

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

MANHASSET, NEW YORK

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2019

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SKINNON AND FABER

Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Incorporated Village of Plandome Heights
Manhasset, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Plandome Heights as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



America Counts on CPAs

3690 Expressway Drive South
Islandia, NY 11749

Phone: (631) 851-1201
Fax: (631) 851-1206
Email: info@sfhcpa.com
Website: www.sfhcpa.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 Plandome Heights, as of May 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Skinnon and Faber, CPAs, P.C.

SKINNON AND FABER, CPA's, P.C.
Islandia, New York
October 2, 2019

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

MANAGEMENT'S DISCUSSION AND ANALYSIS **(UNAUDITED)**

The Board of Trustees of the Incorporated Village of Plandome Heights (the Village), would like to offer readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended May 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. Fund financial statements report how Village activities were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail by providing information about the Village's most significant funds. The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by the required supplementary information, which supports the financial statements with a comparison of the Village's General Fund budget with actual results for the year.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

The Village's total net position increased by \$27,784 for the fiscal year ended May 31, 2019. A condensed summary of the Village's Statement of Net Position for the current year is detailed below.

Condensed Statement of Net Position – Governmental Activities

| | <u>May 31, 2019</u> | <u>May 31, 2018</u> |
|----------------------------------|----------------------------|----------------------------|
| Assets | | |
| Current and Other Assets | \$ 710,842 | \$ 642,875 |
| Capital Assets (net) | 533,644 | 577,658 |
| Total Assets | <u>1,244,486</u> | <u>1,220,533</u> |
| Liabilities | | |
| Other Liabilities | 36,115 | 39,868 |
| Due to Agency | 4,853 | 4,931 |
| Total Liabilities | <u>40,968</u> | <u>44,799</u> |
| Net Position | | |
| Net Investment in Capital Assets | 533,644 | 577,658 |
| Restricted | 30,125 | - |
| Unrestricted | 639,749 | 598,076 |
| Total Net Position | <u>\$ 1,203,518</u> | <u>\$ 1,175,734</u> |

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

Change in Net Position

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

Change in Net Position from Operating Results – Governmental Activities

| | For the Years Ended | |
|---|----------------------------|----------------------------|
| | <u>May 31, 2019</u> | <u>May 31, 2018</u> |
| Revenues | | |
| Program Revenues: | | |
| Fines, Fees and Charges for Services | \$ 119,444 | \$ 82,319 |
| Capital Grants and Contributions | 10,779 | 144,000 |
| General Revenues: | | |
| Real Property Taxes and Related Tax Items | 338,526 | 332,399 |
| Non Property Tax Items | 27,938 | 27,304 |
| Interest Earnings | 12,971 | 5,713 |
| State and Local Aid | 28,943 | 28,630 |
| Miscellaneous Local Sources | 157 | 319 |
| Total Revenues | <u>538,758</u> | <u>620,684</u> |
| Expenses | | |
| Governmental Activities: | | |
| General Government Support | 197,237 | 176,841 |
| Public Safety | 48,037 | 45,227 |
| Transportation | 95,442 | 109,455 |
| Culture and Recreation | 12,976 | 14,059 |
| Home and Community Services | 157,282 | 163,629 |
| Total Expenses | <u>510,974</u> | <u>509,211</u> |
| Change in Net Position | 27,784 | 111,473 |
| Net Position - Beginning of Year | <u>1,175,734</u> | <u>1,064,261</u> |
| Net Position - End of Year | <u>\$ 1,203,518</u> | <u>\$ 1,175,734</u> |

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

The Village had an excess of revenue over expenses of \$27,784. This result is the product of the multi-year planning approach employed by the Village. No significant individual economic factor affected the results.

The Village had a net decrease in total revenue from the prior year of \$81,926. In the prior year, the Village received a \$100,000 grant for previously completed road work. Interest earnings increased by \$6,661 over the prior year due to the rise in interest rates. Permit fees collected also increased by \$26,459 over the prior. Total expenses increased by \$1,763 as compared to the previous year.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund balance increased by \$72,815 to \$595,923. Of this amount, \$410,000 has been assigned for future capital projects under the Village's capital plan.

