

INCORPORATED VILLAGE OF MALVERNE
MALVERNE, NEW YORK

FINANCIAL STATEMENTS

MAY 31, 2024

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SKINNON AND FABER
Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Incorporated Village of Malverne
Malverne, New York

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Malverne, as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Malverne'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 and each major fund of the Village, as of May 31, 2024, 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. 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 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.

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 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 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 judgment, 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, changes in the Village's total pension liability – ambulance and fire department, 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 generally accepted auditing standards, 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
October 24, 2024

INCORPORATED VILLAGE OF MALVERNE

Management's Discussion and Analysis (Unaudited)

The Board of Trustees of the Incorporated Village of Malverne (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, 2024. 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 comparisons of the Village's General Fund and Public Library Fund budgets to actual results for the year, as well as the local government's proportionate share of the net pension liability (asset), local government contributions, changes in the Village's total pension liability – ambulance and fire department, and 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 \$345,248 for the fiscal year ended May 31, 2024. 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

	<u>May 31, 2024</u>	<u>May 31, 2023</u>
Assets		
Current and Other Assets	\$ 11,892,331	\$ 13,763,072
Capital Assets (net)	<u>18,784,031</u>	<u>15,445,618</u>
Total Assets	<u>30,676,362</u>	<u>29,208,690</u>
Deferred Outflows of Resources	<u>7,537,176</u>	<u>9,948,351</u>
Liabilities		
Current and Other Liabilities	2,062,344	4,772,322
Long-Term Liabilities	<u>50,801,357</u>	<u>49,504,560</u>
Total Liabilities	<u>52,863,701</u>	<u>54,276,882</u>
Deferred Inflows of Resources	<u>13,242,167</u>	<u>13,117,737</u>
Net Position		
Net Investment in Capital Assets	7,879,367	8,152,738
Restricted	2,311,667	2,046,742
Unrestricted (deficit)	<u>(38,083,364)</u>	<u>(38,437,058)</u>
Total Net Position	<u>\$ (27,892,330)</u>	<u>\$ (28,237,578)</u>

Net investment in capital assets consists of the Village's investment in capital assets, such as land improvements, infrastructure, buildings and improvements, and machinery and equipment, reduced by accumulated depreciation and associated debt. This figure also includes land and construction in progress, which are 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 changes in net position from operating results is shown below.

Change in Net Position from Operating Results – Governmental Activities

	For the Years Ended	
	May 31, 2024	May 31, 2023
Revenues		
Program Revenues:		
Fees, Fines and Charges for Services	\$ 1,554,707	\$ 1,483,026
Operating Grants and Contributions	102,493	96,245
Capital Grants and Contributions	825,208	1,158,177
General Revenues:		
Real Property Taxes and Related Tax Items	15,412,139	15,294,827
Non Property Tax Items	381,226	397,942
Use of Money and Property	658,390	321,508
State and Federal Aid	193,583	258,990
Other	194,550	162,284
Total Revenues	<u>19,322,296</u>	<u>19,172,999</u>
Expenses		
Governmental Activities:		
General Government Support	3,149,860	3,015,195
Education	1,090	1,151
Public Safety	9,443,072	9,297,586
Health	4,251	25,655
Transportation	1,749,233	2,073,561
Economic Assistance and Opportunity	1,493	786
Culture and Recreation	1,093,867	1,088,611
Home and Community Services	3,259,700	3,067,151
Interest on Debt	274,482	202,947
Total Expenses	<u>18,977,048</u>	<u>18,772,643</u>
Change in Net Position	345,248	400,356
Net Position - Beginning of Year	<u>(28,237,578)</u>	<u>(28,637,934)</u>
Net Position - End of Year	<u>\$ (27,892,330)</u>	<u>\$ (28,237,578)</u>

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

The Village had an excess of revenues over expenses of \$345,248 resulting in an ending net position of (\$27,892,330).

The Village had an increase in total revenue of \$149,297 compared to the previous year, mainly due to an increases in fines, fees and charges for services of \$71,681, real property taxes and related tax items of \$117,312, and use of money and property of \$336,882. Revenue from capital grants and contributions decreased by \$332,969. Grant revenue varies from year to year depending on the funding available and the projects that need to be completed by the Village. Revenue from grants received in the current year included use of \$291,200 of American Rescue Plan Funding used towards the Police Department building renovation, \$234,225 of Consolidated Highway Improvement Program funding used for road improvements, \$228,903 received from the Governor's Office of Storm Recovery funding used for the Malverne Pine Stream Extension project, and \$87,796 received from the Division of Homeland Security and Emergency Services as reimbursement for clean-up and debris removal costs related to a storm that occurred in September 2023.

The Village also had an increase in total expenses for the year of \$204,405. Increases in expenses mainly related to personnel costs and related benefits.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund experienced a budgeted decrease in fund balance of \$423,821 for the year, resulting in an ending fund balance of \$7,766,127. Of this amount, \$14,694 is considered nonspendable, as it relates to inventory; \$505,040 is assigned and appropriated for the 2024-2025 budget; \$1,235,031 is assigned for various purposes and \$2,311,668 is restricted for specific items, which are listed in Note II section E to the financial statements. The remaining fund balance of \$3,699,694 is unassigned and available for Village operations. 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.

During the year, the Capital Projects Fund recognized revenues and other financing sources totaling \$3,725,689 and expenditures and other financing uses totaling \$4,579,007 resulting in an ending fund balance of \$2,301,027, a decrease of \$853,318 from the prior year. Revenues and other financing sources were made up of \$609,484 of grant revenue and interest earnings, as well as \$1,092,355 transferred from the General Fund for infrastructure, vehicles, building improvements, and equipment. The Village issued an additional \$2,500,000 of Bond Anticipation Notes for road resurfacing and the renovation of Police Headquarters. \$2,000,000 is considered a long-term borrowing and is reported as an other financing source.

Expenditures from the Capital Projects Fund consisted of elevator and other improvements at the library totaling \$55,619, Village Hall improvements and computers totaling \$89,806, road resurfacing of \$147,195, Department of Public Works vehicles and equipment totaling \$344,873, Malverne Pine Street Extension costs totaling \$121,758, Fire Department vehicles and improvements totaling \$116,811, Police Department patrol vehicles costing \$60,856 and expenditures related to the renovation of Police Headquarters totaling \$3,467,997 for the fiscal year.

The Public Library Fund balance decreased by \$17,199 to an ending balance of \$108,130, as of May 31, 2024.

BUDGETARY ANALYSIS

During the year, the Village Board approved budget modifications totaling \$206,607 to increase appropriations for personnel costs related transportation and home and community services.

The following variances exist between the final budget and actual results for the fiscal year ended May 31, 2024:

Revenues:

- Use of Money and Property: Actual revenue was \$205,687 more than the final budgeted amounts mainly due to an increase in interest earnings. Increased interest rates are reflective of the economic conditions across the region.
- State and Federal Aid: Actual revenue was \$317,440 more than the final budgeted amounts mainly due to funds received as part of the American Rescue Plan Act, which the Village utilized for the Police Department building renovation, as well as \$87,796 received from the Division of Homeland Security and Emergency Services as reimbursement for clean-up and debris removal costs related to a storm that occurred in September 2023.

