

INCORPORATED VILLAGE OF ASHAROKEN

NORTHPORT, NEW YORK

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FINANCIAL STATEMENTS

MAY 31, 2024

DRAFT 11-11-24

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**SKINNON AND FABER**  
Certified Public Accountants, P.C.

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Incorporated Village of Asharoken  
Northport, New York

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Asharoken (the "Village"), as of and for the year ended May 31, 2024, 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 Village, as of May 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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



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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal 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 Supplemental Information

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

*Skinnon and Faber, CPAs, P.C.*

SKINNON AND FABER, CPAs, P.C.  
Hauppauge, New York  
November 6, 2024

# INCORPORATED VILLAGE OF ASHAROKEN

## **Management's Discussion and Analysis (Unaudited)**

The Board of Trustees of the Incorporated Village of Asharoken (the "Village"), would like to offer readers of the Village's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended May 31, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements, which immediately follow this section.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

### Net Position

The Village's total net position increased by \$825,736 for the fiscal year ended May 31, 2024. A condensed summary of the Village's Statement of Net Position for the current year is detailed below:

#### **Condensed Statement of Net Position – Governmental Activities**

|                                  | <u>May 31, 2024</u> | <u>May 31, 2023</u> |
|----------------------------------|---------------------|---------------------|
| Assets                           |                     |                     |
| Current and Other Assets         | \$ 2,148,066        | \$ 1,944,238        |
| Capital Assets (net)             | <u>2,229,691</u>    | <u>2,078,333</u>    |
| Total Assets                     | <u>4,377,757</u>    | <u>4,022,571</u>    |
| Deferred Outflows of Resources   | <u>525,161</u>      | <u>523,599</u>      |
| Liabilities                      |                     |                     |
| Current Liabilities              | 444,844             | 226,691             |
| Long-Term Liabilities            | <u>2,729,633</u>    | <u>3,559,252</u>    |
| Total Liabilities                | <u>3,174,477</u>    | <u>3,785,943</u>    |
| Deferred Inflows of Resources    | <u>192,848</u>      | <u>50,370</u>       |
| Net Position                     |                     |                     |
| Net Investment in Capital Assets | 2,229,691           | 2,078,333           |
| Unrestricted (Deficit)           | <u>(694,098)</u>    | <u>(1,368,476)</u>  |
| Total Net Position               | <u>\$ 1,535,593</u> | <u>\$ 709,857</u>   |

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

## Change in Net Position

The Statement of Activities reports the 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**

|  | <b>For The Years Ended</b> |                     |
|--|----------------------------|---------------------|
|  | <b>May 31, 2024</b>        | <b>May 31, 2023</b> |
| Revenues   |                            |                     |
| Program Revenues:                                  |                            |                     |
| Fees, Fines and Charges for Services               | \$ 258,029                 | \$ 259,424          |
| Operating Grants and Contributions                 | 79,839                     | 67,639              |
| Capital Grants and Contributions                   | 120,952                    | 238,657             |
| General Revenues:                                  |                            |                     |
| Property Taxes and Property/Non Property Tax Items | 1,798,852                  | 1,731,676           |
| Use of Money and Property                          | 92,340                     | 17,769              |
| Other Compensation for Loss                        | 114,493                    | 290,700             |
| Miscellaneous Local Sources                        | 36,998                     | 15,250              |
| State and Federal Aid                              | 37,282                     | 65,885              |
| Total Revenues                                     | <u>2,538,785</u>           | <u>2,687,000</u>    |
| Expenses   |                            |                     |
| Governmental Activities:                           |                            |                     |
| General Government Support                         | 452,970                    | 452,650             |
| Public Safety                                      | 1,029,474                  | 1,707,095           |
| Transportation                                     | 42,846                     | 24,199              |
| Culture and Recreation                             | 38,375                     | 37,950              |
| Home and Community Services                        | 149,384                    | 147,864             |
| Total Expenses                                     | <u>1,713,049</u>           | <u>2,369,758</u>    |
| Change in Net Position                             | 825,736                    | 317,242             |
| Net Position - Beginning of Year                   | <u>709,857</u>             | <u>392,615</u>      |
| Net Position - End of Year                         | <u>\$ 1,535,593</u>        | <u>\$ 709,857</u>   |



## ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

The Village had an excess of revenues over expenses of \$825,736. This excess caused an increase in net position resulting in an improvement in the financial position of the Village.