The Capital Projects Fund balance decreased by \$2,636 to \$66,909. Of this amount \$36,784 is assigned for future road projects, and \$30,125 is restricted for Parkland.

BUDGETARY ANALYSIS

The following variances exist between the original adopted budget and actual results for the year ended May 31, 2019:

Revenues:

- Actual revenues exceeded budgeted amounts by \$36,184.
- Actual revenue from licenses and permits was \$16,490 higher than budgeted due to increased construction and renovation activities in the Village.
- Revenue from departmental income exceeded the budgeted amount by \$13,978, as a result of increased activity in zoning fees during the year.

Expenditures:

- Actual expenditures were \$36,631 lower than originally budgeted.
- Actual expenditures related to General Government Support were \$22,728 less than originally budgeted. This variation was a result of changes in personnel that led to a decrease in payroll expenditures.
- Actual expenditures related to Transportation were \$20,403 lower than originally budgeted due to lower than expected snow removal costs.

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

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

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The Village's investment in capital assets as of May 31, 2019 totaled \$533,644 (net of accumulated depreciation). Acquisitions during the year consisted of furnishing and equipment with a cost of \$9,564. The acquisition was capitalized and is being depreciated using the straight-line method. The Village has no long-term debt.

INFRASTRUCTURE ASSETS

There were no significant changes in the assessed condition of eligible infrastructure assets.

CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

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

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

Incorporated Village of Plandome Heights
Arlene Drucker, Clerk - Treasurer
37 Orchard Street
Manhasset, New York 11030

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Statement of Net Position

May 31, 2019

ASSETS

| | |
|----------------------------|-------------------------|
| Cash and Cash Equivalents | \$ 652,627 |
| Restricted Cash | 30,125 |
| Accounts Receivable | 9,305 |
| Taxes Receivable | 1,138 |
| Due from Other Governments | 10,605 |
| Prepaid Expenses | 7,042 |
| Capital Assets (net) | <u>533,644</u> |
| Total Assets | <u>1,244,486</u> |

LIABILITIES

| | |
|--------------------------|----------------------|
| Accounts Payable | 32,093 |
| Accrued Expenses | 2,004 |
| Deferred Revenue | 2,018 |
| Due to Agency | <u>4,853</u> |
| Total Liabilities | <u>40,968</u> |

NET POSITION

| | |
|----------------------------------|----------------------------|
| Net Investment in Capital Assets | 533,644 |
| Restricted | 30,125 |
| Unrestricted | <u>639,749</u> |
| Total Net Position | <u>\$ 1,203,518</u> |

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Statement of Activities

For the Year Ended May 31, 2019

| Functions/Programs | Expenses | Program Revenues | | | |
|-------------------------------|-------------------|--|--|--|-------------------------------|
| | | Fines, Fees and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Net (Expense) / Revenue |
| Governmental Activities: | | | | | |
| General Government Support | \$ 197,237 | \$ 976 | \$ - | \$ - | \$ (196,261) |
| Public Safety | 48,037 | 67,490 | - | 3,174 | 22,627 |
| Transportation | 95,442 | - | - | 7,605 | (87,837) |
| Culture and Recreation | 12,976 | - | - | - | (12,976) |
| Home and Community Services | 157,282 | 50,978 | - | - | (106,304) |
| Total Governmental Activities | <u>\$ 510,974</u> | <u>\$ 119,444</u> | <u>\$ -</u> | <u>\$ 10,779</u> | <u>(380,751)</u> |

General Revenues:

| | |
|---|---------------------|
| Real Property Taxes and Related Tax Items | 338,526 |
| Non Property Tax Items | 27,938 |
| Interest Earnings | 12,971 |
| State and Local Aid | 28,943 |
| Miscellaneous Local Sources | <u>157</u> |
| Total General Revenues | <u>408,535</u> |
| Change in Net Position | 27,784 |
| Net Position - Beginning of Year | <u>1,175,734</u> |
| Net Position - End of Year | <u>\$ 1,203,518</u> |