Expenditures:

- Employee Benefits: Actual expenditures for Employee Benefits were \$294,713 less than budgeted due to lower than anticipated expenditures for medical insurance.

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

The Village's investment in capital assets as of May 31, 2024 totaled \$18,784,031 (net of accumulated depreciation). During the year, the Village acquired machinery and equipment totaling \$626,376, improvements totaling \$128,690 and infrastructure related to roadway improvements totaling \$39,895. The Village also had two projects that were still in progress at year end; the Police Headquarters renovation and the Malverne Pine Stream Extension project, of which totaled \$4,022,213 for the fiscal year. Depreciation expense totaled \$1,444,193. The Village disposed of capital assets costing \$382,731 during the year.

As of May 31, 2024, the Village had serial bond indebtedness of \$6,325,000. Scheduled payments of \$695,000 were made. In addition, the Village issued bond anticipation notes totaling \$5,000,000 in the current fiscal year to aid in funding road resurfacing and the renovation of Police Headquarters.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The current economic conditions of the Village mirrored those of the rest of the region. The Village faces increasing costs, however, 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 Malverne
Kelly Ann Duffy, Village Treasurer
99 Church Street
Malverne, New York 11565

INCORPORATED VILLAGE OF MALVERNE

Statement of Net Position

May 31, 2024

Assets	
Cash and Cash Equivalents	\$ 7,625,616
Cash and Cash Equivalents - Restricted	1,824,314
Accounts Receivable	52,981
Due From Other Governments	7,431
State and Federal Aid Receivable	140,396
Length of Service Award Program Asset (LOSAP) - Restricted	2,035,511
Inventory	14,694
Prepaid Expenses	191,388
Capital Assets (net)	18,784,031
Total Assets	30,676,362
 Deferred Outflows of Resources	
Net Pension	4,105,881
Other Post-Employment Benefits	2,021,405
Length of Service Award Program	1,409,890
Total Deferred Outflows of Resources	7,537,176
 Liabilities	
Accounts Payable	564,318
Accrued Liabilities	431,868
Retained Percentage Payable	476,393
Bond Interest Payable	67,903
Bond Anticipation Notes Payable, Inclusive of Premium	521,862
Long-term Liabilities:	
Due within one year:	
Serial Bonds	695,000
Compensated Absences	353,439
Due in more than one year:	
Serial Bonds	5,630,000
Bond Anticipation Notes Payable Long Term	4,500,000
Compensated Absences	3,180,947
Net Pension Liability - Proportionate Share	5,250,537
Other Post-Employment Benefits Payable	28,140,320
Length of Service Award Program Liability	3,051,114
Total Liabilities	52,863,701
 Deferred Inflows of Resources	
Collections in Advance	29,473
Net Pension	2,007,089
Other Post-Employment Benefits	9,630,386
Length of Service Award Program	1,575,219
Total Deferred Inflows of Resources	13,242,167
 Net Position	
Net Investment in Capital Assets	7,879,367
Restricted	2,311,667
Unrestricted (deficit)	(38,083,364)
Total Net Position	\$ (27,892,330)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE

Statement of Activities

For the Year Ended May 31, 2024

Functions/Programs	Expenses	PROGRAM REVENUES			Net (Expense) / Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government Support	\$ 3,149,860	\$ 316,686	\$ -	\$ -	\$ (2,833,174)
Education	1,090	-	-	-	(1,090)
Public Safety	9,443,072	1,059,630	4,408	344,786	(8,034,248)
Health	4,251	-	-	-	(4,251)
Transportation	1,749,233	-	87,796	454,422	(1,207,015)
Economic Assistance and Opportunity	1,493	-	-	-	(1,493)
Culture and Recreation	1,093,867	158,641	10,289	26,000	(898,937)
Home and Community Services	3,259,700	19,750	-	-	(3,239,950)
Interest on Debt	274,482	-	-	-	(274,482)
Total Governmental Activities	\$ 18,977,048	\$ 1,554,707	\$ 102,493	\$ 825,208	(16,494,640)

GENERAL REVENUES:

Real Property Taxes and Related Tax Items	15,412,139
Non Property Tax Items	381,226
Use of Money and Property	658,390
Minor Sales and Compensation for Loss	174,381
Miscellaneous Local Sources	20,169
State and Federal Aid	193,583

Total General Revenues 16,839,888

Change in Net Position 345,248

Net Position - Beginning of Year (28,237,578)

Net Position - End of Year \$ (27,892,330)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Balance Sheets
Governmental Funds
May 31, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Public Library</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 6,438,204	\$ 1,072,190	\$ 115,222	\$ 7,625,616
Cash and Cash Equivalents - Restricted	276,157	1,548,157	-	1,824,314
Accounts Receivable	52,981	-	-	52,981
Due From Other Funds	-	779,505	-	779,505
Due From Other Governments	7,431	-	-	7,431
State and Federal Aid Receivable	87,796	52,600	-	140,396
LOSAP Asset - Restricted	2,035,511	-	-	2,035,511
Inventory	14,694	-	-	14,694
Total Assets	<u><u>\$ 8,912,774</u></u>	<u><u>\$ 3,452,452</u></u>	<u><u>\$ 115,222</u></u>	<u><u>\$ 12,480,448</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts Payable	\$ 245,334	\$ 318,984	\$ -	\$ 564,318
Accrued Liabilities	92,335	332,441	7,092	431,868
Due to Other Funds	779,505	-	-	779,505
Bond Anticipation Notes Payable	-	500,000	-	500,000
Total Liabilities	<u>1,117,174</u>	<u>1,151,425</u>	<u>7,092</u>	<u>2,275,691</u>
Deferred Inflows of Resources:				
Collections in Advance	29,473	-	-	29,473
Total Deferred Inflows of Resources	<u>29,473</u>	<u>-</u>	<u>-</u>	<u>29,473</u>
Fund Balances:				
Nonspendable	14,694	-	-	14,694
Restricted	2,311,668	1,548,157	-	3,859,825
Assigned	1,740,071	752,870	108,130	2,601,071
Unassigned	3,699,694	-	-	3,699,694
Total Fund Balances	<u>7,766,127</u>	<u>2,301,027</u>	<u>108,130</u>	<u>10,175,284</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 8,912,774</u></u>	<u><u>\$ 3,452,452</u></u>	<u><u>\$ 115,222</u></u>	<u><u>\$ 12,480,448</u></u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Reconciliation of the Governmental Funds Balance Sheets
to the Statement of Net Position
As of May 31, 2024