The Village had a net decrease in total revenues of \$148,215 as compared to the previous year. This was mainly due to a decrease in other compensation for loss of \$176,207. During the prior year, the Village received reimbursement from National Grid for road work, as well as revenue from a class action PCB Settlement. The Village also had a significant decrease in Capital Grants and Contributions, primarily due to \$131,309 received from the Consolidated Highway Improvement Program (CHIPS) for road work in the previous year.

In addition, the Village had a net decrease in total expenses of \$656,709, as compared to the prior year. This was mainly due to a decrease in employee benefits for the current year. Overall, most expenses were in line with the prior year.

## ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The fund balance in the General Fund decreased by \$8,976 to \$1,714,469. Of this amount \$39,190 is considered nonspendable as it relates to prepaid items, \$310,000 has been assigned by the Board of Trustees to the subsequent year budget, and \$1,245,833 is assigned for other future obligations including infrastructure, feasibility study, retirement, health insurance, police, marine, sanitation, equipment maintenance, building repair and maintenance costs, and other purposes. A schedule of these assigned amounts is included in the notes to the financial statements. A total of \$119,446 constitutes unassigned fund balance.

## BUDGETARY ANALYSIS

During the year, the Board approved several budget modifications. Significant modifications included an increase to Compensation for Loss to account for the reimbursement of engineering and paving of Asharoken Avenue from PSEG in the amount of \$102,866. State and Federal Aid increased a total of \$120,951 to account for grants received from the Dormitory Authority of the State of New York (DASNY) and CHIPS. Highway repairs increased \$223,817 due to paving and engineering costs related to Asharoken Ave and Bevin Road, as well as repair of the seawall.

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

### Revenues:

- Final actual amounts were over budget by \$263,584.
- Use of Money and Property: (increase \$72,340) the increase was due to the significant increase in interest rates.
- Licenses and Permits: (increase \$79,489) actual building permits revenue was higher than anticipated due to a significant amount of building activity during the year. The Village issued building permits for several new homes.
- Fines and Forfeitures: (increase \$94,323) during the fiscal year the Village issued significant one-time fines to residents for tree removal without a permit.

Expenditures:

- Actual total expenditures were \$16,456 less than the final budgeted amounts.
- General Government Support: Most expenditures were in line with expected amounts. Overall, expenditures related to General Government Support were \$61,027 less than final budgeted amounts. The contingency account had a budget of \$50,000 which was not utilized during the year.
- Public Safety: Expenditures were \$35,849 greater than final budgeted amounts. Police equipment was over budget \$41,829. During the year, the Village acquired a new police vehicle and police server in the amounts of \$52,980 and \$8,849, respectively.

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

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

### CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The Village's investment in capital assets as of May 31, 2024 totaled \$2,229,691 (net of accumulated depreciation). The increase in net capital assets for the year was \$151,358. During the course of the fiscal year, the Village acquired various capital assets totaling \$287,874 which was mainly comprised of road work projects totaling \$212,351 and vehicle for the police department totaling \$52,980. The Village sold a 2008 Crown Victoria for \$3,157. The acquisitions were capitalized and are being depreciated, where applicable, using the straight-line method of depreciation. The Village had no long-term debt activity.