See Notes to the Financial Statements

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Balance Sheets

May 31, 2019

| | Governmental Funds | | |
|--|--------------------|------------------|-------------------|
| | General | Capital Projects | Total |
| <u>ASSETS</u> | | | |
| Assets: | | | |
| Cash and Cash Equivalents | \$ 613,493 | \$ 39,134 | \$ 652,627 |
| Restricted Cash | - | 30,125 | 30,125 |
| Accounts Receivable | 9,305 | - | 9,305 |
| Taxes Receivable | 1,138 | - | 1,138 |
| Due from Other Governments | 10,605 | - | 10,605 |
| | | | |
| Total Assets | \$ 634,541 | \$ 69,259 | \$ 703,800 |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 29,743 | \$ 2,350 | \$ 32,093 |
| Accrued Expenses | 2,004 | - | 2,004 |
| Deferred Revenue | 2,018 | - | 2,018 |
| Due to Other Funds | 4,853 | - | 4,853 |
| | | | |
| Total Liabilities | 38,618 | 2,350 | 40,968 |
| | | | |
| Fund Balance: | | | |
| Restricted | - | 30,125 | 30,125 |
| Assigned, Unappropriated | 410,000 | 36,784 | 446,784 |
| Unassigned | 185,923 | - | 185,923 |
| | | | |
| Total Fund Balance | 595,923 | 66,909 | 662,832 |
| | | | |
| Total Liabilities and Fund Balance | \$ 634,541 | \$ 69,259 | \$ 703,800 |

INCORPORATED VILLAGE OF PLANDOME HEIGHTS
Reconciliation of the Governmental Funds Balance Sheets to the
Statement of Net Position
For the Year Ended May 31, 2019

| | |
|---|------------|
| Total Fund Balance - All Governmental Funds | \$ 662,832 |
|---|------------|

This amount differs from the amount of net position shown in the Statement of Net Position due to the following:

| | |
|--|-------|
| Amounts for prepaid expenses are included in the government-wide financial statements as assets and are added. | 7,042 |
|--|-------|

| | |
|---|----------------|
| Capital assets are included as assets in the government-wide financial statements and are added, net of accumulated depreciation. | <u>533,644</u> |
|---|----------------|

| | |
|--------------------|----------------------------|
| Total Net Position | <u><u>\$ 1,203,518</u></u> |
|--------------------|----------------------------|

INCORPORATED VILLAGE OF PLANDOME HEIGHTS
Statements of Revenues, Expenditures and Change in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended May 31, 2019

| | Governmental Funds | | |
|---|---------------------------|-------------------------|-------------------|
| | General | Capital Projects | Total |
| Revenues: | | | |
| Real Property Taxes | \$ 336,896 | \$ - | \$ 336,896 |
| Real Property Tax Items | 1,630 | - | 1,630 |
| Non Property Tax Items | 27,938 | - | 27,938 |
| Departmental Income | 19,478 | 31,500 | 50,978 |
| Use of Money and Property | 12,171 | 800 | 12,971 |
| Licenses and Permits | 67,490 | - | 67,490 |
| Fines and Forfeitures | 976 | - | 976 |
| Minor Sales | 157 | - | 157 |
| State and Local Aid | 36,548 | 3,174 | 39,722 |
| | <u>503,284</u> | <u>35,474</u> | <u>538,758</u> |
| Total Revenues | <u>503,284</u> | <u>35,474</u> | <u>538,758</u> |
| Expenditures: | | | |
| General Government Support | 163,672 | 27,235 | 190,907 |
| Public Safety | 46,537 | - | 46,537 |
| Transportation | 35,097 | 9,500 | 44,597 |
| Culture and Recreation | 11,457 | 1,375 | 12,832 |
| Home and Community Services | 157,282 | - | 157,282 |
| Employee Benefits | 16,424 | - | 16,424 |
| | <u>430,469</u> | <u>38,110</u> | <u>468,579</u> |
| Total Expenditures | <u>430,469</u> | <u>38,110</u> | <u>468,579</u> |
| Net Change in Fund Balances | 72,815 | (2,636) | 70,179 |
| Fund Balances at Beginning of Year | <u>523,108</u> | <u>69,545</u> | <u>592,653</u> |
| Fund Balances at End of Year | <u>\$ 595,923</u> | <u>\$ 66,909</u> | <u>\$ 662,832</u> |

