



INCORPORATED VILLAGE OF SALTFAIRE
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS
May 31, 2023

INCORPORATED VILLAGE OF SALTAIRE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Saltaire
Saltaire, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Saltaire (Village), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Village'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 Incorporated Village of Saltaire, as of May 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, "Change in Accounting Principle", the Village has adopted the provisions of GASB Statement No. 87, *Leases*, as of May 31, 2023. Our opinion is not modified with respect to this matter.

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.

Auditor's 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 auditor's 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 and *Government 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the Village's proportionate share of the net pension asset/(liability), schedule of Village pension contributions, and schedule of changes in the Village's total OPEB liability and related ratios on pages 4 through 14 and 42 through 48, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023 on our consideration of the Incorporated Village of Saltaire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Incorporated Village of Saltaire's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Incorporated Village of Saltaire's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 27, 2023

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Incorporated Village of Saltaire's (Village) discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2023 in comparison with the year ended May 31, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements, decreased by \$696,005. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- For the fiscal year ended May 31, 2023, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The implementation of this statement included a restatement of lease receivable and deferred inflows of resources at May 31, 2022, each increasing by \$1,151,593. There was no impact on total net position.
- The Village's expenses for the year, as reflected in the government-wide financial statements, totaled \$4,912,363. This was offset by program charges for services and operating grants totaling \$849,469. General revenues of \$3,366,889 amount to 79.85% of total revenues, and were not adequate to cover the balance of program expenses.
- The general fund's total fund balance, as reflected in the fund financial statements, decreased by \$289,939. This was due to an excess of expenditures and other financing uses over revenues using the current financial resources measurement focus and the modified accrual basis of accounting.
- On the balance sheet, the general fund unassigned fund balance at year end was \$2,624,242. This represents a decrease of \$222,238 from the prior year.
- The Village's 2023 property tax levy of \$2,573,210 was a 4.51% increase over the 2022 tax levy. The Village's property tax cap was 3.79%. The property tax levy exceeded the tax cap and was approved by 80% of the Board of Trustees.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (MD&A), the financial statements, and required supplementary information. The financial statements consist of government-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. Government-Wide Financial Statements

The government-wide financial statements present the governmental activities of the Village and are organized to provide an understanding of the fiscal performance of the Village, as a whole, in a manner similar to a private sector business. There are two government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the Village's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. To assess the overall health of the Village, one needs to consider additional nonfinancial factors such as changes in the Village's property tax base and the condition of the Village's infrastructure, equipment, buildings, and other capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the Village are reported in the governmental funds.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the Village incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the Village's operations and the services it provides.

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two individual governmental funds: general fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

Certain balances at May 31, 2022, were adjusted as a result of the implementation of GASB Statement No. 87, *Leases*, which required the Village to record a lease receivable and deferred inflow of resources of \$1,151,593; however, this change had no impact on total net position.

The Village's total net position decreased by \$696,006 between fiscal year 2023 and 2022. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the Village's Statements of Net Position follows:

| | 2023 | As Restated 2022 | Increase (Decrease) | Percentage Change |
|------------------------------------------------|----------------------|----------------------|------------------------|----------------------|
| Assets | | | | |
| Current and Other Assets | \$ 3,983,052 | \$ 4,385,639 | \$ (402,587) | (9.18)% |
| Capital Assets, Net | 29,159,181 | 29,938,737 | (779,556) | (2.60)% |
| Net Pension Asset - Proportionate Share | - | 287,903 | (287,903) | (100.00)% |
| Total Assets | <u>33,142,233</u> | <u>34,612,279</u> | <u>(1,470,046)</u> | <u>(4.25)%</u> |
| Deferred Outflows of Resources | <u>1,345,434</u> | <u>1,137,444</u> | <u>207,990</u> | <u>18.29 %</u> |
| Liabilities | | | | |
| Current and Other Liabilities | 738,181 | 530,262 | 207,919 | 39.21 % |
| Long-Term Liabilities | 6,285,000 | 6,790,000 | (505,000) | (7.44)% |
| Net Pension Liability - Proportionate Share | 727,320 | - | 727,320 | N/A |
| Total OPEB Liability | <u>2,706,969</u> | <u>2,462,001</u> | <u>244,968</u> | <u>9.95 %</u> |
| Total Liabilities | <u>10,457,470</u> | <u>9,782,263</u> | <u>675,207</u> | <u>6.90 %</u> |
| Deferred Inflows of Resources | <u>1,948,766</u> | <u>3,190,024</u> | <u>(1,241,258)</u> | <u>(38.91)%</u> |
| Net Position | | | | |
| Net Investment in Capital Assets | 22,874,181 | 23,148,737 | (274,556) | (1.19)% |
| Restricted | 100,932 | 97,718 | 3,214 | 3.29 % |
| Unrestricted | <u>(893,682)</u> | <u>(469,019)</u> | <u>(424,663)</u> | <u>(90.54)%</u> |
| Total Net Position | <u>\$ 22,081,431</u> | <u>\$ 22,777,436</u> | <u>\$ (696,005)</u> | <u>(3.06)%</u> |

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The decrease in current and other assets was primarily the result of the increase in cash, offset by decreases in due from state and federal, and lease receivable.

The decrease in capital assets is due to depreciation expense in excess of capital asset additions. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the Village's share of the New York State and Local Employees' Retirement System's (ERS) collective net pension asset, at the measurement date of the respective year. In the current year, the Village's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plan subsequent to the measurement date and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, as well as the amount of long-term leases receivable that will be amortized and recognized as lease revenues over the term of the lease.

The increase in current and other liabilities is primarily in connection with increases in collections in advance for summer camp and contracts related to water taxi and parking.

The decrease in long-term liabilities is the result of debt principal payments.

Net pension liability – proportionate share represents the Village's share of the ERS' collective net pension liability, at the measurement date of the respective year. The increase is due to the shift from a net pension asset in the prior year, to a net pension liability in the current year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

Total OPEB liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt.

The restricted amount relates to the Village's repair reserve. This number increased over the prior year due to interest earned.

The unrestricted (deficit) amount relates to the balance of the Village's net position. This balance does not include the Village's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the Village's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the Village is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended May 31, 2023 and 2022 is as follows:

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

| | 2023 | 2022 | Increase (Decrease) | Percentage Change |
|----------------------------|----------------------------|-------------------------|----------------------------|--------------------------|
| Revenues | | | | |
| Program Revenues | | | | |
| Charges for Services | \$ 846,312 | \$ 768,261 | \$ 78,051 | 10.16 % |
| Operating Grants | 3,157 | 115,032 | (111,875) | (97.26)% |
| General Revenues | | | | |
| Property Taxes | 2,582,991 | 2,452,133 | 130,858 | 5.34 % |
| State Sources | 84,375 | 108,301 | (23,926) | (22.09)% |
| Other | 699,523 | 826,836 | (127,313) | (15.40)% |
| Total Revenues | <u>4,216,358</u> | <u>4,270,563</u> | <u>(54,205)</u> | <u>(1.27)%</u> |
| Expenses | | | | |
| General government | 1,729,436 | 1,389,806 | 339,630 | 24.44 % |
| Public safety | 494,622 | 319,112 | 175,510 | 55.00 % |
| Health | 19,909 | 18,363 | 1,546 | 8.42 % |
| Transportation | 373,916 | 302,259 | 71,657 | 23.71 % |
| Culture and recreation | 739,933 | 690,678 | 49,255 | 7.13 % |
| Home and community | 372,581 | 345,611 | 26,970 | 7.80 % |
| Debt Service - Interest | 146,822 | 159,124 | (12,302) | (7.73)% |
| Depreciation - unallocated | 1,035,144 | 1,014,053 | 21,091 | 2.08 % |
| Total Expenses | <u>4,912,363</u> | <u>4,239,006</u> | <u>673,357</u> | <u>15.88 %</u> |
| Change in Net Position | <u><u>\$ (696,005)</u></u> | <u><u>\$ 31,557</u></u> | <u><u>\$ (727,562)</u></u> | <u><u>(2305.55)%</u></u> |

The Village's net position decreased by \$696,005 and increased by \$31,557 for the years ended May 31, 2023 and 2022, respectively.

The Village's revenues decreased when compared to the prior year, primarily due to the following changes:

- Other revenue decreased due to the sale of property in the prior year.
- Operating grants decreased due to a decrease in FEMA aid for repair projects.
- Property taxes increased to fund additional appropriations in the approved 2022-2023 budget.
- Charges for services increased due to greater enrollment for summer camp. In addition, the Village raised the rate for the resident water fee.