### 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 controlling expenses while continuing to provide efficient 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 Asharoken  
Michelle Glennon, Village Clerk  
1 Asharoken Avenue  
Northport, New York 11768

**INCORPORATED VILLAGE OF ASHAROKEN**

**Statement of Net Position**

**May 31, 2024**

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**ASSETS**

|                                       |                  |
|---------------------------------------|------------------|
| Cash and Cash Equivalents             | \$ 1,928,574     |
| Taxes Receivable                      | 2,388            |
| Accounts Receivable                   | 16,959           |
| Due From State and Federal Government | 109,485          |
| Due From Other Governments            | 8,082            |
| Prepaid Expenses                      | 82,578           |
| Capital Assets (net)                  | <u>2,229,691</u> |

**Total Assets** 4,377,757

**DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS** 525,161

**LIABILITIES**

|                                |                |
|--------------------------------|----------------|
| Accounts Payable               | 391,054        |
| Accrued Liabilities            | 53,790         |
| Long-Term Liabilities:         |                |
| Due Within One Year:           |                |
| Compensated Absences           | 33,208         |
| Due in More than One Year:     |                |
| Net Pension Liability          | 501,937        |
| Other Post-Employment Benefits | 1,895,619      |
| Compensated Absences           | <u>298,869</u> |

**Total Liabilities** 3,174,477

**DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS** 192,848

**NET POSITION**

|                                  |                  |
|----------------------------------|------------------|
| Net Investment in Capital Assets | 2,229,691        |
| Unrestricted (Deficit)           | <u>(694,098)</u> |

**Total Net Position** \$ 1,535,593

**INCORPORATED VILLAGE OF ASHAROKEN**  
**Statement of Activities**  
**For the Year Ended May 31, 2024**

| <b>Functions/Programs</b>            | <b>Expenses</b>     | <b>Program Revenues</b>                             |   |   | <b>Net<br/>(Expense) /<br/>Revenue</b> |
|--------------------------------------|---------------------|---|---|---|--|
|                                      |                     | <b>Fees, Fines<br/>and Charges<br/>for Services</b> | <b>Operating<br/>Grants and<br/>Contributions</b> | <b>Capital<br/>Grants and<br/>Contributions</b> |  |
| <b>Governmental Activities:</b>      |                     |   |   |   |  |
| General Government Support           | \$ 452,970          | \$ 117,676  | \$ -  | \$ -  | \$ (335,294)                           |
| Public Safety                        | 1,029,474           | 134,323   | 79,839  | -   | (815,312)                              |
| Transportation                       | 42,846              | -   | -   | 120,952   | 78,106                                 |
| Culture and Recreation               | 38,375              | 1,380   | -   | -   | (36,995)                               |
| Home and Community Services          | 149,384             | 4,650   | -   | -   | (144,734)                              |
| <b>Total Governmental Activities</b> | <b>\$ 1,713,049</b> | <b>\$ 258,029</b>                                   | <b>\$ 79,839</b>                                  | <b>\$ 120,952</b>                               | <b>(1,254,229)</b>                     |
| <b>General Revenues:</b>             |                     |   |   |   |  |
|                                      |                     |   |   |   | 1,764,836                              |
|                                      |                     |   |   |   | 34,016                                 |
|                                      |                     |   |   |   | 92,340                                 |
|                                      |                     |   |   |   | 114,493                                |
|                                      |                     |   |   |   | 36,998                                 |
|                                      |                     |   |   |   | 37,282                                 |
|                                      |                     |   |   |   | <u>2,079,965</u>                       |
|                                      |                     |   |   |   | 825,736                                |
|                                      |                     |   |   |   | <u>709,857</u>                         |
|                                      |                     |   |   |   | <u>\$ 1,535,593</u>                    |