INCORPORATED VILLAGE OF PLANDOME HEIGHTS
Reconciliation of the Statements of Revenues, Expenditures and
Change in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended May 31, 2019

| | | |
|--|----|--------|
| Net Change in Fund Balances Shown for Total Governmental Funds | \$ | 70,179 |
|--|----|--------|

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

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

| | | |
|----------------------|-----------------|----------|
| Capital expenditures | 9,564 | |
| Depreciation expense | <u>(53,578)</u> | (44,014) |

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

1,120

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

499

| | | |
|--|----|----------------------|
| Change in Net Position of Governmental Activities Shown in the Statement of Activities | \$ | <u><u>27,784</u></u> |
|--|----|----------------------|

INCORPORATED VILLAGE OF PLANDOME HEIGHTS
Statement of Fiduciary Net Position
May 31, 2019

| | <u>Agency</u> |
|-------------------------------|-----------------|
| <u>ASSETS</u> | |
| Due from Governmental Funds | <u>\$ 4,853</u> |
| Total Assets | <u>4,853</u> |
| <u>LIABILITIES</u> | |
| Agency Fund Liability | 2,500 |
| Due to Other Governments | <u>2,353</u> |
| Total Liabilities | <u>\$ 4,853</u> |

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. FINANCIAL REPORTING ENTITY

The Incorporated Village of Plandome Heights, which was established in 1929, is governed by local village law and other general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer. The following basic services are provided: roads and highways, building department, general government, village justice court, parks and recreation, and sanitation.

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

The financial reporting entity consists of (a) the primary government which is the Village of Plandome Heights, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement Numbers 14, 39 and 61.

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

B. BASIS OF PRESENTATION

The Village's basic financial statements include both government-wide (reporting the Village as a whole) and fund financial statements (reporting the Village's major funds).

1. Government-Wide Financial Statements:

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

These statements are presented on an "economic resources" measurement focus and the

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Village are reported in three categories: 1) fines, fees and charges for services, 2) operating grants and contributions and 3) capital grants and contributions.

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

2. Fund Financial Statements:

The accounts of the Village are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, and revenues and expenditures; which are segregated for the purpose of carrying on specific activities. The various funds are exhibited by type in the financial statements.

The following fund types are used:

Fund Categories

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

General Fund - the principal operating fund; includes all operations not required to be recorded in other funds.

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

- b. **FIDUCIARY FUNDS** - Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity. The following Fiduciary Funds are utilized:

Trust and Agency Funds - used to account for money (and/or property) received and held in a purely custodial capacity of trustee, custodian, or agent.

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

3. Equity Classifications:

Government-Wide Financial Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

Fund balance is classified and displayed in five components:

- a. Nonspendable - Consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- b. Restricted - Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.
- c. Committed - Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.
- d. Assigned - Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.
- e. Unassigned - Represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough, thereafter, to be used to pay liabilities of the current period. Revenues are generally considered to be available if collected within 60 days of the end of the fiscal year. Material revenues that are accrued include real property taxes, State and Federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenue from Federal and State grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available. Expenditures are recorded when the liability is incurred except that:

- Principal and interest on indebtedness are recognized as an expenditure when payment is due.
- Expenditures for prepaid items and inventory-type items are recognized at the time of purchase.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged when payment is due.
- Other post-employment benefits are charged as expenditures when payment is due.

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

D. CASH AND CASH EQUIVALENTS

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

E. PROPERTY TAXES

Property taxes are levied annually no later than May 15 and become a lien on June 1. Taxes are collected June 1 to July 1st without penalty or interest. Penalty and interest are imposed pursuant to the Real Property Tax Law.