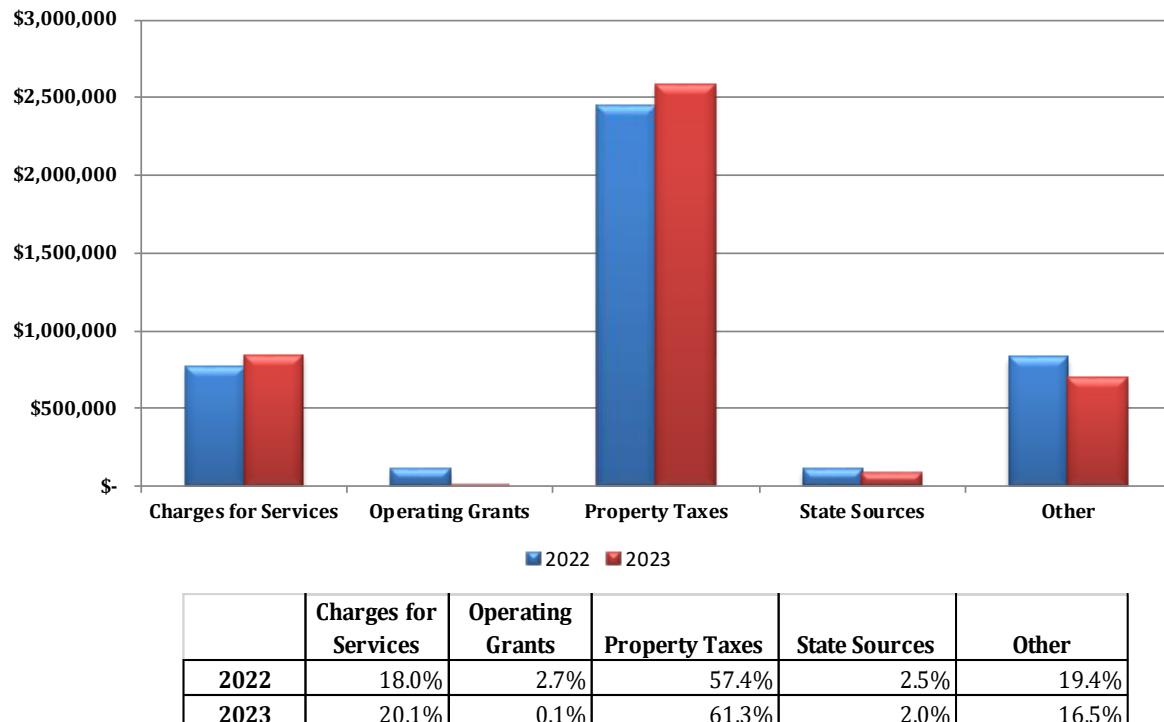
The Village's expenses increased when compared to the prior year, primarily due to the following changes:

- General support and public safety increased based on the impact of allocations of the net change in actuarially determined expenses for ERS and OPEB costs.

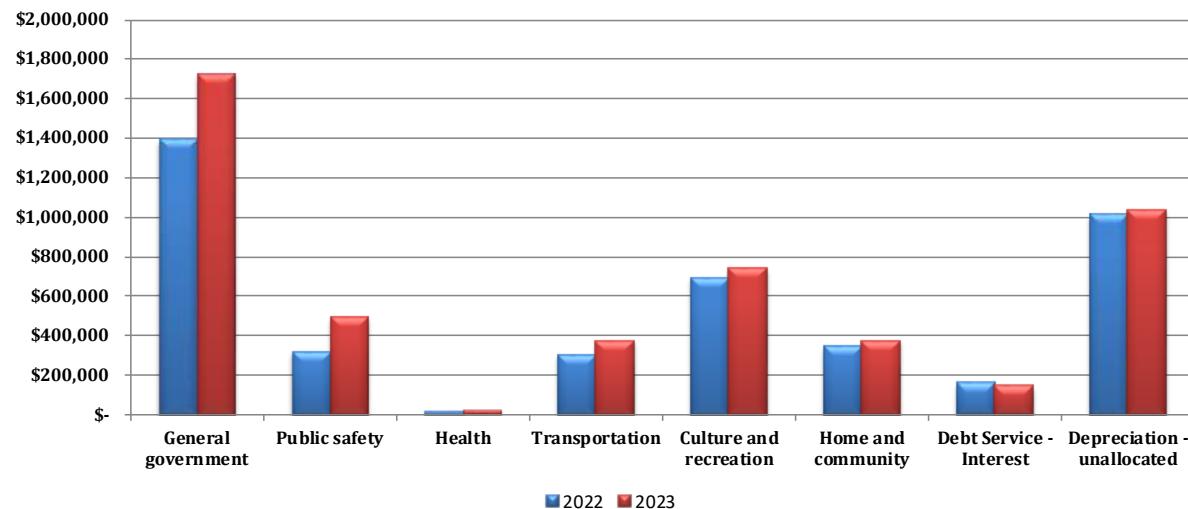
As indicated on the graphs that follow, property taxes is the largest component of revenues recognized for the 2023 year (i.e., 61.30% and 57.40% of total for the years 2023 and 2022, respectively) and General government expenses is the largest category of expenses incurred (i.e., 35.20% and 32.80% of the total for the years 2023 and 2022, respectively).

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A graphic display of the distribution of revenues for the two years follows:



A graphic display of the distribution of expenses for the two years follows:



| | General government | Public safety | Health | Transportation | Culture and recreation | Home and community | Debt Service - Interest | Depreciation - unallocated |
|------|--------------------|---------------|--------|----------------|------------------------|--------------------|-------------------------|----------------------------|
| 2022 | 32.8% | 7.5% | 0.4% | 7.1% | 16.3% | 8.2% | 3.8% | 23.9% |
| 2023 | 35.2% | 10.0% | 0.4% | 7.6% | 15.1% | 7.6% | 3.0% | 21.1% |

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At May 31, 2023, the Village's governmental funds reported a combined fund balance of \$2,612,665, which is an increase of \$725,331 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

| | 2023 | 2022 | Increase (Decrease) | Percentage Change |
|------------------------------------|----------------------------|----------------------------|--------------------------|-----------------------|
| General Fund | | | | |
| Nonspendable | | | | |
| Inventory | \$ - | \$ 52,704 | \$ (52,704) | (100.00)% |
| Prepays | 79,664 | 97,713 | (18,049) | (18.47)% |
| Restricted: Repairs | 100,932 | 97,718 | 3,214 | 3.29 % |
| Assigned: | | | | |
| Appropriated fund balance | - | 162 | (162) | (100.00)% |
| Unappropriated fund balance | 3,321 | 3,321 | - | 0.00 % |
| Unassigned: Fund balance | <u>2,624,242</u> | <u>2,846,480</u> | <u>(222,238)</u> | <u>(7.81)%</u> |
| | <u>2,808,159</u> | <u>3,098,098</u> | <u>(289,939)</u> | <u>(9.36)%</u> |
| Capital Projects Fund | | | | |
| Unassigned: Fund balance (deficit) | <u>(195,494)</u> | <u>(1,210,764)</u> | <u>1,015,270</u> | <u>83.85 %</u> |
| Total Fund Balance | <u><u>\$ 2,612,665</u></u> | <u><u>\$ 1,887,334</u></u> | <u><u>\$ 725,331</u></u> | <u><u>38.43 %</u></u> |

A. General Fund

The net change on the general fund-fund balance is a decrease of \$289,939 compared to an increase of \$287,206 in 2022.

The following is a summary of the major changes that resulted in revenues decreasing from the prior year:

| | 2023 | 2022 | Increase (Decrease) | Percentage Change |
|-------------------------|----------------------------|----------------------------|---------------------------|-----------------------|
| Real Property Taxes | \$ 2,582,991 | \$ 2,452,133 | \$ 130,858 | 5.34 % |
| Other Tax Items | 5,223 | 9,611 | (4,388) | (45.66)% |
| Nonproperty Taxes | 377,433 | 366,289 | 11,144 | 3.04 % |
| Other Local Revenue | 1,171,158 | 1,219,197 | (48,039) | (3.94)% |
| State Sources | 84,375 | 108,301 | (23,926) | (22.09)% |
| Federal Sources | 3,157 | 115,032 | (111,875) | (97.26)% |
| Other Financing Sources | <u>-</u> | <u>48,520</u> | <u>(48,520)</u> | <u>(100.00)%</u> |
| | <u><u>\$ 4,224,337</u></u> | <u><u>\$ 4,319,083</u></u> | <u><u>\$ (94,746)</u></u> | <u><u>(2.19)%</u></u> |

The decrease is primarily attributable to less federal aid for a grant related to emergency protective measures and radios.