Total Fund Balance - Total Governmental Funds	\$ 10,175,284
<p>This amount differs from the amount of net position in the Statement of Net Position due to the following:</p>	
<p>Capital assets are included in the government-wide financial statements as assets and are added, net of accumulated depreciation.</p>	18,784,031
<p>Deferred outflows of resources related to the following are not reported in the governmental funds:</p>	
Net Pension	4,105,881
Other Post-Employment Benefits	2,021,405
Length of Service Award Program	1,409,890
<p>Amounts for prepaid expenses are included in the government-wide financial statements as assets and are added.</p>	191,388
<p>Bond interest payable and retained percentage 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.</p>	(544,296)
<p>Premiums on bond anticipation notes provide current financial resources and are reported as an other financing source in the governmental funds.</p>	(21,862)
<p>Long-term liabilities do not require the use of current financial resources and, accordingly, are not reported in the governmental funds. These liabilities are, however, included in the government-wide financial statements and are deducted:</p>	
Bond Anticipation Notes	(4,500,000)
Serial Bonds	(6,325,000)
Compensated Absences	(3,534,386)
Net Pension Liability - Proportionate Share	(5,250,537)
Other Post-Employment Benefits Payable	(28,140,320)
Length of Service Award Program Liability	(3,051,114)
<p>Deferred inflows of resources related to the following are not reported in the governmental funds:</p>	
Net Pension	(2,007,089)
Other Post-Employment Benefits	(9,630,386)
Length of Service Award Program	(1,575,219)
Total Net Position	\$ (27,892,330)

INCORPORATED VILLAGE OF MALVERNE
Statements of Revenues, Expenditures and Change in Fund Balances
Governmental Funds
For the Year Ended May 31, 2024

	<u>General</u>	<u>Capital Projects</u>	<u>Public Library</u>	<u>Total</u>
Revenues:				
Real Property Taxes	\$ 15,362,512	\$ -	\$ -	\$ 15,362,512
Real Property Tax Items	49,627	-	-	49,627
Non Property Tax Items	381,226	-	-	381,226
Departmental Income	363,079	-	22,890	385,969
Intergovernmental Charges	445,899	-	85,893	531,792
Use of Money and Property	511,886	146,356	148	658,390
Licenses and Permits	220,437	-	-	220,437
Fines and Forfeitures	416,509	-	-	416,509
Minor Sales and Compensation for Loss	82,045	-	-	82,045
Miscellaneous Local Sources	20,169	-	-	20,169
State and Federal Aid	621,867	463,128	36,289	1,121,284
Total Revenues	<u>18,475,256</u>	<u>609,484</u>	<u>145,220</u>	<u>19,229,960</u>
Expenditures:				
General Government Support	2,162,421	89,806	-	2,252,227
Education	1,000	-	-	1,000
Public Safety	5,671,249	3,645,664	-	9,316,913
Health	2,254	-	-	2,254
Transportation	1,102,998	147,195	-	1,250,193
Economic Assistance and Opportunity	1,432	-	-	1,432
Culture and Recreation	205,577	55,619	567,604	828,800
Home and Community Services	2,090,950	466,631	-	2,557,581
Employee Benefits	5,300,510	-	205,814	5,506,324
Debt Service	965,561	-	-	965,561
Total Expenditures	<u>17,503,952</u>	<u>4,404,915</u>	<u>773,418</u>	<u>22,682,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>971,304</u>	<u>(3,795,431)</u>	<u>(628,198)</u>	<u>(3,452,325)</u>
Other Financing Sources (Uses):				
Proceeds from Bonds Anticipation Notes	-	2,000,000	-	2,000,000
Premium on Bond Anticipation Notes	-	23,850	-	23,850
Proceeds from Sale of Assets	101,163	-	-	101,163
Insurance Recoveries	32,974	-	-	32,974
Transfers In	174,092	1,092,355	650,000	1,916,447
Transfers Out	(1,703,354)	(174,092)	(39,001)	(1,916,447)
Total Other Financing Sources (Uses)	<u>(1,395,125)</u>	<u>2,942,113</u>	<u>610,999</u>	<u>2,157,987</u>
Net Change in Fund Balances	(423,821)	(853,318)	(17,199)	(1,294,338)
Fund Balances - Beginning of Year	<u>8,189,948</u>	<u>3,154,345</u>	<u>125,329</u>	<u>11,469,622</u>
Fund Balances - End of Year	<u>\$ 7,766,127</u>	<u>\$ 2,301,027</u>	<u>\$ 108,130</u>	<u>\$ 10,175,284</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF MALVERNE
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, 2024

Net Change in Fund Balances for Total Governmental Funds \$ (1,294,338)

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 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	4,817,174
Depreciation Expense	(1,444,193)
Disposition of Capital Assets	(34,568)

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:

Repayment of Bond Principal	695,000
Issuance of Bond Anticipation Notes	(2,000,000)

Change in deferred outflows of resources not reported in the governmental funds:

Net Pension	(333,164)
Other Post-Employment Benefits	(2,052,984)
Length of Service Award Program	(25,027)

Premiums on the issuance of bond anticipation notes are reported as other financing sources in the governmental funds. In the Statement of Net Position, premiums are reported as part of bond anticipation notes payable and amortized.

(21,862)

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:

Insurance Premiums	9,045
Retainage Cost	(348,976)
Accrued Interest Cost	(5,909)
Compensated Absences	(367,481)
Net Pension Liability - Proportionate Share	1,457,758
Other Post-Employment Benefits Payable	1,369,500
Length of Service Award Program Liability	48,426

Change in deferred inflows of resources not reported in the governmental funds:

Net Pension	(1,685,815)
Other Post-Employment Benefits	1,538,174
Length of Service Award Program	24,488

Change in Net Position of Governmental Activities in the Statement of Activities \$ 345,248

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Incorporated Village of Malverne have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental 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 Malverne, which was established in 1921, is governed by its Charter, Village law, other 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 Treasurer serves as Chief Fiscal Officer.

The following basic services are provided: police, fire protection, playground, public library, parks for recreation and entertainment, collection and disposal of garbage and refuse, snow removal, village planning, street maintenance and lighting, building inspection, justice court, administrative zoning, and senior citizen activities.

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 (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 Statements No. 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 No. 14, 39, and 61 including legal standing, fiscal dependency, and financial accountability.

B. BASIS OF PRESENTATION

1. Government-wide Financial Statements:

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

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

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

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) 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 custodial 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 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.

Fund Categories

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.

Special Revenue Fund – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for a specified purpose other than debt service or capital projects. The following Special Revenue Fund is utilized:

Public Library Fund – to provide entertainment and information to the residents.

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

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 do 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.

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.

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

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.

The Village has, by resolution, adopted a fund balance policy that states the Village Board will make all reasonable efforts to maintain an unreserved and unappropriated fund balance in its General Fund at the end of each fiscal year equal to no less than 10% of its total operating budget. Unrestricted fund balance below the minimum should be replenished within the succeeding fiscal year.

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 – 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 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, revenue 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 MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

Expenditures are recorded when the liability is incurred except that:

- Expenditures for prepaid 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 expenditures when billed by the State.
- Other Post-Employment Benefits are charged as expenditures when payment is due.
- Length of Service Award Program costs 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 in June and are subject to interest and penalties after June 30. A tax sale for unpaid taxes is held during the year at a time fixed by the Board of Trustees after which the unpaid taxes become a lien on the property.

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. ACCOUNTS RECEIVABLE

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

G. BUDGETARY DATA

Budget Policies – The budget policies are as follows:

- No later than March 31, the Village Treasurer or Budget Officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than April 30, the governing board adopts the budget.
- All modifications of the budget must be approved by the Board of Trustees. However, the Treasurer is authorized to transfer certain budgeted amounts within departments.