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

F. BUDGETARY DATA

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

- a. No later than March 20, the budget officer submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the governing board.
- d. Budgets are adopted annually on a basis consistent with generally accepted accounting principles.
- e. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

G. CAPITAL ASSETS

Capital assets, which include land, infrastructure, miscellaneous structures, and furnishings and equipment are reported in the government-wide financial statements. The capital assets are reported at original cost. Depreciation has been recorded using the straight-line method over 20 years for infrastructure and miscellaneous structures, and 5-20 years for furnishings and equipment. Land is not depreciated. General infrastructure assets acquired or constructed prior to June 1, 2004 are not reported in the financial statements.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

are not shown on governmental fund balance sheets.

H. POST - EMPLOYMENT BENEFITS

The Village does not provide post-employment benefits to its employees.

I. INSURANCE

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

J. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results may differ from those estimates.

K. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflow of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in qualified FDIC-insured commercial banks or trust companies located within the State. The Village Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

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

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

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

Deposits: All deposits are carried at cost plus accrued interest.

Bank balances for the Village's deposits with financial institutions at May 31, 2019 totaled \$685,033 and are covered by federal deposit insurance or third-party collateral as follows:

| | |
|--|-------------------|
| Amount FDIC - Insured | \$ 437,010 |
| Amount Collateralized by Third Parties | 248,023 |
| Total Amounts | <u>\$ 685,033</u> |

2. Interfund Receivables and Payables:

Temporary advances between funds and unpaid interfund charges will be reimbursed subsequent to year end. The interfund receivable and payable balances at May 31, 2019 are as follows:

| | Amount Receivable | Amount Payable |
|-----------------------|----------------------|-------------------|
| General Fund | \$ - | \$ 4,853 |
| Trust and Agency Fund | 4,853 | - |
| | <u>\$ 4,853</u> | <u>\$ 4,853</u> |

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

3. Changes in Capital Assets:

A summary of changes in capital assets follows:

| <u>Capital Assets</u> | Balance May 31, 2018 | Additions | Reductions | Balance May 31, 2019 |
|---------------------------------|-------------------------|--------------------|-------------|-------------------------|
| Land | \$ 10,000 | \$ - | \$ - | \$ 10,000 |
| Furnishings and Equipment | 23,132 | 9,564 | - | 32,696 |
| Miscellaneous Structures | 19,024 | - | - | 19,024 |
| Infrastructure | 1,438,314 | - | - | 1,438,314 |
| | <u>1,490,470</u> | <u>9,564</u> | <u>-</u> | <u>1,500,034</u> |
| <u>Accumulated Depreciation</u> | | | | |
| Land | - | - | - | - |
| Furnishings and Equipment | (17,184) | (2,090) | - | (19,274) |
| Miscellaneous Structures | (8,659) | (715) | - | (9,374) |
| Infrastructure | (886,969) | (50,773) | - | (937,742) |
| | <u>(912,812)</u> | <u>(53,578)</u> | <u>-</u> | <u>(966,390)</u> |
| <u>Totals</u> | | | | |
| Land | 10,000 | - | - | 10,000 |
| Furnishings and Equipment | 5,948 | 7,474 | - | 13,422 |
| Miscellaneous Structures | 10,365 | (715) | - | 9,650 |
| Infrastructure | 551,345 | (50,773) | - | 500,572 |
| Capital Assets (net) | <u>\$ 577,658</u> | <u>\$ (44,014)</u> | <u>\$ -</u> | <u>\$ 533,644</u> |

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

Governmental Activities:

| | |
|--|------------------|
| General Government Support | \$ 2,090 |
| Transportation | 51,344 |
| Culture and Recreation | 144 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 53,578</u> |

B. FUND BALANCE

1. The government's fund balance classification policies and procedures are as follows:

- For committed fund balances:

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

- The government's highest level of decision-making authority resides with the Board of Trustees.
- The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is through formal resolution by the Board.
- For assigned fund balances:
 - The body or official authorized to assign amounts for specific purpose is the Board of Trustees.
 - The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given to the Board of Trustees.