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF ASHAROKEN**

**Balance Sheet**

**May 31, 2024**

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|   | <u>General</u>      |
|---|---------------------|
| <b>Assets</b>   |                     |
| Cash and Cash Equivalents   | \$ 1,928,574        |
| Taxes Receivable  | 2,388               |
| Accounts Receivable   | 16,959              |
| Due From Other Governments  | 8,082               |
| State and Federal Aid Receivable  | 109,485             |
| Prepaid Expenses  | 39,190              |
|   | <hr/>               |
| <b>Total Assets</b>   | <b>\$ 2,104,678</b> |
|   | <hr/> <hr/>         |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>       |                     |
| Liabilities:  |                     |
| Accounts Payable  | \$ 326,934          |
| Accrued Liabilities   | 53,790              |
|   | <hr/>               |
| <b>Total Liabilities</b>  | <b>380,724</b>      |
|   | <hr/>               |
| Deferred Inflows of Resources:  |                     |
| Deferred Grant Revenue  | 9,485               |
|   | <hr/>               |
| <b>Total Deferred Inflows of Resources</b>                                | <b>9,485</b>        |
|   | <hr/>               |
| Fund Balance:   |                     |
| Nonspendable  | 39,190              |
| Assigned  | 1,555,833           |
| Unassigned  | 119,446             |
|   | <hr/>               |
| <b>Total Fund Balance</b>   | <b>1,714,469</b>    |
|   | <hr/>               |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b> | <b>\$ 2,104,678</b> |
|   | <hr/> <hr/>         |

**INCORPORATED VILLAGE OF ASHAROKEN**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**As of May 31, 2024**

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Total Fund Balance - Governmental Fund \$ 1,714,469

This amount differs from the amount of net position 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. 43,388

Receivables in the Statement of Net Position that do not provide current financial resources are not reported as revenue in the funds. 9,485

Deferred outflows of resources related to pension are not reported in the governmental fund. 525,161

Capital assets are included in the government-wide financial statements as assets and are added, net of accumulated depreciation. 2,229,691

Liabilities that do not require the use of current financial resources are included in the government-wide financial statements and are deducted. (64,120)

Long-term liabilities do not require the use of current financial resources and, accordingly, are not reported in the governmental fund. These liabilities are, however, included in the government-wide financial statements and are deducted.

|                                |             |
|--------------------------------|-------------|
| Net Pension Liability          | (501,937)   |
| Other Post-Employment Benefits | (1,895,619) |
| Compensated Absences           | (332,077)   |

Deferred inflows of resources related to pension are not reported in the governmental fund. (192,848)

Total Net Position \$ 1,535,593

**INCORPORATED VILLAGE OF ASHAROKEN**  
**Statement of Revenues, Expenditures and Change in Fund Balance**  
**For the Year Ended May 31, 2024**

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|  | <b>General</b>      |
|--|---------------------|
| <b>Revenues:</b>   |                     |
| Real Property Taxes  | \$ 1,760,738        |
| Real Property Tax Items  | 4,098               |
| Non Property Tax Items   | 34,016              |
| Departmental Income  | 6,217               |
| Use of Money and Property  | 92,340              |
| Licenses and Permits   | 117,489             |
| Fines and Forfeitures  | 134,323             |
| Compensation for Loss  | 102,866             |
| Miscellaneous Local Sources  | 36,998              |
| State and Federal Aid  | 228,588             |
| Total Revenues   | 2,517,673           |
| <b>Expenditures:</b>   |                     |
| General Government Support   | 346,563             |
| Public Safety  | 1,278,657           |
| Transportation   | 234,256             |
| Culture and Recreation   | 38,375              |
| Home and Community Services  | 149,384             |
| Employee Benefits  | 494,198             |
| Total Expenditures   | 2,541,433           |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(23,760)</b>     |
| <b>Other Financing Sources:</b>                                      |                     |
| Proceeds From Sale of Assets   | 3,157               |
| Insurance Recoveries   | 11,627              |
| Total Other Financing Sources  | 14,784              |
| <b>Net Change in Fund Balance</b>                                    | <b>(8,976)</b>      |
| <b>Fund Balance - Beginning of Year</b>                              | <b>1,723,445</b>    |
| <b>Fund Balance - End of Year</b>                                    | <b>\$ 1,714,469</b> |

**INCORPORATED VILLAGE OF ASHAROKEN**  
**Reconciliation of the Statement of Revenues, Expenditures and Change**  
**in Fund Balance of the Governmental Fund to the Statement of Activities**  
**For the Year Ended May 31, 2024**

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Net Change in Fund Balance for Total Governmental Fund \$ (8,976)

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

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

|                      |           |
|----------------------|-----------|
| Capital expenditures | 287,874   |
| Depreciation expense | (136,516) |

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

9,485

Expenditures are recorded in the Governmental Fund when the payments are due. In the Statement of Activities, these costs are allocated over the period that they pertain to. This is the amount by which the current period expenditures exceed the total costs allocated over the applicable periods.