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

| | 2023 | 2022 | Increase (Decrease) | Percentage Change |
|-----------------------------|----------------------------|----------------------------|--------------------------|----------------------|
| General Support | \$ 1,489,725 | \$ 1,234,072 | \$ 255,653 | 20.72 % |
| Public Safety | 436,518 | 433,988 | 2,530 | 0.58 % |
| Health | 19,909 | 18,363 | 1,546 | 8.42 % |
| Transportation | 321,528 | 291,586 | 29,942 | 10.27 % |
| Culture and Recreation | 528,503 | 536,693 | (8,190) | (1.53)% |
| Home and Community Services | 307,495 | 292,157 | 15,338 | 5.25 % |
| Employee Benefits | 589,820 | 555,233 | 34,587 | 6.23 % |
| Debt Service | 657,460 | 669,785 | (12,325) | (1.84)% |
| Other Financing Uses | <u>163,318</u> | - | <u>163,318</u> | 0.00 % |
| | <u><u>\$ 4,514,276</u></u> | <u><u>\$ 4,031,877</u></u> | <u><u>\$ 482,399</u></u> | 11.96 % |

This increase was mainly due to renovations and maintenance at the market in the current year. As well as, an increase in transfers to the capital projects fund to close out completed projects.

B. Capital Projects Fund

The capital projects fund-fund balance deficit decreased by \$1,015,270, as compared to the prior year. This is mainly due to the Village receiving grant money for prior year expenditures.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The Village's general fund adopted budget for the year ended May 31, 2023 was \$4,052,418. This amount was increased by budget revisions in the amount of \$163,318, for a final budget of \$4,215,736.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$2,573,210 in estimated property taxes.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues and other financing sources over expenditures, net of transfers to reserves, special designations, and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

| | |
|---------------------------------------------------|---------------------|
| Opening, Unassigned Fund Balance | \$ 2,846,480 |
| Fund Balance Appropriated for Budget Revision | (163,318) |
| Revenues Over Budget | 172,081 |
| Expenditures and Other Financing Uses Over Budget | (298,540) |
| Net Change in Nonspendable Fund Balance | 70,753 |
| Allocation to Reserves | <u>(3,214)</u> |
| Closing, Unassigned Fund Balance | <u>\$ 2,624,242</u> |

Opening, Unassigned Fund Balance

The \$2,846,480 shown in the table is the portion of the Village's May 31, 2022 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The Village increased appropriations by \$163,318, which was funded by unassigned fund balance. The increase was needed to fund the capital projects fund, which decreases the unassigned portion of the general fund fund balance.

Revenues Over Budget

The 2022-2023 final budget for revenues was \$4,052,256. Actual revenues recognized for the year were \$4,224,337. The excess of actual revenues over estimated or budgeted revenues was \$172,081, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2022 to May 31, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Other Financing Uses Over Budget

The 2022-2023 final budget for expenditures was \$4,215,736. Actual expenditures as of May 31, 2023 were \$4,514,276. The final budget was over expended by \$298,540. This over expenditure contributes directly to the change to the general fund unassigned fund balance from May 31, 2022 to May 31, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of various prepaid insurance premiums and purchased ferry tickets available for resale. The resulting balance sheet assets cannot be spent because it is not in spendable form. Accordingly, an equal amount of fund balance is classified as nonspendable. The decrease in nonspendable fund balance increases unassigned fund balance.

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance, unless and until these monies are actually expended. The allocation to reserves represents interest earned on reserve balances.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at May 31, 2023 was \$2,624,242.

6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At May 31, 2023, the Village had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation expense of \$1,035,144 in excess of capital additions of \$255,588 recorded for the year ended May 31, 2023. A summary of the Village's capital assets, net of accumulated depreciation at May 31, 2023 and 2022 is as follows:

| | 2023 | 2022 | Increase (Decrease) |
|-----------------------------------|--------------------------|--------------------------|-------------------------|
| Land | \$ 1,608,064 | \$ 1,608,064 | \$ - |
| Construction in Progress | 19,179 | 19,179 | - |
| Buildings | 6,721,669 | 6,933,851 | (212,182) |
| Improvements Other Than Buildings | 325,339 | 315,035 | 10,304 |
| Machinery and Equipment | 577,479 | 567,064 | 10,415 |
| Infrastructure | <u>19,907,451</u> | <u>20,495,544</u> | <u>(588,093)</u> |
| Capital assets, net | <u>\$ 29,159,181</u> | <u>\$ 29,938,737</u> | <u>\$ (779,556)</u> |

B. Debt Administration

At May 31, 2023, the Village had total bonds payable of \$6,285,000. The decrease in outstanding debt represents current year principal payments. A summary of the outstanding debt at May 31, 2023 and 2022 is as follows:

| Issue Date | Interest Rate | 2023 | 2022 | Increase (Decrease) |
|----------------------|------------------|-------------------------|-------------------------|-------------------------|
| Bonds Payable | | | | |
| 10/14/2014 | 2.00 - 3.00% | \$ 485,000 | \$ 650,000 | \$ (165,000) |
| 10/20/2016 | 2.00 - 2.30% | 4,620,000 | 4,905,000 | (285,000) |
| 2/19/2019 | 3.00 - 3.30% | <u>1,180,000</u> | <u>1,235,000</u> | <u>(55,000)</u> |
| | | <u>\$ 6,285,000</u> | <u>\$ 6,790,000</u> | <u>\$ (505,000)</u> |

The Village's latest underlying, long-term credit rating from S&P Global Ratings is AAA/Stable.

INCORPORATED VILLAGE OF SALTAIRE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

C. Other Long-Term Liabilities

Included in the Village's long-term liabilities are the estimated amounts due for net pension liability – proportionate share and total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at May 31, 2023 and 2022 is as follows:

| | 2023 | 2022 | Increase (Decrease) |
|---------------------------------------------|----------------------------|----------------------------|--------------------------|
| Net pension liability - proportionate share | \$ 727,320 | \$ - | \$ 727,320 |
| Total OPEB liability | <u>2,706,969</u> | <u>2,462,001</u> | <u>244,968</u> |
| | <u><u>\$ 3,434,289</u></u> | <u><u>\$ 2,462,001</u></u> | <u><u>\$ 972,288</u></u> |

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the Board of Trustees (Board) on April 11, 2023, for the year ending May 31, 2024, is \$4,407,662. This is an increase of \$355,244 or 8.77% over the previous year's budget.

The Village budgeted non-property tax revenues at a \$198,924 increase over the prior year's estimate. Appropriated fund balance decreased by \$162, as the Village has elected not to appropriate fund balance towards next year's budget. A property tax increase of 6.08% (tax levy to tax levy) was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

Dwindling support of initiatives established during the pandemic, the continued need for additional resources, fluctuating rates in this inflationary environment, and increases in fuel costs, charges of goods, and borrowing costs may impact the Village's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of municipalities to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Municipalities may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded. A subsequent vote to override the tax levy limit requires a 60% vote of the voting power of the governing body to pass (i.e., super majority). Based on the law, the Village's tax cap was 3.54%. The Village's 2023-2024 property tax increase of 6.08% exceeded the tax cap and was approved by 100% of the Board.

8. CONTACTING THE VILLAGE

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. Requests for additional information can be directed to:

Mario Posillico, Village Administrator
Incorporated Village of Saltaire
P.O. Box 5551
Bay Shore, New York 11706

INCORPORATED VILLAGE OF SALTAIRE

Statement of Net Position

May 31, 2023

ASSETS

| | |
|----------------------------------------------------|-------------------|
| Cash | |
| Unrestricted | \$ 3,044,323 |
| Restricted | 100,932 |
| Receivables | |
| Taxes receivable | 31,895 |
| Accounts receivable | 6,565 |
| Due from other governments | 20,787 |
| Prepays | |
| Lease receivable | 79,664 |
| Capital assets: | |
| Not being depreciated | 1,627,243 |
| Being depreciated, net of accumulated depreciation | <u>27,531,938</u> |
| | |
| Total Assets | <u>33,142,233</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--------------------------------------|------------------|
| Pensions | 539,811 |
| Other postemployment benefits | <u>805,623</u> |
| | |
| Total Deferred Outflows of Resources | <u>1,345,434</u> |

LIABILITIES

| | |
|-----------------------------------------------|-------------------|
| Payables | |
| Accounts payable | 127,235 |
| Accrued liabilities | 66,680 |
| Due to employees' retirement system | 24,927 |
| Other liabilities | 16,500 |
| Unearned credits: collections in advance | 502,839 |
| Long-term liabilities | |
| Due and payable within one year | |
| Bonds payable | 510,000 |
| Due and payable after one year | |
| Bonds payable | 5,775,000 |
| Net pension liability | 727,320 |
| Total other postemployment benefits liability | <u>2,706,969</u> |
| | |
| Total Liabilities | <u>10,457,470</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|------------------|
| Deferred leases | 698,886 |
| Pensions | 34,192 |
| Other postemployment benefits | <u>1,215,688</u> |
| | |
| Total Deferred Inflows of Resources | <u>1,948,766</u> |