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

The Village has authorized the following fund balance designations:

| | General Fund | Capital Projects Fund |
|---|-------------------|-----------------------|
| Restricted Fund Balance: | | |
| Parkland | \$ - | \$ 30,125 |
| Total Restricted Fund Balance | <u>\$ -</u> | <u>\$ 30,125</u> |
| Assigned, Unappropriated: | | |
| Future Capital Projects | \$ 410,000 | \$ - |
| Road Work | - | 36,784 |
| Total Assigned, Unappropriated Fund Balance | <u>\$ 410,000</u> | <u>\$ 36,784</u> |

C. CONCENTRATIONS OF RISK

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

D. COMMITMENTS AND CONTINGENCIES

State Grants

The Village is a recipient of a number of State grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could lead to certain disallowances. The Board believes

INCORPORATED VILLAGE OF PLANDOME HEIGHTS

Notes to the Financial Statements

For the Year Ended May 31, 2019

that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the respective agency for each grant.

Tax Certiorari

There are presently pending against the Village a number of real property tax review proceedings requesting reductions in assessed valuations of various properties for both past and current years. The financial exposures in these cases are indeterminable at this time.

Other

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

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

Contracts and Leases

In June 2017, the Village entered into an agreement for garbage collection and disposal. The contract is for a period of seven years ending May 31, 2024. Minimum payments for the years ending May 31 are:

| | |
|------|------------|
| 2020 | \$ 133,712 |
| 2021 | 136,386 |
| 2022 | 139,114 |
| 2023 | 141,896 |
| 2024 | 144,734 |

In May 2011, the Village entered into a lease for the Village offices for the period ending July 31, 2015. The lease was extended for an additional three-year period ending on July 31, 2018. In August 2018, the lease was extended for an additional four-year period ending July 31, 2022. Minimum payments for the years ending May 31 are required as follows:

| | |
|------|-----------|
| 2020 | \$ 20,280 |
| 2021 | 20,280 |
| 2022 | 20,940 |
| 2023 | 3,490 |

E. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2019 and the date that these financial statements were available to be issued, October 2, 2019, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF PLANDOME HEIGHTS
Statement of Revenues, Expenditures and Change in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2019
(Unaudited)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|--|----------------------------|-------------------------|--------------------------|
| Revenues: | | | |
| Real Property Taxes | \$ 337,000 | \$ 337,000 | \$ 336,896 |
| Real Property Tax Items | 1,000 | 1,000 | 1,630 |
| Non Property Tax Items | 25,700 | 25,700 | 27,938 |
| Departmental Income | 5,500 | 5,500 | 19,478 |
| Use of Money and Property | 8,500 | 8,500 | 12,171 |
| Licenses and Permits | 51,000 | 51,000 | 67,490 |
| Fines and Forfeitures | 3,000 | 3,000 | 976 |
| Minor Sales | 300 | 300 | 157 |
| State and Local Aid | 35,100 | 35,100 | 36,548 |
| Total Revenues | <u>467,100</u> | <u>467,100</u> | <u>503,284</u> |
| Expenditures: | | | |
| General Government Support | 186,400 | 186,400 | 163,672 |
| Public Safety | 43,500 | 43,500 | 46,537 |
| Transportation | 55,500 | 55,500 | 35,097 |
| Culture and Recreation | 16,200 | 16,200 | 11,457 |
| Home and Community Services | 148,100 | 148,100 | 157,282 |
| Employee Benefits | 17,400 | 17,400 | 16,424 |
| Total Expenditures | <u>467,100</u> | <u>467,100</u> | <u>430,469</u> |
| Net Change in Fund Balance | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | 72,815 |
| Fund Balance at Beginning of Year | | | <u>523,108</u> |
| Fund Balance at End of Year | | | <u><u>\$ 595,923</u></u> |

See Notes to the Financial Statements