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

- Budgets are adopted annually on a basis consistent with generally accepted accounting principles applicable to municipalities, with the exception of activity related to the Length of Service Award Programs.
- Appropriations in all budgeted funds lapse at the end of the fiscal year.

H. INVENTORY

Inventory consists of fuel in storage tanks for use in Village vehicles and is valued at cost, utilizing the first-in, first-out method for governmental funds. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. CAPITAL ASSETS

Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure are reported in the government-wide financial statements. The Village defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded 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 2 – 20 years for machinery and equipment, 20 years for land improvements, 40 years for buildings and improvements, and 50 years for infrastructure. 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 asset lives are not capitalized.

The cost 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.

J. COMPENSATED ABSENCES

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. Estimated vacation, sick leave and compensatory absences accumulated by employees have been recorded in the government-wide financial statements. Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payment becomes due.

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

K. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

L. 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.

M. 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, deferred outflows of resources, liabilities, deferred inflows of resources 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, length of service award program amounts, and useful lives of capital assets.

N. UNEARNED REVENUE

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

O. 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 MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

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.

P. CHANGE IN ACCOUNTING PRINCIPLE

Effective June 1, 2023, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard improves consistency in accounting and financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. 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 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 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 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.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least a percentage provided for by law of the cost of the repurchase agreement.

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

They consisted of:

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

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

Bank balances for the Village’s deposits with financial institutions as of May 31, 2024 totaled \$9,583,534 and are covered by federal deposit insurance or third-party collateral as follows:

Amount FDIC - Insured	\$ 639,094
Amount Collateralized by Third Parties	8,944,440
Total Balances	\$ 9,583,534

2. Interfund Receivables, Payables, and Transfers:

Temporary advances between funds and unpaid interfund charges will be reimbursed subsequent to year end. The interfund receivable and payable balances at May 31, 2024 are as follows:

	Amount Receivable	Amount Payable
General Fund	\$ -	\$ 779,505
Capital Projects Fund	779,505	-
Totals	\$ 779,505	\$ 779,505

During the year, the budgeted transfer of \$650,000 was made from the General Fund to the Public Library Fund to support the costs of operations. In addition, \$1,053,354 was transferred from the General Fund to the Capital Projects Fund for capital improvements and equipment purchases. There were also transfers of \$174,092 from the Capital Projects Fund to the General Fund for debt payments, and \$39,001 from the Public Library Fund to the Capital Projects Fund for the purchase of capital assets. The following is a summary of interfund transfers:

	Transfers In	Transfers Out
General Fund	\$ 174,092	\$ 1,703,354
Capital Projects Fund	1,092,355	174,092
Public Library Fund	650,000	39,001
Totals	\$ 1,916,447	\$ 1,916,447

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

3. Changes in Capital Assets:

A summary of changes in capital assets follows:

	Balance 5/31/2023	Additions	Reductions	Balance 5/31/2024
Capital Assets That Are Not Depreciated:				
Land	\$ 162,033	\$ -	\$ -	\$ 162,033
Construction in Progress	1,799,805	4,022,213	-	5,822,018
Total Nondepreciable Cost	1,961,838	4,022,213	-	5,984,051
Capital Assets That Are Depreciated:				
Land Improvements	1,650,421	-	-	1,650,421
Buildings and Improvements	8,419,178	128,690	-	8,547,868
Machinery and Equipment	14,226,936	626,376	(382,731)	14,470,581
Infrastructure	27,458,412	39,895	-	27,498,307
Total Depreciable Cost	51,754,947	794,961	(382,731)	52,167,177
Less Accumulated Depreciation:				
Land Improvements	(1,477,638)	(99,577)	-	(1,577,215)
Buildings and Improvements	(4,677,088)	(396,628)	-	(5,073,716)
Machinery and Equipment	(11,363,331)	(580,724)	348,163	(11,595,892)
Infrastructure	(20,753,110)	(367,264)	-	(21,120,374)
Total Accumulated Depreciation	(38,271,167)	(1,444,193)	348,163	(39,367,197)
Net Capital Assets That Are Depreciated	13,483,780	(649,232)	(34,568)	12,799,980
Grand Total	\$ 15,445,618	\$ 3,372,981	\$ (34,568)	\$ 18,784,031

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

Governmental Activities

General Government Support	\$ 234,657
Education	90
Public Safety	722,590
Health	1,997
Transportation	161,374
Economic Assistance and Opportunity	61
Culture and Recreation	84,722
Home and Community Services	238,702
Total Depreciation Expense – Governmental Activities	\$ 1,444,193

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements For the Year Ended May 31, 2024

B. LIABILITIES

1. Pension Plan:

Description of Plan

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (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 and PFRS are cost sharing, multi-employer defined benefit pension plans. The System is included in the State of New York'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. In these statements, GLIP amounts are apportioned to and included in ERS and PFRS.

Separately issued financial statements for the System 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, 2024 was approximately 13.1% of covered payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2024 was approximately 27.8% of covered 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, 2024, the applicable interest rate was 5.9%. The Village's contribution of \$1,506,546 for the current was equal to 100% of the contribution required.

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

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, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2024, the Village reported liabilities of \$1,398,401 for ERS and \$3,852,136 for PFRS for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability 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, 2024, the Village's proportion was 0.0094974% for ERS and 0.0812203% for PFRS. This was a decrease of 0.0002696% for ERS and a decrease of 0.0025084% for PFRS from its proportion measured at March 31, 2023.

For the year ended May 31, 2024, the Village recognized a pension expense of \$2,066,332. At May 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,637,215	\$ 38,130
Changes of Assumptions	1,981,733	-
Net Difference Between Projected and Actual Investment Earning on Pension Plan Investments	-	1,728,780
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	486,933	240,179
	<u>\$ 4,105,881</u>	<u>\$ 2,007,089</u>

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

There were no amounts reported as deferred outflows of resources related to pensions resulting from 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:	
2025	\$ (443,658)
2026	1,490,584
2027	1,072,709
2028	(209,032)
2029	188,189
	\$ 2,098,792

Pension Plan Fiduciary Net Position

The components of the collective net pension liability of the participating employers as of March 31, 2024, were as follows:

	Employees' Retirement System	Police and Fire Retirement System	Total
	(Dollars in thousands)		
Employers' total pension liability	\$ 240,696,851	\$ 46,137,717	\$ 286,834,568
Fiduciary net position	(225,972,801)	(41,394,895)	(267,367,696)
Employers' net pension liability	\$ 14,724,050	\$ 4,742,822	\$ 19,466,872

Ratio of fiduciary net position to the employers' total pension liability	93.88%	89.72%	93.21%
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Actuarial Assumptions

The total pension liability at March 31, 2024 was determined using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2023.