NET POSITION

| | |
|----------------------------------|----------------------|
| Net investment in capital assets | 22,874,181 |
| Restricted: Repairs | 100,932 |
| Unrestricted (deficit) | <u>(893,682)</u> |
| | |
| Total Net Position | <u>\$ 22,081,431</u> |

INCORPORATED VILLAGE OF SALTAIRE

Statement of Activities

For the Year Ended May 31, 2023

| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------------|------------------|-------------------------|---------------------|------------------------------------------------------------|
| | | Charges for Services | Operating Grants | |
| FUNCTIONS/PROGRAMS | | | | |
| General government | \$ 1,729,436 | \$ 4,783 | \$ | \$ (1,724,653) |
| Public safety | 494,622 | 155,642 | 3,157 | (335,823) |
| Health | 19,909 | 20,000 | | 91 |
| Transportation | 373,916 | | | (373,916) |
| Culture and recreation | 739,933 | 373,323 | | (366,610) |
| Home and community | 372,581 | 292,564 | | (80,017) |
| Debt service - interest | 146,822 | | | (146,822) |
| Depreciation - unallocated | 1,035,144 | | | (1,035,144) |
| Total Functions and Programs | \$ 4,912,363 | \$ 846,312 | \$ 3,157 | \$ (4,062,894) |
| GENERAL REVENUES | | | | |
| Real property taxes | | | | 2,582,991 |
| Other tax items | | | | 5,223 |
| Nonproperty taxes | | | | 377,433 |
| Use of money and property | | | | 209,613 |
| Licenses and permits | | | | 46,684 |
| Sale of property and compensation for loss | | | | 59,310 |
| Miscellaneous | | | | 1,260 |
| State aid | | | | <u>84,375</u> |
| Total General Revenues | \$ | 3,366,889 | | |
| Change in Net Position | | | | \$ (696,005) |
| Total Net Position - Beginning of Year | | | | \$ 22,777,436 |
| Total Net Position - End of Year | | | | \$ 22,081,431 |

INCORPORATED VILLAGE OF SALTAIRE

Balance Sheet - Governmental Funds

May 31, 2023

| | General | Capital Projects | Total Governmental Funds |
|------------------------------------------------------------------------|---------------------|------------------|--------------------------------|
| ASSETS | | | |
| Cash | | | |
| Unrestricted | \$ 3,029,668 | \$ 14,655 | \$ 3,044,323 |
| Restricted | 100,932 | | 100,932 |
| Receivables | | | |
| Taxes receivable | 31,895 | | 31,895 |
| Accounts receivable | 6,565 | | 6,565 |
| Due from other funds | 210,149 | | 210,149 |
| Due from other governments | 20,787 | | 20,787 |
| Prepays | 79,664 | | 79,664 |
| Lease receivable | 698,886 | | 698,886 |
| Total Assets | <u>\$ 4,178,546</u> | <u>\$ 14,655</u> | <u>\$ 4,193,201</u> |
| LIABILITIES | | | |
| Payables | | | |
| Accounts payable | \$ 127,235 | \$ 210,149 | \$ 127,235 |
| Due to other funds | | 24,927 | 24,927 |
| Due to employees' retirement system | 16,500 | | 16,500 |
| Other liabilities | 502,839 | | 502,839 |
| Total Liabilities | <u>671,501</u> | <u>210,149</u> | <u>881,650</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred leases | <u>698,886</u> | <u>-</u> | <u>698,886</u> |
| FUND BALANCES (DEFICIT) | | | |
| Nonspendable: Prepays | 79,664 | | 79,664 |
| Restricted: Repairs | 100,932 | | 100,932 |
| Assigned: | | | |
| Designated for Fire Company | 3,321 | | 3,321 |
| Unassigned: Fund balance (deficit) | 2,624,242 | (195,494) | 2,428,748 |
| Total Fund Balances (Deficit) | <u>2,808,159</u> | <u>(195,494)</u> | <u>2,612,665</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 4,178,546</u> | <u>\$ 14,655</u> | <u>\$ 4,193,201</u> |

INCORPORATED VILLAGE OF SALTAIRE
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2023

| | |
|----------------------------------|--------------|
| Total Governmental Fund Balances | \$ 2,612,665 |
|----------------------------------|--------------|

Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building and acquiring capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.

| | |
|---------------------------------|--------------------|
| Original cost of capital assets | \$ 38,933,814 |
| Less: Accumulated depreciation | <u>(9,774,633)</u> |
| | 29,159,181 |

Proportionate share of long-term liability, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

| | |
|------------------------------------------------------|-----------------|
| Deferred outflows of resources | 539,811 |
| Net pension liability - employees' retirement system | (727,320) |
| Deferred inflows of resources | <u>(34,192)</u> |
| | (221,701) |

Total other postemployment benefits liability and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

| | |
|-----------------------------------------------|--------------------|
| Deferred outflows of resources | 805,623 |
| Total other postemployment benefits liability | (2,706,969) |
| Deferred inflows of resources | <u>(1,215,688)</u> |
| | (3,117,034) |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

| | |
|---------------------------------|----------------------|
| Accrued interest long-term debt | (66,680) |
| Bonds payable | <u>(6,285,000)</u> |
| | <u>(6,351,680)</u> |
| Total Net Position | <u>\$ 22,081,431</u> |

INCORPORATED VILLAGE OF SALTAIRE
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2023

| | General | Capital Projects | Total Governmental Funds |
|-------------------------------------------------------|------------------|------------------|--------------------------------|
| REVENUES | | | |
| Real property taxes | \$ 2,582,991 | \$ | \$ 2,582,991 |
| Real property tax items | 5,223 | | 5,223 |
| Non-property taxes | 377,433 | | 377,433 |
| Departmental income | 802,662 | | 802,662 |
| Intergovernmental income | 40,400 | | 40,400 |
| Use of money and property | 209,613 | | 209,613 |
| Licenses and permits | 46,684 | | 46,684 |
| Fines and forfeitures | 3,250 | | 3,250 |
| Sale of property and compensation for loss | 59,310 | | 59,310 |
| Miscellaneous | 9,239 | 456 | 9,695 |
| State aid | 84,375 | 37,541 | 121,916 |
| Federal aid | 3,157 | 842,792 | 845,949 |
| Total Revenues | 4,224,337 | 880,789 | 5,105,126 |
| EXPENDITURES | | | |
| General government | 1,489,725 | | 1,489,725 |
| Public safety | 436,518 | | 436,518 |
| Health | 19,909 | | 19,909 |
| Transportation | 321,528 | 28,837 | 350,365 |
| Culture and recreation | 528,503 | | 528,503 |
| Home and community | 307,495 | | 307,495 |
| Employee benefits | 589,820 | | 589,820 |
| Debt service | | | |
| Principal | 505,000 | | 505,000 |
| Interest | 152,460 | | 152,460 |
| Total Expenditures | 4,350,958 | 28,837 | 4,379,795 |
| Excess (Deficiency) of Revenues Over Expenditures | (126,621) | 851,952 | 725,331 |
| OTHER FINANCING SOURCES AND (USES) | | | |
| Operating transfers in | | 163,318 | 163,318 |
| Operating transfers (out) | (163,318) | | (163,318) |
| Total Other Financing Sources and (Uses) | (163,318) | 163,318 | - |
| Net Change in Fund Balances | (289,939) | 1,015,270 | 725,331 |
| Fund Balances (Deficit) - Beginning of Year | 3,098,098 | (1,210,764) | 1,887,334 |
| End of Year | \$ 2,808,159 | \$ (195,494) | \$ 2,612,665 |

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

| | |
|-----------------------------|------------|
| Net Change in Fund Balances | \$ 725,331 |
|-----------------------------|------------|

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned. (888,768)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which, depreciation exceeded capital outlays and other additions in the period.

| | |
|-------------------------------------|--------------------|
| Capital outlays and other additions | \$ 255,588 |
| Depreciation expense | <u>(1,035,144)</u> |
| | (779,556) |

Long-Term Debt Transactions Differences

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Bonds payable | 505,000 |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from May 31, 2022 to May 31, 2023. | <u>5,638</u> |
| | 510,638 |

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

| | |
|-------------------------------------------------------------|---------------------|
| Employees' retirement system | (163,235) |
| Other postemployment benefits | <u>(100,415)</u> |
| | (263,650) |
| Change in Net Position (Deficit) of Governmental Activities | <u>\$ (696,005)</u> |

INCORPORATED VILLAGE OF SALTAIRE
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Incorporated Village of Saltaire (the "Village"), which was established in 1917, is governed by its Charter, New York State Village Law and other general laws of the State of New York and various local laws. The Board, consisting of five members, is the legislative body responsible for overall operations. The Mayor serves as the Chief Executive Officer and the Treasurer serves as the Chief Fiscal Officer.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Village are as follows:

A. Reporting Entity

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, which is the Village, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following basic services are provided: general support, public safety and fire protection, sanitation, recreation, street maintenance, and lighting.