(1,257)

Net change in deferred outflows of resources related to pension is not reported in the governmental fund.

1,562

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

|                                |          |
|--------------------------------|----------|
| Net Pension Liability          | 134,793  |
| Other Post-Employment Benefits | 706,977  |
| Compensated Absences           | (12,151) |
| Prepaid Expenses               | (13,577) |

Net change in deferred inflows of resources related to pension is not reported in the governmental fund.

(142,478)

Change in Net Position of Governmental Activities in the Statement of Activities \$ 825,736



**INCORPORATED VILLAGE OF ASHAROKEN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. FINANCIAL REPORTING ENTITY**

The Incorporated Village of Asharoken (the "Village"), which was established in 1925, is governed by village law, general laws of the State of New York, and various local laws. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Clerk serves as chief fiscal officer. The Village operates under a Board of Trustees form of government and provides the following services as authorized by its charter: general government, public safety, contracted fire services, refuse collection and road maintenance.

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

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

**B. BASIS OF PRESENTATION**

**1. Government-wide Financial Statements:**

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the Village. Any fiduciary activities of the Village are not included in these statements.

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

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

Certain eliminations (as necessary) have been made as prescribed by GASB Statement Number 34 in regard to interfund activities, payables and receivables. All interfund balances in the Statement of Net Position have been eliminated (where applicable).

2. Fund Financial Statements:

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

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

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

Fund Categories

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

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

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 assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

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- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Statement Number. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), breaks fund balance into five classifications: nonspendable, restricted, committed, assigned, and unassigned.

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

When resources are available from multiple classifications, the Village spends 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.

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

*Modified Accrual Basis* – All Governmental Funds are accounted for using the modified accrual basis of accounting.

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

Material revenues that are accrued include real property taxes, State and Federal Aid, mortgage tax and certain user charges. If expenditures are the prime factor for determining eligibility, 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 a liability is incurred except that:

- Expenditures for prepaid items are generally recognized at the time of purchase.
- Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when payment is due.
- Other Post-Employment Benefits are charged as expenditures when payment is due.

**D. CASH AND CASH EQUIVALENTS**

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

**E. PROPERTY TAXES**

Village real property taxes are levied annually no later than May 15 and become a lien on the first day of the levy year. Taxes are collected during the period June 1 to July 1 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.

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**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 the General Fund.
- b. A public hearing is conducted by the Board of Trustees to obtain comments, no later than May 1, the Board of Trustees adopts the budget.
- c. All modifications to the budget must be approved by the Board of Trustees. However, the Treasurer is authorized to transfer certain budget amounts within departments.
- d. Budgets are adopted annually on a basis consistent with generally accepted accounting principles applicable to municipalities.
- e. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appointed in the subsequent year.

**G. ACCOUNTS RECEIVABLE**

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

**H. CAPITAL ASSETS**

Capital assets, which include buildings, infrastructure, machinery and equipment, furniture and fixtures, vehicles, land, and construction in progress 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 25 years for infrastructure, 5 to 10 years for machinery and equipment and furniture and fixtures, and 7 to 10 years for vehicles. Construction in progress and land are not depreciated. The Village capitalizes all fixed assets with a cost of \$5,000 or more.

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

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

**I. COMPENSATED ABSENCES**

Village police officers are granted vacation pay, sick leave and other compensatory hours in varying amounts. Estimated vacation pay, sick leave and other compensatory hours accumulated by police officers have been recorded in the government-wide financial

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statements. Payment of this estimated liability is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of these obligations when such payment becomes due. At May 31, 2024, the Village has an estimated liability of \$332,077 for compensated absences.