Economic assumptions used in the April 1, 2023 actuarial valuation include:

	ERS	PFRS
Inflation	2.9%	2.9%
Salary increases	4.4%	6.2%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost-of-living adjustments	1.5%	1.5%

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the April 1, 2023 actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

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 %	4.00 %
International equity	15	6.65
Private equity	10	7.25
Real estate	9	4.60
Opportunistic/ARS portfolio	3	5.25
Credit	4	5.40
Real assets	3	5.79
Fixed income	23	1.50
Cash	1	0.25
	100 %	

The real rate of return is net of the long-term inflation assumption of 2.90%.

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 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.

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the Village’s proportionate share of the net pension liability (asset) 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 (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%)
ERS Net Pension Liability (asset)	\$ 4,396,717	\$ 1,398,401	\$ (1,105,814)
PFRS Net Pension Liability (asset)	9,003,344	3,852,136	(403,516)

2. Long-Term Liabilities:

- a. Outstanding bond indebtedness aggregated \$6,325,000.
- b. Serial Bonds

The Village, like most municipalities, borrows money in order to acquire land, or equipment or construct buildings or 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. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized by the Village to be collected in future years from taxpayers and others for the liquidation of long-term liabilities.

c. Short-Term Debt

Short-term debt provides financing for governmental activities. In May 2024, the Village issued Bond Anticipation Notes in the amount of \$5,000,000 at a 4.25% interest rate. This debt was issued for interim financing of the renovation of Police Headquarters and additional road improvements. Of the amount issued, \$4,500,000 will be replaced with long-term financing.

Short-term debt activity for the year ended May 31, 2024, was as follows:

Balance, May 31, 2023	\$ 2,500,000
Additions	5,000,000
Reductions	<u>(2,500,000)</u>
Balance, May 31, 2024	<u>\$ 5,000,000</u>

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

d. Other Long-Term Liabilities

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

- Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences.
- Net Pension Liability – Proportionate Share – 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 post-employment medical insurance benefits to eligible retired participants.
- Length of Service Award Program (LOSAP) – Represents the portion of the present value of projected benefit payments to be provided through the Length of Service Award Program.

e. The following is a summary of changes in long-term liabilities for Governmental Activities:

	Payable - Beginning of Fiscal Year	Additions	Reductions	Payable - End of Fiscal Year	Due in One Year
Serial Bonds	\$ 7,020,000	\$ -	\$ (695,000)	\$ 6,325,000	\$ 695,000
Compensated Absences	3,166,905	388,891	(21,410)	3,534,386	353,439
Net Pension Liability	6,708,295	-	(1,457,758)	5,250,537	-
OPEB Payable	29,509,820	1,783,672	(3,153,172)	28,140,320	-
LOSAP Liability	3,099,540	254,717	(303,143)	3,051,114	-
	<u>\$ 49,504,560</u>	<u>\$ 2,427,280</u>	<u>\$ (5,630,483)</u>	<u>\$ 46,301,357</u>	<u>\$ 1,048,439</u>

f. Long-Term Debt Maturity Schedule – Governmental Activities

The following is a statement of serial bonds with corresponding maturity schedules:

Original Date Issued	Original Amount	Rate %	Date Final Maturity	Outstanding
4/25/2012	\$ 2,400,000	2.00%	10/15/2027	\$ 470,000
6/14/2016	3,580,000	2.25%	6/1/2032	1,480,000
9/12/2018	5,600,000	3.00%	9/21/2038	4,375,000
			Total	<u>\$ 6,325,000</u>

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

g. The following table summarizes the Village’s future debt service requirements:

<u>Ending Date</u>	<u>Serial Bonds - Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
May 31:			
2025	\$ 695,000	\$ 165,814	\$ 860,814
2026	705,000	147,866	852,866
2027	625,000	130,525	755,525
2028	530,000	115,300	645,300
2029	540,000	101,100	641,100
2030-2034	2,530,000	283,184	2,813,184
2035-2039	700,000	58,166	758,166
Total	<u>\$ 6,325,000</u>	<u>\$ 1,001,955</u>	<u>\$ 7,326,955</u>

C. DEFINED BENEFIT VOLUNTEER FIREFIGHTER AND AMBULANCE SERVICE AWARD PROGRAMS

The information contained in this note is based on information for the Length of Service Awards Program (LOSAP) for the plan year ended December 31, 2023, which is the most recent plan year for which complete information is available.

Effective March 1995, the Village established a service award program for active volunteer firefighters of the Malverne Fire Department. Such program consists of a defined benefit contribution plan as a service award. Effective January 2005, the Village established a similar service award program for volunteer ambulance workers. The Malverne Volunteer Ambulance Corps ceased operations during the year-ended May 31, 2024.

Program Description:

Participation, Vesting and Service Credit

Active volunteer firefighters who have reached the age of eighteen and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program’s entitlement age. The program’s entitlement age is age 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for 5 years of firefighting service rendered prior to the establishment of the program.

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

Active volunteer ambulance workers who reached the age of eighteen and completed one year of ambulance service were eligible to participate in the program. Participants are 100% vested after earning 5 years of Service Credit. The program’s entitlement age is age 65 after earning 5 years of Service Credit under the Point System. A participant earned one year of Service Credit for each calendar year with 50 or more points under the Point System. Maximum Service Credit is 30 years (including any Prior Service Credit). There is a maximum of 5 years of credit for service prior to the effective date of the Program.

Benefits

A firefighter’s benefit under the program is a life annuity with 10 years certain equal to \$20 per month multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age.

An ambulance worker’s benefit under the program is a life annuity with optional forms of payment for a 5- or 10-year certainty. The accrual rate is \$15 multiplied by the person’s total number of years of ambulance service. The number of years of ambulance service used to compute the benefit cannot exceed forty. Benefits are payable when a participant reaches entitlement age. In the event of disability or death, lump sum payments are available.

Volunteer Ambulance Worker Service Award Program

Participants

At the December 31, 2023 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	8
Inactive participants entitled to, but not yet receiving benefit payments	6
Active participants	14
Total	<u>28</u>

Contributions

New York State General Municipal Law Section 219-o (1) requires the Village Board to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village Board.

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements For the Year Ended May 31, 2024

Trust Assets

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

Measurement of Total Pension Liability

The total pension liability at the December 31, 2023 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 Mortality Table (60/40 male/female blend) projected for mortality improvement to the year 2025 with scale MP2020.

Discount Rate

The discount rate used to measure the total pension liability was 4.00%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

Balance as of 12/31/2022 measurement date	\$ 457,812
Service Cost	6,741
Interest	19,551
Changes of assumptions or other inputs	19,414
Differences between expected and actual experience	(975)
Benefit Payments	(21,878)
Net Changes	22,853
Balance as of 12/31/2023 measurement date	\$ 480,665

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

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

The following presents the total pension liability of the Village as of the December 31, 2023 measurement date, calculated using the discount rate of 4.00%, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00%) or 1-percentage point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Current Assumption (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 553,088	\$ 480,665	\$ 422,331

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended May 31, 2024, the Village recognized pension expense of \$29,357.