The accompanying financial statements present the activities of the Village. The Village is not a component unit of another reporting entity. The decision to include a potential component unit in the Village's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village's reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the Village. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the Village at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

Fund Financial Statements

The fund financial statements provide information about the Village's funds. The Village's financial statements present the following fund type:

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 emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the Village's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Capital Projects Fund - is used to account for the financial resources used for acquisition, construction, renovation, or major repair of capital facilities and other capital assets.

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the Village would not expect to liquidate currently with expendable available financial resources would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Charges for services are recognized in the year the services are provided.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers all revenues reported in the governmental funds to be available if the revenues are

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

D. Real Property Taxes

Real property taxes are levied no later than May 15th and become a lien on June 1st. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1st, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes can be collected through tax sales.

E. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the Village's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

F. Interfund Transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations.

In the government-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

G. 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, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including pension costs, OPEB, potential contingent liabilities, and useful lives of capital assets.

H. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits, and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

I. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

J. Lease Receivable

The Village leases a parking lot, passenger ferry, freight, cartage, and a house to third parties. Lease receivables are measured and recorded at the present value of lease payments expected to be received by the Village during the lease terms using an implicit discount rate, net of any provision for estimated uncollectible amounts. As lease payments are received from the lessee, they are first allocated to the amortization of the discount on the lease receivable and recognized as interest revenue, and then to lease receivable.

K. Inventory and Prepaid Items

Inventory consists of purchased ferry tickets available for resale and is stated at the lower of cost or market. Inventory is accounted for on the consumption method.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the Village for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method.

Under the consumption method, a current asset for the inventory and/or prepaid item is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

L. Capital Assets

Capital assets are reflected in the Government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the Government-wide statements are as follows:

| | Capitalization Threshold | Estimated Useful Life |
|-------------------------|-----------------------------|--------------------------|
| Buildings | \$ 25,000 | 40 years |
| Machinery and Equipment | 5,000 | 3-10 years |
| Infrastructure | 1 | 25-40 years |

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The Village has two items that qualify for reporting in this category. The first item is related to pensions and consists of the Village's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the Village's contributions to the pension system (ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

N. Short-Term Debt

The Village may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date; seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

No short-term debt was issued during the year ended May 31, 2023.

O. Employee Benefits

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacation and sick days must be used in the year earned and cannot be accumulated.

P. Other Benefits

Eligible Village employees participate in the ERS.

Village employees may choose to participate in the Village's elective deferred compensation plan established under Internal Revenue Code §457.

The Village provides individual or family health insurance coverage for active employees pursuant to the Village employment policy.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

In addition to providing these benefits, the Village provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. The Village's employment policy determines if Village employees are eligible for these benefits if they meet the minimum service requirements. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Village and the retired employee. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment).

Q. Long-Term Debt

The Village borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

R. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The Village has three items that qualify for reporting in this category. The first item is related to the long-term lease receivable for the various lease agreements the Village has with third parties. Revenues will be recognized systematically over the terms of the lease agreements. The second item is related to pensions reported in the government-wide Statement of Net Position and consists of the Village's proportionate share of changes in the collective net pension liability not included in collective pension expense. The third item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

S. Equity Classifications

Government-wide Statements

In the Government-wide statements there are three classes of net position:

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, and improvements of those assets.

Restricted – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaids, which is recorded in the general fund.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

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. The Village has established the following restricted fund balances:

Repairs Reserve

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village's Board. 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, positive amount of fund balance. Assigned fund balance can also include an amount appropriated to partially fund the subsequent year's budget, as well as an amount designated for the Fire Company.

Unassigned – Represents the residual classification for the Village's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

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 the budget or any Board approved budget revision and then from the assigned fund balance to the extent that there is an appropriation and then from the unassigned fund balance.

2. CHANGE IN ACCOUNTING PRINCIPLES

For the fiscal year ended May 31, 2023, the Village implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating or capital leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

3. FUTURE ACCOUNTING STANDARD

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the Village feels may have a future impact on these financial statements. The Village will evaluate the impact of these pronouncements and implement them, as applicable, if material.

| Effective for the Year Ending | Statement |
|--------------------------------------|--------------------------------------------|
| May 31, 2024 | GASB No. 99 – <i>Omnibus 2022</i> |
| May 31, 2025 | GASB No. 101 – <i>Compensated Absences</i> |

GASB Statement No. 99 provides additional guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the government-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Village's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

B. Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Village's proportionate share of the collective pension expense of the plan.

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

5. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

The Village's administration submits a tentative budget for approval by the Board for the general fund. The tentative budget includes proposed expenditures and the proposed means of financing for the general fund. A public hearing is held on the tentative budget by April 15. After completion of the budget hearing, the Board may further change the tentative budget. Such budget, as so revised, shall be adopted by resolution no later than May 1. All subsequent modifications of the budget must be approved by the Board.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balance. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

Unassigned fund balance of \$163,318 used to cover capital projects expenditures not funded by federal and state grants.

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Over Expenditure of the General Fund Budget

The following general fund appropriation categories were over expended; general government support, health, transportation, and culture and recreation. Additionally, the Village over expended the general fund budget by \$298,540.

D. Capital Projects Fund

The capital projects fund has an unassigned fund balance deficit of \$195,494. This will be funded when the Village obtains permanent financing, grants, and additional general fund appropriations for its current construction project.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Village's investment policies are governed by state statutes and Village policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. 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 and time deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the Village may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the Village's name.

The Village's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the Village's behalf at year-end.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

The Village did not have any investments at year end or during the year. Consequently, the Village was not exposed to any material interest rate risk or foreign currency risk.

Investment pool:

The Village participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law (GML) Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS portfolio holdings are collateralized in accordance with GML §10.

The Village's investments in NYCLASS consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. These investments are included in cash as follows:

| Fund | Carrying Amount |
|------------------|----------------------------|
| General | \$ 2,659,051 |
| Capital Projects | <u>10,184</u> |
| | <u><u>\$ 2,669,235</u></u> |

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates fair value. The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

7. DUE FROM OTHER GOVERNMENTS

The Village is owed \$20,787 in mortgage tax from Suffolk County at May 31, 2023. Village management expects this amount to be fully collectible.

8. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2023 are as follows:

| | Interfund | | | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| | Receivable | Payable | Transfers In | Transfers Out |
| General Fund | \$ 210,149 | \$ | \$ | \$ 163,318 |
| Capital Projects Fund | | <u>210,149</u> | <u>163,318</u> | |
| Total | <u>\$ 210,149</u> | <u>\$ 210,149</u> | <u>\$ 163,318</u> | <u>\$ 163,318</u> |

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

9. CAPITAL ASSETS

A. Changes

Capital asset balances and activity, for the Village, for the year ended May 31, 2023 were as follows:

| | Balance May 31, 2022 | Additions | Reductions | Balance May 31, 2023 |
|-------------------------------------------------|-------------------------|---------------------|-----------------|-------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,608,064 | \$ | \$ | \$ 1,608,064 |
| Construction in progress | 19,179 | - | - | 19,179 |
| Total capital assets not being depreciated | <u>1,627,243</u> | <u>-</u> | <u>-</u> | <u>1,627,243</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 8,959,194 | 83,000 | (10,000) | 8,959,194 |
| Improvements Other Than Buildings | 1,085,983 | 133,968 | (10,000) | 1,168,983 |
| Machinery and Equipment | 1,937,631 | 38,620 | - | 2,061,599 |
| Infrastructure | <u>25,078,175</u> | <u>255,588</u> | <u>(10,000)</u> | <u>25,116,795</u> |
| Total capital assets being depreciated | <u>37,060,983</u> | <u>255,588</u> | <u>(10,000)</u> | <u>37,306,571</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,025,343 | 212,182 | - | 2,237,525 |
| Improvements Other Than Buildings | 770,948 | 72,696 | - | 843,644 |
| Machinery and Equipment | 1,370,567 | 123,553 | (10,000) | 1,484,120 |
| Infrastructure | <u>4,582,631</u> | <u>626,713</u> | <u>(10,000)</u> | <u>5,209,344</u> |
| Total accumulated depreciation | <u>8,749,489</u> | <u>1,035,144</u> | <u>(10,000)</u> | <u>9,774,633</u> |
| Total capital assets, being depreciated, net | <u>28,311,494</u> | <u>(779,556)</u> | <u>-</u> | <u>27,531,938</u> |
| Capital assets, net | <u>\$ 29,938,737</u> | <u>\$ (779,556)</u> | <u>\$ -</u> | <u>\$ 29,159,181</u> |

The total depreciation expense recorded in the government-wide statements is \$1,035,144.

