ (221,000)	$ (221,000)	346,020
Fund Balance at Beginning of Year			1,958,904
Fund Balance at End of Year			$ 2,304,924

See Notes to the Financial Statements

INCORPORATED VILLAGE OF RUSSELL GARDENS
Required Supplementary Information
For the Year Ended February 28, 2023
(Unaudited)

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

NYSLRS Pension Plan
For the Fiscal Year Ended February 28, **

	2023	2022	2021	2020	2019	2018	2017
Village's proportion of the net pension liability (asset)	0.0010455%	0.0008439%	0.0010234%	0.0011663%	0.0012228%	0.0012770%	0.0013947%
Village's proportionate share of the net pension liability (asset)	$ (85,467)	$ 840	$ 270,999	$ 82,633	$ 39,464	$ 119,987	$ 223,848
Village's covered payroll	$ 301,202	$ 486,452	$ 492,511	$ 469,353	$ 465,316	$ 481,287	$ 430,919
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(24.11%)	0.17%	55.02%	17.61%	8.48%	24.93%	51.95%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

See Notes to the Financial Statements

Schedule of Local Government Contributions

NYSLRS Pension Plan
For the Fiscal Year Ended February 28, **

	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 75,010	$ 66,320	$ 66,029	$ 67,993	$ 64,885	$ 63,252	$ 77,870
Contributions in relation to the contractually required contribution	75,010	66,320	66,029	67,993	64,885	63,252	77,870
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Village's covered-employee payroll	$ 301,202	$ 486,452	$ 492,511	$ 469,353	$ 465,316	$ 481,287	$ 430,919
Contributions as a percentage of covered-employee payroll	24.90%	13.63%	13.41%	14.49%	13.94%	13.14%	18.07%

See Notes to the Financial Statements

INCORPORATED VILLAGE OF RUSSELL GARDENS
Required Supplementary Information
For the Year Ended February 28, 2023
(Unaudited)

Schedule of Changes in Total OPEB Liability and Related Ratios

Total OPEB Liability

	2023	2022	2021
Service cost	$ 8,369	$ 20,903	$ 129,826
Interest	49,624	41,203	132,661
Changes of benefit terms	(752,998)	-	-
Difference between expected and actual experience	(5,608)	101,839	(60,924)
Changes in assumptions	(96,981)	37,011	-
Net benefits payments	(39,716)	(46,351)	(126,768)
Net change in total OPEB liability	(837,310)	154,605	74,795
Total OPEB liability - beginning of year	1,434,214	1,279,609	1,204,814
Total OPEB liability - end of year	$ 596,904	$ 1,434,214	$ 1,279,609
Plan fiduciary net position as percentage of the total OPEB liability	0%	0%	0%
Covered-employee payroll	301,202	236,698	N/A
Village's net OPEB liability as a percentage of covered-employee payroll	198%	606%	N/A

Notes to Required Supplementary Information:

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

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