**J. OTHER POST-EMPLOYMENT BENEFITS**

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors. Currently, only members of the Village's Police Department are eligible for these benefits.

Healthcare benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the governmental funds in the year paid. The liability for these other post-employment benefits payable is recorded as a long-term liability in the government-wide financial statements. The liability is estimated based on the most recent actuarial valuation in accordance with the parameters of GASB Statement Number 75.

**K. INSURANCE**

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

**L. USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results may differ from those estimates. Estimates and assumptions are made in a variety of areas, including other post-employment benefits, net pension liability (asset) amounts, and useful lives of capital assets.

**M. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

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N. NEW ACCOUNTING STANDARD

Effective June 1, 2023, the Village implemented GASB Statement Number 96, *Subscription-Based Information Technology Arrangements*. This standard improves consistency in accounting and financial reporting by establishing a definition for subscription-based information technology arrangements and providing uniform guidance for accounting and financial reporting for transactions that meet the definition. The provisions of this adoption had no material effect on the financial statements of the Village.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

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

Collateral is required for demand deposits and certificates of deposit as provided for by law of all deposits not covered by federal deposit insurance (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.

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

They consisted of:

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

Bank balances for the Village's deposits with financial institutions as of May 31, 2024 totaled \$1,928,623 and are covered by FDIC insurance or third-party collateral as follows:

|   |                            |
|---|----------------------------|
| Amount FDIC - Insured                   | \$ 250,000                 |
| Amounts Collateralized by Third Parties | <u>1,678,623</u>           |
| Total Balances                          | <u><u>\$ 1,928,623</u></u> |

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2. Changes in Capital Assets:

A summary of changes in capital assets follows:

|   | Balance<br>May 31, 2023 | Additions         | Reductions       | Balance<br>May 31, 2024 |
|---|-------------------------|-------------------|------------------|-------------------------|
| <b>Capital Assets That Are Not Depreciated:</b> |                         |                   |                  |                         |
| Land  | \$ 86,955               | \$ 497            | \$ -             | \$ 87,452               |
| Construction in Progress                        | -                       | 13,197            | -                | 13,197                  |
| Total Nondepreciable Cost                       | <u>86,955</u>           | <u>13,694</u>     | <u>-</u>         | <u>100,649</u>          |
| <b>Capital Assets That Are Depreciated:</b>     |                         |                   |                  |                         |
| Buildings                                       | 1,165,685               | -                 | -                | 1,165,685               |
| Infrastructure                                  | 1,530,453               | 212,351           | -                | 1,742,804               |
| Machinery and Equipment                         | 261,385                 | 8,849             | (104,802)        | 165,432                 |
| Furniture and Fixtures                          | 47,943                  | -                 | (24,429)         | 23,514                  |
| Vehicles  | 228,449                 | 52,980            | (41,304)         | 240,125                 |
| Total Depreciable Cost                          | <u>3,233,915</u>        | <u>274,180</u>    | <u>(170,535)</u> | <u>3,337,560</u>        |
| <b>Less Accumulated Depreciation:</b>           |                         |                   |                  |                         |
| Buildings                                       | (307,778)               | (26,023)          | -                | (333,801)               |
| Infrastructure                                  | (506,992)               | (67,818)          | -                | (574,810)               |
| Machinery and Equipment                         | (184,778)               | (17,814)          | 104,802          | (97,790)                |
| Furniture and Fixtures                          | (48,546)                | (969)             | 24,429           | (25,086)                |
| Vehicles  | (194,443)               | (23,892)          | 41,304           | (177,031)               |
| Total Accumulated Depreciation                  | <u>(1,242,537)</u>      | <u>(136,516)</u>  | <u>170,535</u>   | <u>(1,208,518)</u>      |
| Net Capital Assets That Are Depreciated         | <u>1,991,378</u>        | <u>137,664</u>    | <u>-</u>         | <u>2,129,042</u>        |
| Grand Total                                     | <u>\$ 2,078,333</u>     | <u>\$ 151,358</u> | <u>\$ -</u>      | <u>\$ 2,229,691</u>     |