B. Impairment Losses

The Village evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At May 31, 2023, the Village has not recorded any such impairment losses.

10. LEASE RECEIVABLE

The Village entered into multiple lease agreements. The passenger ferry lessee pays semi-annual fixed payments of \$41,572 at an interest rate of 1.8680%. The parking lot lessee pays semi-annual fixed payments of \$100,382 at an interest rate of 1.8680%. The Freight Contract lessee pays annual fixed payments of \$8,814 at an interest rate of 1.868%. The Dr. house/office lessee pays annual fixed payments of \$20,000 at an interest rate of 1.7717%. The cartage lessee pays annual fixed payments of \$10,000 at an interest rate of 1.9293%. Each lease has one extension option for 36 months.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

11. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and OPEB liabilities, for the year are summarized below:

| | Balance | Additions | Reductions | Balance | Amounts |
|------------------------|--------------|-----------|--------------|--------------|---------------------|
| | May 31, 2022 | | | May 31, 2023 | Due Within One Year |
| Long-term debt: | | | | | |
| Bonds payable | \$ 6,790,000 | | \$ (505,000) | \$ 6,285,000 | \$ 510,000 |

The general fund has typically been used to liquidate long-term liabilities.

B. Bonds Payable

Bonds payable is comprised of the following:

| Description | Issue Date | Final Maturity | Interest Rate | Outstanding at May 31, 2023 |
|------------------------|------------|----------------|---------------|-----------------------------|
| Refunding Serial Bonds | 10/14/2014 | 6/15/2025 | 2.00 - 3.00% | \$ 485,000 |
| Serial Bonds | 10/20/2016 | 6/15/2036 | 2.00 - 2.30% | 4,620,000 |
| Serial Bonds | 2/19/2019 | 12/15/2039 | 3.00 - 3.30% | 1,180,000 |
| | | | | <u>\$ 6,285,000</u> |

The following is a summary of debt service requirements for bonds payable:

| Fiscal Year Ending May 31, | Principal | Interest | Total |
|----------------------------|---------------------|---------------------|---------------------|
| 2024 | \$ 510,000 | \$ 140,110 | \$ 650,110 |
| 2025 | 515,000 | 127,735 | 642,735 |
| 2026 | 520,000 | 115,185 | 635,185 |
| 2027 | 370,000 | 104,935 | 474,935 |
| 2028 | 375,000 | 96,835 | 471,835 |
| 2028 -2032 | 2,015,000 | 356,675 | 2,371,675 |
| 2033 -2037 | 1,885,000 | 122,368 | 2,007,368 |
| 2038 -2040 | 95,000 | 3,135 | 98,135 |
| Total | <u>\$ 6,285,000</u> | <u>\$ 1,066,978</u> | <u>\$ 7,351,978</u> |

C. Interest Expense

Interest on long-term debt for the year was composed of:

| | |
|-------------------------------------------|-------------------|
| Interest paid | \$ 152,460 |
| Less interest accrued in the prior year | (72,318) |
| Plus interest accrued in the current year | <u>66,680</u> |
| Total interest expense on long-term debt | <u>\$ 146,822</u> |

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

12. PENSION PLANS – NEW YORK STATE

A. General Information

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer, defined benefit, public employee retirement system. The system provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The Village paid 100% of the required contributions as billed by the ERS for the current year. The Village's average contribution rate was 10.61% of covered payroll for fiscal year ended March 31, 2023.

The Village's share of the required contributions, based on covered payroll for the Village's year ended May 31, 2023 was \$125,415 at an average contribution rate of 10.04%.

D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2023, the Village reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the ERS. The net pension asset/(liability) was measured as of March 31, 2023. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Village's proportion of the net pension asset/(liability) was based on a projection of the Village's long-term share of contributions to the system relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the Village.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

| | |
|-------------------------------------------------------------|----------------|
| Measurement date | March 31, 2023 |
| Village's proportionate share of the net pension liability | \$ (727,320) |
| Village's portion of the Plan's total net pension liability | 0.0033917% |
| Change in proportion since the prior measurement date | (0.0001302) |

For the year ended May 31, 2023, the Village recognized a pension expense of \$292,674. At May 31, 2023, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 77,465 | \$ 20,426 |
| Changes of assumptions | 353,233 | 3,904 |
| Net difference between projected and actual earnings on pension plan investments | | 4,273 |
| Changes in proportion and differences between the Village's contributions and proportionate share of contributions | 84,186 | 5,589 |
| Village contributions subsequent to the measurement date | 24,927 | |
| Total | \$ 539,811 | \$ 34,192 |

Village contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending May 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending May 31,</u> | |
|----------------------------|--------------------------|
| 2024 | \$ 113,552 |
| 2025 | (46,519) |
| 2026 | 177,309 |
| 2027 | 236,350 |
| | <hr/> |
| | <u>\$ 480,692</u> |

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

Actuarial Assumptions

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

| | |
|----------------------------------------------------------------------------|----------------|
| Measurement date | March 31, 2023 |
| Actuarial valuation date | April 1, 2022 |
| Inflation | 2.90% |
| Salary increases | 4.40% |
| Investment rate of return (net of investment expense, including inflation) | 5.90% |
| Cost of living adjustments | 1.50% |

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

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

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

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

| | Target Allocation | Long-term Expected Rate of Return |
|--------------------------|-------------------|-----------------------------------|
| Measurement date | | March 31, 2023 |
| Asset class | | |
| Domestic equity | 32.0% | 4.30% |
| International equity | 15.0% | 6.85% |
| Real estate equity | 9.0% | 4.60% |
| Private equity | 10.0% | 7.50% |
| Alternatives investments | 10.0% | 5.38-5.84% |
| Fixed income | 23.0% | 1.50% |
| Cash | 1.0% | 0.00 % |
| | 100.0% | |

Real rates of return are net of a long-term inflation assumption of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Village's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90%, as well as what the Village's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90%) or 1 percentage point higher (6.90%) than the current rate:

| ERS | 1% Decrease | Current Assumption | 1% Increase |
|--------------------------------------------------------------------|----------------|--------------------|-------------|
| | 4.90% | 5.90% | 6.90% |
| Village's proportionate share of the net pension asset (liability) | \$ (1,757,620) | \$ (727,320) | \$ 133,616 |

Pension Plan Fiduciary Net Position

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

| | <i>(Dollars in Thousands)</i> |
|--------------------------------------------------------------------------------|-------------------------------|
| Measurement date | March 31, 2023 |
| Employers' total pension liability | \$ (232,627,259) |
| Plan fiduciary net position | <u>211,183,223</u> |
| Employers' net pension liability | <u>\$ (21,444,036)</u> |
| Ratio of plan fiduciary net position to the employers' total pension liability | 90.78% |

Payables to the Pension Plan

Employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of May 31, 2023, represent the projected employer contribution for the period of April 1, 2023 through May 31, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2023 amounted to \$24,927 of employer contributions. Employee contributions are remitted monthly.

13. PENSION PLAN - OTHER

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contribution to this plan. The amount deferred by eligible employees for the year ended May 31, 2023 totaled \$55,956.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The Village provides OPEB for eligible retired employees of the Village. The benefits provided to employees upon retirement are based on provisions in the employee handbook the Village has in place. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided – The Village provides healthcare benefits for eligible retirees. The benefit terms are in accordance with the Village's employment policy. The policy is on file at the Village offices and is available upon request.

Employees Covered by Benefit Terms – At May 31, 2023, the following employees were covered by the benefit terms:

| | |
|------------------------------------------------------------------|------------------|
| Inactive employees or beneficiaries currently receiving benefits | 4 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | <u>15</u> |
| | <u><u>19</u></u> |

B. Total OPEB Liability

The Village's total OPEB liability of \$2,706,969 was measured as of May 31, 2023, and was determined by an actuarial valuation as of June 1, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Inflation | 3.00% |
| Salary increases | 3.50% |
| Discount rate | 4.24% |
| Healthcare cost trend rates | 7.00% decreasing to an ultimate rate of 4.50% by 2038 |
| Retirees' share of benefit-related costs | 0.00% Individual hired prior to May 1, 2011 25.00% Individual hired after May 1, 2011 25.00% Dependents |

The discount rate was based on the S&P Municipal Bond 20 Year High-Grade Rate Index.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

Mortality rates were based on PubG.H-2010 Mortality Table – General with Mortality Improvement using Scale MP-2020.