Components of Pension Expense:

Service Cost	\$ 6,741
Interest on total pension liability	19,551
Changes of assumptions or other inputs	358
Differences between expected and actual experience	(296)
Pension plan administrative expenses	3,003
Total pension expense	\$ 29,357

At May 31, 2024, 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	\$ 3,269	\$ 6,259
Changes of assumptions or other inputs	121,204	154,859
Benefit payments and administrative expenses subsequent to the measurement date	9,116	-
Total	\$ 133,589	\$ 161,118

Deferred outflows of resources related to pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending May 31, 2025.

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

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 May 31:		
2025	\$	62
2026		62
2027		62
2028		62
2029		(254)
Thereafter		(36,639)
Total	<u>\$</u>	<u>(36,645)</u>

Volunteer Fire Department Service Award Program

Measurement of Total Pension Liability

The total pension liability at the May 31, 2024 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the May 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	3.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Combined – Projected to 2024.

Discount Rate

The discount rate used to measure the total pension liability was 4.16%. This was the yield to maturity of the Fidelity 20-Year GO AA Bond Index.

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

Changes in the Total Pension Liability

Balance as of 5/31/2023 measurement date	\$ 2,641,728
Service cost	40,972
Interest	99,723
Change in benefit terms	-
Change in assumptions or other inputs	(102,694)
Change due to difference in experience	68,316
Benefit payments	(177,596)
Net change	<u>(71,279)</u>
Balance as of 5/31/2024 measurement date	<u><u>\$ 2,570,449</u></u>

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

The following presents the total pension liability calculated using the discount rate of 4.16%, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.16%) or 1-percentage point higher (5.16%) than the current rate:

	1% Decrease (3.16%)	Current Assumption (4.16%)	1% Increase (5.16%)
	<u> </u>	<u> </u>	<u> </u>
Total Pension Liability	\$ 3,072,000	\$ 2,570,449	\$ 2,165,000

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended May 31, 2024, the Village recognized pension expense of \$134,350.

Components of Pension Expense	
Service Cost	\$ 40,972
Interest on total pension liability	99,723
Changes of assumptions or other inputs	23,052
Differences between expected and actual experience	<u>(29,397)</u>
Total Pension Expense	<u><u>\$ 134,350</u></u>

INCORPORATED VILLAGE OF MALVERNE
Notes to the Financial Statements
For the Year Ended May 31, 2024

At May 31, 2024, 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	\$ 339,675	\$ -
Changes of assumptions or other inputs	936,626	1,414,101
Total	\$ 1,276,301	\$ 1,414,101

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 May 31:	
2025	\$ (8,923)
2026	(8,923)
2027	(8,923)
2028	(8,923)
2029	(8,923)
Thereafter	(93,185)
Total	\$ (137,800)

D. POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description. The Village operates a single-employer defined benefit OPEB plan, which is being funded on a pay-as-you-go basis. Per its contract with employees, the Village will pay various percentages of the premium costs for medical insurance coverage (currently provided through the New York State Health Insurance Plan) at retirement. These percentages are based upon employee classification and hire date. The Village has three classifications for its employees.

They are as follows:

Police Benevolent Fund: The Village contributes 100% of the medical premiums for retirees who were hired before July 18, 2014 and their spouse. For retirees hired on or after July 18, 2014 but before September 16, 2021, the Village contributes 90% of the medical premiums for the retiree and their spouse. For retirees hired on or after September 16, 2021 the Village contributes 85% of the medical premiums for the retiree and their spouse. Eligibility is age 55 with 5 years of service.

Department of Public Works: The Village contributes 100% of the medical premium for retirees who were hired before June 1, 1992 and their spouse. Retirees hired on or after June 1, 1992 the Village pays 100% of the medical premiums for the retiree and 35% of the medical premiums for the retiree spouse. Eligibility is age 55 with 5 years of service.

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements For the Year Ended May 31, 2024

Village: The Village contributes 100% of the medical premiums for retirees who were hired before October 1, 2015 and their spouse. Retirees hired on or after October 1, 2015 the Village pays 90% of the medical premiums for the retiree and their spouse. Eligibility is age 55 with 5 years of service.

Funding Policy. The contribution requirements of plan members and the Village are established by village contracts. For fiscal year 2024, the Village contributed \$1,248,784 to the plan (contribution made was assumed to equal Expected Benefit Payments).

Benefits Provided. As of June 1, 2022, the following employees were covered by the benefit terms:

Active employees	61
Inactive employees or beneficiaries currently receiving benefit payments	68
Total	129

Total OPEB Liability. The Village's total OPEB liability of \$28,140,320 was measured using the entry age actuarial cost method as of June 1, 2022. For the year ended May 31, 2024, the Village recognized OPEB expense of \$394,094.

Actuarial Assumptions and Other Inputs

Discount Rate	4.13%
2022 Healthcare Trends Rate (Pre/Post-65)	7.00% / 5.00%
2023 Healthcare Trends Rate (Pre/Post-65)	6.50% / 5.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Trend Rates Reached Pre/Post-65	2026/2022
Annual Payroll Increase	2.50%

Mortality rates were based on the PUB-2010 headcount weighted mortality tables using projection scale MP-2021. The prior mortality rates were based on the MP2020 Mortality Table - Unisex.

Change in the Total OPEB Liability

Balance at May 31, 2023	\$ 29,509,820
Changes for the year:	
Service cost	697,763
Interest	1,085,909
Changes in assumptions and other inputs	(1,904,388)
Benefit payments	(1,248,784)
Net change	(1,369,500)
Balance at May 31, 2024	\$ 28,140,320

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

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 (3.13%) or 1-percentage point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 32,552,239	\$ 28,140,320	\$ 24,611,094

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 (4.00%) or 1-percentage point higher (6.00%) than the healthcare cost trend rates:

	1% Decrease (4.0%)	Healthcare Cost Trend Rate (5.00%)	1% Increase (6.00%)
Total OPEB Liability	\$ 24,017,451	\$ 28,140,320	\$ 33,366,684

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At May 31, 2024, 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	\$ 1,120,810	\$ 3,173,724
Changes of Assumptions	900,595	6,456,662
	<u>\$ 2,021,405</u>	<u>\$ 9,630,386</u>

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:	
2025	\$ (1,954,856)
2026	(2,767,497)
2027	(2,533,453)
2028	(353,175)
Total	<u>\$ (7,608,981)</u>

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

E. 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 of Trustees.
2. For assigned fund balances:
 - a. The body or official authorized to assign amounts to a 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 has made the following fund balance designations:

	General Fund	Capital Projects Fund	Public Library Fund
Nonspendable Fund Balance:			
Inventory	\$ 14,694	\$ -	\$ -
Total Nonspendable Fund Balance	\$ 14,694	\$ -	\$ -
Restricted Fund Balance:			
Unspent Bond Proceeds	\$ -	\$ 1,548,157	\$ -
Restricted for Debt Service	150,242	-	-
Restricted Premium	23,850	-	-
Cablevision and Verizon Grants	102,065	-	-
Length of Service Award Program	2,035,511	-	-
Total Restricted Fund Balance	\$ 2,311,668	\$ 1,548,157	\$ -
Assigned Fund Balance:			
Subsequent Year's Budget	\$ 505,040	\$ -	\$ 26,000
Terminal Leave - Police Department	1,122,051	-	-
Retirement Benefits	10,000	-	-
Various Capital Improvements	14,969	752,870	-
Repairs to Village Buildings	88,011	-	-
Operation of Library	-	-	82,130
Total Assigned Fund Balance	\$ 1,740,071	\$ 752,870	\$ 108,130

INCORPORATED VILLAGE OF MALVERNE

Notes to the Financial Statements

For the Year Ended May 31, 2024

F. CONCENTRATION OF RISK

The Village maintains all cash and cash equivalents in two depositories. FDIC insurance covers all government accounts up to \$250,000 (per official custodian) for demand accounts and time and savings accounts separately. All deposits in excess of the FDIC limit are fully collateralized.

G. COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The Village is a recipient of a number of Federal and State grants. These grants are administered by various agencies. The 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, 2024 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.

H. RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified to conform with current year presentation with respect to capital assets. These reclassifications have no effect on fund balance or net position.

I. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2024 and the date these financial statements were available to be issued, October 24, 2024, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2024
(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 Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences Over (Under)</u>	<u>Actual Amounts GAAP Basis</u>
Revenues:					
Real Property Taxes	\$ 15,376,112	\$ 15,376,112	\$ 15,362,512	\$ -	\$ 15,362,512
Real Property Tax Items	35,000	35,000	49,627	-	49,627
Non Property Tax Items	345,000	345,000	381,226	-	381,226
Departmental Income	399,450	399,450	363,079	-	363,079
Intergovernmental Charges	426,814	426,814	445,899	-	445,899
Use of Money and Property	175,000	175,000	380,687	131,199	511,886
Licenses and Permits	244,400	244,400	220,437	-	220,437
Fines and Forfeitures	413,000	413,000	416,509	-	416,509
Minor Sales and Compensation for Loss	51,200	51,200	82,045	-	82,045
Miscellaneous Local Sources	11,050	6,020	20,169	-	20,169
State and Federal Aid	319,600	304,427	621,867	-	621,867
Total Revenues	<u>17,796,626</u>	<u>17,776,423</u>	<u>18,344,057</u>	<u>131,199</u>	<u>18,475,256</u>
Expenditures:					
General Government Support	2,348,322	2,234,479	2,162,421	-	2,162,421
Education	2,000	2,000	1,000	-	1,000
Public Safety	5,323,829	5,523,935	5,466,720	204,529	5,671,249
Health	21,455	19,176	2,254	-	2,254
Transportation	937,345	1,121,598	1,102,998	-	1,102,998
Economic Assistance and Opportunity	4,000	4,000	1,432	-	1,432
Culture and Recreation	228,300	223,030	205,577	-	205,577
Home and Community Services	1,950,228	2,064,155	2,090,950	-	2,090,950
Employee Benefits	5,887,147	5,767,157	5,472,444	(171,934)	5,300,510
Debt Service	979,000	979,000	965,561	-	965,561
Total Expenditures	<u>17,681,626</u>	<u>17,938,530</u>	<u>17,471,357</u>	<u>32,595</u>	<u>17,503,952</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>115,000</u>	<u>(162,107)</u>	<u>872,700</u>	<u>98,604</u>	<u>971,304</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Assets	20,000	73,000	101,163	-	101,163
Insurance Recoveries	-	17,501	32,974	-	32,974
Transfers In	-	-	174,092	-	174,092
Transfers Out	(650,000)	(650,000)	(1,703,354)	-	(1,703,354)
Total Other Financing Sources (Uses)	<u>(630,000)</u>	<u>(559,499)</u>	<u>(1,395,125)</u>	<u>-</u>	<u>(1,395,125)</u>
Net Change in Fund Balance	<u>\$ (515,000)</u>	<u>\$ (721,607)</u>	<u>(522,425)</u>	<u>98,604</u>	<u>(423,821)</u>
Fund Balance - Beginning of Year			<u>6,253,041</u>	<u>1,936,907</u>	<u>8,189,948</u>
Fund Balance - End of Year			<u>\$ 5,730,616</u>	<u>\$ 2,035,511</u>	<u>\$ 7,766,127</u>
Explanation of differences:					
LOSAP activity is not included in the budget. When presenting GAAP basis financial statements items such as interest, dividends, gains, losses, contributions and payouts are reflected in the revenue and expenditures. This is the net effect of the LOSAP activity.				<u>\$ 98,604</u>	

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2024
(Unaudited)

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:			
Departmental Income	\$ 11,120	\$ 11,120	\$ 22,890
Intergovernmental Charges	84,567	84,567	85,893
Use of Money and Property	180	180	148
State and Federal Aid	35,000	35,000	36,289
	<u>130,867</u>	<u>130,867</u>	<u>145,220</u>
Total Revenues			
Expenditures:			
Culture and Recreation	582,962	582,962	567,604
Employee Benefits	217,905	217,905	205,814
	<u>800,867</u>	<u>800,867</u>	<u>773,418</u>
Total Expenditures			
Deficiency of Revenues			
Under Expenditures	<u>(670,000)</u>	<u>(670,000)</u>	<u>(628,198)</u>
Other Financing Sources:			
Transfers In	650,000	650,000	650,000
Transfers Out	-	-	(39,001)
	<u>650,000</u>	<u>650,000</u>	<u>610,999</u>
Total Other Financing Sources			
Net Change in Fund Balance	<u>\$ (20,000)</u>	<u>\$ (20,000)</u>	(17,199)
Fund Balance - Beginning of Year			<u>125,329</u>
Fund Balance - End of Year			<u>\$ 108,130</u>

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2024
(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,**

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability (asset)	ERS	0.0094974%	0.0097670%	0.0103709%	0.0094051%	0.0106265%	0.0110456%	0.0112793%	0.0116979%	0.0122226%
	PFRS	0.0812203%	0.0837287%	0.0828575%	0.0924367%	0.0897212%	0.0878035%	0.0924218%	0.0925739%	0.0895952%
Village's proportionate share of the net pension liability (asset)		\$ 5,250,537	\$ 6,708,295	\$ (377,111)	\$ 1,614,321	\$ 7,609,491	\$ 2,255,133	\$ 1,298,195	\$ 3,017,894	\$ 4,614,490
Village's covered payroll		\$ 7,778,159	\$ 6,969,800	\$ 7,127,776	\$ 7,286,436	\$ 6,836,135	\$ 6,940,658	\$ 6,515,725	\$ 6,515,725	\$ 6,515,725
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		67.50%	96.25%	(5.29%)	22.16%	111.31%	32.49%	19.92%	46.32%	70.82%
Plan fiduciary net position as a percentage of the total pension liability (asset)		93.21%	90.25%	102.86%	99.30%	86.16%	96.09%	98.04%	94.50%	90.70%

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, 2024 measurement date.