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

*Governmental Activities*

|  |                   |
|--|-------------------|
| General Government Support                         | \$ 63,825         |
| Public Safety                                      | 41,645            |
| Transportation                                     | 31,046            |
| Total Depreciation Expense-Governmental Activities | <u>\$ 136,516</u> |



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**B. LIABILITIES**

**1. Pension Plan:**

Plan Description

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

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

System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees, of the State and its municipalities, other than New York City.

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

Separately issued financial statements for the System can be accessed on the Comptroller's website at [www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php).

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2024 was approximately 13.1% of covered employee payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2024 was approximately 27.8% of covered employee payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial rate applicable during the year. For the fiscal year ended March 31, 2024, the applicable interest rate was 5.9%.

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

|         |    |         |
|---------|----|---------|
| 2023-24 | \$ | 221,356 |
| 2022-23 |    | 199,491 |
| 2021-22 |    | 199,652 |

Member Contributions

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

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

At May 31, 2024, the Village reported a liability of \$482,209 (PFRS) and a liability of \$19,728 (ERS) for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2024, the Village's proportion was .0001340% for ERS, which was a decrease of .0000703% from its proportion measured at March 31, 2023. The Village's proportion for PFRS was 0.0101671%, which was a decrease of .0005927% from its proportion measured at March 31, 2023.

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For the year ended May 31, 2024, the Village recognized pension expense of \$227,326. At May 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience   | \$ 154,916                           | \$ 538                              |
| Changes in Assumptions   | 189,348                              | -                                   |
| Net Difference Between Projected and Actual Earnings on<br>Pension Plan Investments                              | -                                    | 140,533                             |
| Changes in Proportion and Differences Between Employer<br>Contributions and Proportionate Share of Contributions | 180,897                              | 51,777                              |
|  | <u>\$ 525,161</u>                    | <u>\$ 192,848</u>                   |

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

| Year Ended March 31: |                   |
|----------------------|-------------------|
| 2025                 | \$ (437)          |
| 2026                 | 175,989           |
| 2027                 | 114,997           |
| 2028                 | 7,474             |
| 2029                 | 34,290            |
|                      | <u>\$ 332,313</u> |

Actuarial Assumptions

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

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

|   | <u>ERS</u> | <u>PFRS</u> |
|---|------------|-------------|
| Inflation   | 2.9%       | 2.9%        |
| Salary increases  | 4.4%       | 6.2%        |
| Investment Rate of Return (net of investment expense,<br>including inflation) | 5.9%       | 5.9%        |
| Cost of living adjustments  | 1.5%       | 1.5%        |

To set the long-term expected rate on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of

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return (expected return, net of investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

| Asset Class                  | Target<br>Allocation | Long-Term<br>Expected Real<br>Rate of Return |
|------------------------------|----------------------|--|
| Domestic equity              | 32 %                 | 4.00 %                                       |
| International equity         | 15                   | 6.65   |
| Private equity               | 10                   | 7.25   |
| Real estate                  | 9                    | 4.60   |
| Opportunistic/ARS portofflio | 3                    | 5.25   |
| Credit                       | 4                    | 5.40   |
| Real assets                  | 3                    | 5.79   |
| Fixed Income                 | 23                   | 1.50   |
| Cash                         | 1                    | 0.25   |
|                              | 100 %                |  |

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

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

|                                    | 1%<br>Decrease<br>(4.9%) | Current<br>Assumption<br>(5.9%) | 1%<br>Increase<br>(6.9%) |
|------------------------------------|--------------------------|---------------------------------|--------------------------|
| ERS Net Pension Liability (Asset)  | \$ 62,027                | \$ 19,728                       | \$ (15,600)              |
| PFRS Net Pension Liability (Asset) | 1,127,034                | 482,209                         | (50,512)                 |