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

| | |
|----------------------------------------------------|---------------------|
| Balance at May 31, 2022 | <u>\$ 2,462,001</u> |
| Changes for the year | |
| Service cost | 142,605 |
| Interest on total OPEB liability | 90,406 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 49,930 |
| Changes in assumptions or other inputs | (759) |
| Benefit payments | (37,214) |
| Other changes | - |
| | <u>244,968</u> |
| Balance at May 31, 2023 | <u>\$ 2,706,969</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.70% in 2022 to 4.24% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.24%) or 1 percentage point higher (5.24%) than the current discount rate:

| OPEB | Discount | | |
|----------------------|-----------------------|-----------------------|-----------------------|
| | 1% Decrease | Rate | 1% Increase |
| | 3.24% | 4.24% | 5.24% |
| Total OPEB liability | <u>\$ (3,111,379)</u> | <u>\$ (2,706,969)</u> | <u>\$ (2,380,161)</u> |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate:

| OPEB | Discount | | |
|----------------------|-----------------------|-----------------------|-----------------------|
| | 1% Decrease | Rate | 1% Increase |
| | 6.00% | 7.00% | 8.00% |
| | decreasing to | decreasing to | decreasing to |
| | 3.50% | 4.50% | 5.50% |
| Total OPEB liability | <u>\$ (2,341,494)</u> | <u>\$ (2,706,969)</u> | <u>\$ (3,171,133)</u> |

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2023, the Village recognized OPEB expense of \$137,628. At May 31, 2023, the Village reported deferred outflows and inflows of resources related to OPEB from the following sources:

| | Deferred | |
|----------------------------------------------------|--------------------------|----------------------------|
| | Outflows of Resources | Inflows of Resources |
| Differences between expected and actual experience | \$ 44,487 | \$ 167,354 |
| Changes of assumptions or other inputs | <u>761,136</u> | <u>1,048,334</u> |
| Total | <u><u>\$ 805,623</u></u> | <u><u>\$ 1,215,688</u></u> |

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

| Year Ending May 31, | Amount |
|---------------------|----------------------------|
| 2024 | \$ (95,383) |
| 2025 | (80,598) |
| 2026 | (104,861) |
| 2027 | (122,125) |
| 2028 | (24,113) |
| 2029-2032 | <u>17,015</u> |
| | <u><u>\$ (410,065)</u></u> |

15. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

16. COMMITMENTS AND CONTINGENCIES

A. Grants

The Village has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Village's administration believes disallowances, if any, would be immaterial.

INCORPORATED VILLAGE OF SALTAIRE

NOTES TO FINANCIAL STATEMENTS

(Continued)

B. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2023, which could affect future operating budgets of the Village.

C. Litigation

The Village is not aware of any material pending or threatened litigation claims against the Village. The Village is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

17. SUBSEQUENT EVENTS

The Village has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2023

| | Original Budget | Final Budget | Actual | Final Budget Variance with Actual |
|------------------------------------------------|--------------------|-----------------|--------------|-----------------------------------------|
| REVENUES | | | | |
| Local Sources | | | | |
| Real Property Taxes | \$ 2,573,210 | \$ 2,573,210 | \$ 2,582,991 | \$ 9,781 |
| Real Property Tax Items | | | | |
| Interest & penalties on real property taxes | 9,000 | 9,000 | 5,223 | (3,777) |
| Non-Property Taxes | | | | |
| Utilities gross receipts tax | 5,000 | 5,000 | 10,551 | 5,551 |
| Franchises | 358,865 | 358,865 | 366,882 | 8,017 |
| Total Non-Property Taxes | 363,865 | 363,865 | 377,433 | 13,568 |
| Departmental Income | | | | |
| Zoning fees | 10,000 | 10,000 | 6,564 | (3,436) |
| Safety inspection fees | 78,500 | 78,500 | 115,242 | 36,742 |
| Clerk fees | 4,550 | 4,550 | 1,533 | (3,017) |
| Park & recreational charges | 269,500 | 269,500 | 293,350 | 23,850 |
| Special recreational facility charges | 63,750 | 63,750 | 67,711 | 3,961 |
| Library receipts | 14,000 | 14,000 | 12,262 | (1,738) |
| Health | 20,000 | 20,000 | 20,000 | - |
| Water sales | 269,250 | 269,250 | 286,000 | 16,750 |
| Total Departmental Income | 729,550 | 729,550 | 802,662 | 73,112 |
| Intergovernmental Charges | | | | |
| Public Safety | 40,000 | 40,000 | 40,400 | 400 |
| Use of Money and Property | | | | |
| Interest & earnings | 21,793 | 21,793 | 97,656 | 75,863 |
| Rental of real property | 106,555 | 106,555 | 111,957 | 5,402 |
| Total Use of Money and Property | 128,348 | 128,348 | 209,613 | 81,265 |
| Licenses and Permits | 45,000 | 45,000 | 46,684 | 1,684 |
| Fines and Forfeited Bail | 3,000 | 3,000 | 3,250 | 250 |
| Sale of Property & Compensation for Loss | | | | |
| Sale of real property | - | - | 56,185 | 56,185 |
| Sales of equipment | 1,000 | 1,000 | 3,125 | 2,125 |
| Total Sale of Property & Compensation for Loss | 1,000 | 1,000 | 59,310 | 58,310 |
| Miscellaneous | | | | |
| Other miscellaneous | 3,000 | 3,000 | 239 | (2,761) |
| Gifts & donations | 35,000 | 35,000 | 9,000 | (26,000) |
| Total Miscellaneous | 38,000 | 38,000 | 9,239 | (28,761) |

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2023

| | Original Budget | Final Budget | Actual | Final Budget Variance with Actual |
|-----------------------------------------------------------------------|----------------------------|----------------------------|-----------|-----------------------------------------|
| REVENUES | | | | |
| State Aid | | | | |
| Revenue sharing | \$ 2,181 | \$ 2,181 | \$ 2,726 | \$ 545 |
| Mortgage tax | 72,000 | 72,000 | 78,322 | 6,322 |
| Other general governmental aid | 2,877 | 2,877 | 3,327 | 450 |
| Youth programs | 1,100 | 1,100 | - | (1,100) |
| Total State Aid | 78,158 | 78,158 | 84,375 | 6,217 |
| Federal Sources | | | | |
| Emergency aid | 43,125 | 43,125 | 3,157 | (39,968) |
| Total Revenues | 4,052,256 | 4,052,256 | 4,224,337 | \$ 172,081 |
| APPROPRIATED FUND BALANCE | | | | |
| Prior Years' Surplus | 162 | 163,480 | | |
| Total Revenues, Other Financing Sources and Appropriated Fund Balance | <u><u>\$ 4,052,418</u></u> | <u><u>\$ 4,215,736</u></u> | | |

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2023

| | Original Budget | Final Budget | Actual | Final Budget Variance with Actual |
|-----------------------------------------|--------------------|------------------|------------------|-----------------------------------------|
| EXPENDITURES | | | | |
| General Government Support | | | | |
| Legislative Board | | | | |
| Contractual | \$ 3,750 | \$ 3,750 | \$ 1,493 | \$ 2,257 |
| Village Justice Court | | | | |
| Personal services | 5,250 | 5,250 | 5,139 | 111 |
| Contractual | 250 | 250 | 288 | (38) |
| Fiscal Agent Fees | | | | |
| Contractual | - | - | 7,500 | (7,500) |
| Auditor | | | | |
| Contractual | 34,000 | 34,000 | 31,500 | 2,500 |
| Clerk and Staff | | | | |
| Personal services | 446,500 | 446,500 | 447,551 | (1,051) |
| Equipment | 1,500 | 1,500 | 3,323 | (1,823) |
| Contractual | 59,155 | 59,155 | 59,739 | (584) |
| Law | | | | |
| Contractual | 64,375 | 64,375 | 115,653 | (51,278) |
| Election | | | | |
| Contractual | 1,200 | 1,200 | 116 | 1,084 |
| Buildings - Village Hall | | | | |
| Personal services | 217,204 | 217,204 | 220,096 | (2,892) |
| Equipment | 17,550 | 17,550 | 18,124 | (574) |
| Contractual | 195,105 | 195,105 | 386,125 | (191,020) |
| Unallocated Insurance | | | | |
| Contractual services | 117,458 | 117,458 | 129,310 | (11,852) |
| Refund of taxes | | | | |
| Contractual services | 68,797 | 68,797 | 60,760 | 8,037 |
| MTA Taxes | | | | |
| Contractual services | 5,733 | 5,733 | 3,008 | 2,725 |
| Total General Government Support | 1,237,827 | 1,237,827 | 1,489,725 | (251,898) |
| Public Safety | | | | |
| Police | | | | |
| Personal services | - | - | 249,686 | (249,686) |
| Equipment | - | - | 2,896 | (2,896) |
| Contractual | 286,812 | 286,812 | 16,305 | 270,507 |
| Fire Department | | | | |
| Personal services | 19,000 | 19,000 | 14,716 | 4,284 |
| Equipment | 77,300 | 77,300 | 77,561 | (261) |
| Contractual | 60,000 | 60,000 | 75,354 | (15,354) |
| Total Public Safety | 443,112 | 443,112 | 436,518 | 6,594 |
| Health | | | | |
| Public Health | | | | |
| Personal services | 1,000 | 1,000 | - | 1,000 |
| Contractual | 18,249 | 18,249 | 19,909 | (1,660) |
| Total Health | 19,249 | 19,249 | 19,909 | (660) |
| Transportation | | | | |
| Sidewalks | | | | |
| Personal services | 133,618 | 133,618 | 123,163 | 10,455 |
| Equipment | 52,750 | 52,750 | 33,548 | 19,202 |
| Contractual | 59,850 | 59,850 | 66,597 | (6,747) |
| Off-Street Parking | | | | |
| Contractual | 15,668 | 15,668 | 98,220 | (82,552) |
| Total Transportation | 261,886 | 261,886 | 321,528 | (59,642) |