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2024
(Unaudited)

Schedule of Local Government Contributions

NYSLRS Pension Plan
For the Fiscal Year Ended May 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,506,546	\$ 1,378,861	\$ 1,578,732	\$ 1,386,581	\$ 1,412,367	\$ 1,359,682	\$ 1,402,795	\$ 1,346,845	\$ 1,304,124
Contributions in relation to the contractually required contribution	<u>1,506,546</u>	<u>1,378,861</u>	<u>1,578,732</u>	<u>1,386,581</u>	<u>1,412,367</u>	<u>1,359,682</u>	<u>1,402,795</u>	<u>1,346,845</u>	<u>1,304,124</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 7,778,159	\$ 6,969,800	\$ 7,127,776	\$ 7,286,436	\$ 6,836,135	\$ 6,940,658	\$ 6,515,725	\$ 6,515,725	\$ 6,515,725
Contributions as a percentage of covered employee payroll	19.37%	19.78%	22.15%	19.03%	20.66%	19.59%	21.53%	20.67%	20.02%

Notes to the Schedule:

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

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2024
(Unaudited)

Schedule of Changes in the Village's Total Pension Liability - Ambulance

Measurement date as of December 31,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability							
Service cost	\$ 6,741	\$ 13,987	\$ 14,874	13,245	\$ 12,310	\$ 13,894	\$ 18,414
Interest	19,551	13,718	12,389	16,314	16,591	15,038	15,641
Changes of assumptions or other inputs	19,414	(160,370)	(31,480)	124,733	27,682	(34,832)	35,443
Differences between expected and actual experience	(975)	840	(7,600)	1,343	1,598	656	1,485
Benefit payments	<u>(21,878)</u>	<u>(17,552)</u>	<u>(16,087)</u>	<u>(15,427)</u>	<u>(13,567)</u>	<u>(12,952)</u>	<u>(11,362)</u>
Net change in total pension liability	22,853	(149,377)	(27,904)	140,208	44,614	(18,196)	59,621
Total pension liability - beginning of year	<u>457,812</u>	<u>607,189</u>	<u>635,093</u>	<u>494,885</u>	<u>450,271</u>	<u>468,467</u>	<u>408,846</u>
Total pension liability - ending of year	<u>\$ 480,665</u>	<u>\$ 457,812</u>	<u>\$ 607,189</u>	<u>635,093</u>	<u>\$ 494,885</u>	<u>\$ 450,271</u>	<u>\$ 468,467</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to the Schedule:

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

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

December 31, 2023: 4.00%
December 31, 2022: 4.31%
December 31, 2021: 2.24%
December 31, 2020: 1.93%
December 31, 2019: 3.26%

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

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2024
(Unaudited)

Schedule of Changes in the Village's Total Pension Liability - Fire Department

Measurement date as of May 31,	2024	2023	2022	2021	2020	2019	2018
Total Pension Liability							
Service cost	\$ 40,972	\$ 25,760	\$ 84,242	\$ 88,034	\$ 68,706	\$ 42,608	\$ 46,615
Interest	99,723	82,606	77,634	87,996	89,007	79,240	75,418
Change in benefit terms	-	-	-	-	-	361,523	-
Change in assumptions or other inputs	(102,694)	233,709	47,540	165,318	545,615	257,126	(51,437)
Differences between expected and actual experience	68,316	89,905	(1,487,170)	27,715	24,310	112,717	44,961
Benefit payments	(177,596)	(362,217)	(59,813)	(19,238)	(32,223)	(220,581)	(28,698)
Net change in total pension liability	(71,279)	69,763	(1,337,567)	349,825	695,415	632,633	86,859
Total pension liability - beginning of year	<u>2,641,728</u>	<u>2,571,965</u>	<u>3,909,532</u>	<u>3,559,707</u>	<u>2,864,292</u>	<u>2,231,659</u>	<u>2,144,800</u>
Total pension liability - ending of year	<u>\$ 2,570,449</u>	<u>\$ 2,641,728</u>	<u>\$ 2,571,965</u>	<u>\$ 3,909,532</u>	<u>\$ 3,559,707</u>	<u>\$ 2,864,292</u>	<u>\$ 2,231,659</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to the Schedule:

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

Changes of assumptions or other inputs: The discount rate used to measure the total pension liability was based on the yield to maturity of the Fidelity 20-Year GO AA Bond Index was as follows:

May 31, 2024:	4.16%
May 31, 2023:	3.90%
May 31, 2022:	3.36%
May 31, 2021:	2.00%
May 31, 2020:	2.48%
May 31, 2019:	3.12%
May 31, 2018:	3.57%

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

See Notes to Financial Statements

INCORPORATED VILLAGE OF MALVERNE
Required Supplementary Information
For the Year Ended May 31, 2024
(Unaudited)

Schedule of Changes in Total OPEB Liability and Related Ratios

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 697,763	\$ 780,220	\$ 1,462,515	\$ 1,442,713	\$ 924,278	\$ 819,116
Interest	1,085,909	992,976	919,613	883,677	1,071,314	1,076,527
Changes of benefit terms	-	740,981	-	-	-	-
Difference between expected and actual experience	-	(5,388,586)	-	3,318,470	(716,204)	-
Changes in assumptions	(1,904,388)	(2,760,980)	(5,811,739)	(1,285,024)	7,333,410	1,608,051
Net benefits payments	(1,248,784)	(1,140,353)	(1,239,092)	(1,143,789)	(936,102)	(872,266)
Net change in total OPEB liability	(1,369,500)	(6,775,742)	(4,668,703)	3,216,047	7,676,696	2,631,428
Total OPEB liability - beginning of year	29,509,820	36,285,562	40,954,265	37,738,218	30,061,522	27,430,094
Total OPEB liability - end of year	<u>\$ 28,140,320</u>	<u>\$ 29,509,820</u>	<u>\$ 36,285,562</u>	<u>\$ 40,954,265</u>	<u>\$ 37,738,218</u>	<u>\$ 30,061,522</u>
Covered Employee Payroll	\$ 5,890,619	\$ 6,969,800	\$ 7,127,776	\$ 7,286,436	\$ 6,836,135	\$ 6,940,658
Total OPEB Liability as a percentage of Covered Employee Payroll	477.71%	423.40%	509.07%	562.06%	552.04%	433.12%

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 meets the criteria in GASB Statement No. 75, paragraph 4, to pay other-postemployment benefits (OPEB).

Plan changes:

PBA Cost Sharing: Hired after September 16, 2021	No change	Village pays 85% of premium	Village pays 90% of premium	No Change	No Change	No Change
PBA Surviving Spouse Benefits	No change	Village pays 100% of premium for first 5 years	Survivor pays 100% of premium	No Change	No Change	No Change

Assumption changes:

Discount rate	4.13%	3.67%	3.16%	2.20%	2.16%	3.51%
Pre-65 Trend Rate	6.50% initially, grading down to 5.00% in 2026	7.00% initially, grading down to 5.00% in 2026	6.50% initially, grading down to 5.00% in 2024	7.00% initially, grading down to 5.00% in 2024	7.00% initially, grading down to 5.00% in 2023	7.50% initially, grading down to 5.00% in 2023
Demographic Assumptions	From the 2021 New York/SUNY Valuation	From the 2021 New York/SUNY Valuation	From the 2018 New York/SUNY Valuation	From the 2018 New York/SUNY Valuation	From the 2016 New York/SUNY Valuation	From the 2016 New York/SUNY Valuation

See Notes to Financial Statements