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2023

| | Original Budget | Final Budget | Actual | Final Budget Variance with Actual |
|---------------------------------------|---------------------|---------------------|---------------------|-----------------------------------------|
| EXPENDITURES | | | | |
| Culture & Recreation | | | | |
| Playground | | | | |
| Personal services | \$ 177,008 | \$ 177,008 | \$ - | \$ 177,008 |
| Equipment | 1,750 | 1,750 | - | 1,750 |
| Contractual | 68,900 | 68,900 | - | 68,900 |
| Special Recreation | | | | |
| Personal services | 217,000 | 217,000 | 231,767 | (14,767) |
| Equipment | 1,500 | 1,500 | 892 | 608 |
| Contractual | 13,150 | 13,150 | 23,634 | (10,484) |
| Youth | | | | |
| Personal services | - | - | 197,185 | (197,185) |
| Contractual | - | - | 46,192 | (46,192) |
| Culture | | | | |
| Personal services | 20,000 | 20,000 | 19,327 | 673 |
| Equipment | 2,000 | 2,000 | 2,549 | (549) |
| Contractual | 6,750 | 6,750 | 6,957 | (207) |
| Total Culture & Recreation | <u>508,058</u> | <u>508,058</u> | <u>528,503</u> | <u>(20,445)</u> |
| Home & Community | | | | |
| Refuse | | | | |
| Personal services | 60,272 | 60,272 | 58,749 | 1,523 |
| Equipment | 1,000 | 1,000 | 3,000 | (2,000) |
| Contractual | 104,140 | 104,140 | 87,740 | 16,400 |
| Water transportation and distribution | | | | |
| Personal services | 122,307 | 122,307 | 123,383 | (1,076) |
| Equipment | 7,500 | 7,500 | 2,946 | 4,554 |
| Contractual | 31,750 | 31,750 | 31,677 | 73 |
| Total Home & Community | <u>326,969</u> | <u>326,969</u> | <u>307,495</u> | <u>19,474</u> |
| Employee Benefits | | | | |
| State employee retirement | 133,500 | 133,500 | 128,739 | 4,761 |
| Social security & Medicare | 128,560 | 128,560 | 124,038 | 4,522 |
| Workers' compensation | 35,190 | 35,190 | 37,131 | (1,941) |
| Disability insurance | 5,250 | 5,250 | 4,918 | 332 |
| Unemployment insurance | 17,101 | 17,101 | 16,313 | 788 |
| Hospital & medical insurance | 278,256 | 278,256 | 278,681 | (425) |
| Total Employee Benefits | <u>597,857</u> | <u>597,857</u> | <u>589,820</u> | <u>8,037</u> |
| Debt Service | | | | |
| Principal | 505,000 | 505,000 | 505,000 | - |
| Interest | 152,460 | 152,460 | 152,460 | - |
| Total Debt Service | <u>657,460</u> | <u>657,460</u> | <u>657,460</u> | <u>-</u> |
| Total Expenditures | <u>4,052,418</u> | <u>4,052,418</u> | <u>4,350,958</u> | <u>(298,540)</u> |
| OTHER FINANCING USES | | | | |
| Operating Transfers Out | - | 163,318 | 163,318 | - |
| Total Expenditures and Other Uses | <u>\$ 4,052,418</u> | <u>\$ 4,215,736</u> | <u>\$ 4,514,276</u> | <u>\$ (298,540)</u> |
| Net Change in Fund Balance | | | | (289,939) |
| Fund Balance - Beginning of Year | | | | <u>3,098,098</u> |
| Fund Balance - End of Year | | | | <u>\$ 2,808,159</u> |

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of the Village's Proportionate Share of the Net Pension Asset/(Liability)
Last Six Fiscal Years

| <i>Employees' Retirement System</i> | | | | | | |
|--------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
| Village's proportion of the net pension asset/(liability) | 0.0033917% | 0.0035219% | 0.0031105% | 0.0024971% | 0.0024332% | 0.0027228% |
| Village's proportionate share of the net pension asset/(liability) | \$ (727,320) | \$ 287,903 | \$ (3,097) | \$ (661,255) | \$ (172,400) | \$ (87,878) |
| Village's covered payroll | \$ 1,182,268 | \$ 1,194,620 | \$ 1,249,160 | \$ 1,039,285 | \$ 911,247 | \$ 909,804 |
| Village's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll | (61.52)% | 24.10 % | (0.25)% | (63.63)% | (18.92)% | (9.66)% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% |
| Discount rate | 5.90% | 5.90% | 5.90% | 6.80% | 7.00% | 7.00% |

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Village Pension Contributions
 Last Five Fiscal Years

| <i>Employees' Retirement System</i> | | | | | | |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|--|
| | 2023 | 2022 | 2021 | 2020 | 2019 | |
| Contractually required contribution | \$ 125,415 | \$ 175,002 | \$ 145,816 | \$ 126,136 | \$ 129,239 | |
| Contributions in relation to the contractually required contribution | <u>125,415</u> | <u>175,002</u> | <u>145,816</u> | <u>126,136</u> | <u>129,239</u> | |
| Contribution deficiency (excess) | <u>\$ -</u> | |
| Village's covered payroll | \$ 1,249,735 | \$ 1,185,369 | \$ 1,188,604 | \$ 1,144,965 | \$ 917,996 | |
| Contributions as a percentage of covered payroll | 10.04% | 14.76% | 12.00% | 11.00% | 14.00% | |

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

INCORPORATED VILLAGE OF SALTAIRE
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios
Last Five Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 142,605 | \$ 166,639 | \$ 118,920 | \$ 107,888 | \$ 91,903 |
| Interest | 90,406 | 50,390 | 74,426 | 75,964 | 83,705 |
| Changes in benefit terms | - | - | - | - | (50,760) |
| Differences between expected and actual experience | 49,930 | - | (298,096) | - | (39,434) |
| Changes of assumptions or other inputs | (759) | (883,146) | 505,242 | 197,828 | (60,586) |
| Benefit payments | (37,214) | (82,077) | (40,330) | (44,805) | (42,070) |
| Other changes | - | - | - | 118 | (50,533) |
| Net change in total OPEB liability | 244,968 | (748,194) | 360,162 | 336,993 | (67,775) |
| Total OPEB liability, beginning | <u>2,462,001</u> | <u>3,210,195</u> | <u>2,850,033</u> | <u>2,513,040</u> | <u>2,580,815</u> |
| Total OPEB liability, ending | <u>\$ 2,706,969</u> | <u>\$ 2,462,001</u> | <u>\$ 3,210,195</u> | <u>\$ 2,850,033</u> | <u>\$ 2,513,040</u> |
| Covered employee payroll | \$ 1,093,000 | \$ 804,250 | \$ 804,250 | \$ 649,500 | \$ 649,500 |
| Total OPEB liability as a percentage of covered employee payroll | 247.66% | 306.12% | 399.15% | 438.80% | 386.92% |
| Discount rate | 4.24% | 3.70% | 1.59% | 3.05% | 3.05% |
| Healthcare trend rates | 7.00% to 4.50% by 2038 | 6.00% to 4.50% by 2036 | 6.00% to 4.50% by 2036 | 7.10% to 4.50% by 2029 | 7.10% to 4.50% by 2029 |

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Note to Required Supplementary Information

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

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ALAN YU, CPA



VINCENT D. CULLEN, CPA
(1950 - 2013)
PETER F. RODRIGUEZ, CPA
(RET.)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees
Incorporated Village of Saltaire
Saltaire, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Incorporated Village of Saltaire (Village), as of and for the year ended May 31, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Trustees and management of the Incorporated Village of Saltaire in a separate letter dated October 27, 2023.

Purpose of this Report

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

Cullen & Danowski, LLP

October 27, 2023