Pension Plan Fiduciary Net Position

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

|  | Employees'<br>Retirement<br>System | Police and Fire<br>Retirement<br>System | Total                |
|--|------------------------------------|---|----------------------|
|  | (Dollars in thousands)             |   |                      |
| Employers' total pension liability   | \$ 240,696,851                     | \$ 46,137,717                           | \$ 286,834,568       |
| Fiduciary net position   | 225,972,801                        | 41,394,895                              | 267,367,696          |
| Employers' net pension liability   | <u>\$ 14,724,050</u>               | <u>\$ 4,742,822</u>                     | <u>\$ 19,466,872</u> |
| Ratio of fiduciary net position to the<br>employers' total pension liability | 93.88%                             | 89.72%                                  | 93.21%               |

2. Long-Term Liabilities

a. The Village has the following long-term liabilities:

- Net Pension Liability – Represents the non-current portion of the liability to the various state retirement systems.
- Other Post-Employment Benefits (OPEB) – Represents the non-current portion of the liability to current employees and retirees.
- Compensated Absences – Represents the value of earned and unused portion of the liability for compensated absences.

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- b. Summary of long-term liabilities – The following is a summary of long-term liabilities by fund:

|                                | General Fund |
|--------------------------------|--------------|
| Net Pension Liability          | \$ 501,937   |
| Other Post-Employment Benefits | 1,895,619    |
| Compensated Absences           | 332,077      |
| Total Long-Term Liabilities    | \$ 2,729,633 |

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

|                                     | Total        | Net Pension<br>Liability | Other Post-<br>Employment<br>Benefits | Compensated<br>Absences |
|-------------------------------------|--------------|--------------------------|---------------------------------------|-------------------------|
| Payable at beginning of fiscal year | \$ 3,559,252 | \$ 636,730               | \$ 2,602,596                          | \$ 319,926              |
| Additions                           | 157,277      | -                        | 145,126                               | 12,151                  |
| Reductions                          | (986,896)    | (134,793)                | (852,103)                             | -                       |
| Payable at end of fiscal year       | \$ 2,729,633 | \$ 501,937               | \$ 1,895,619                          | \$ 332,077              |

Additions and reductions to unbilled retirement and compensated absences are shown net since it is impractical to determine these amounts separately.

**C. FUND BALANCE**

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS  
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The Village has made the following fund balance designations as of May 31, 2024: \$39,190 is considered nonspendable as it relates to prepaid items, \$310,000 has been assigned to the subsequent year budget, and \$1,245,833 has been assigned as follows:

|                                   |    |              |
|-----------------------------------|----|--------------|
| Feasibility Study                 | \$ | 387,969      |
| Unpaid Benefits                   |    | 272,307      |
| Building Construction/Restoration |    | 236,862      |
| Tax Stabilization                 |    | 196,212      |
| Highway                           |    | 76,680       |
| Police and Marine Equipment       |    | 59,046       |
| Celebrations                      |    | 16,757       |
| Total                             |    | \$ 1,245,833 |

**D. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description.* The Village administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Village’s group health insurance plan, which covers both active and retired members. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy.* The Village contributes 100% of the cost of current-year premiums for eligible retired plan members and their spouses. For the year ended May 31, 2024, the Village contributed \$20,442 to the plan. Plan members receiving benefits make no contribution. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid.

*Benefits Provided.* As of May 31, 2024, the following employees were covered by the benefit terms:

|  |  |   |
|--|--|---|
| Active employees   |  | 3 |
| Inactive employees entitled to but not yet receiving benefit payments    |  | - |
| Inactive employees or beneficiaries currently receiving benefit payments |  | 3 |
| Total  |  | 6 |

*Total OPEB Liability.* The Village’s total OPEB liability of \$1,895,619 was calculated using the entry age normal actuarial cost method as of May 31, 2024. For the year ended May 31, 2024, the Village recognized OPEB expense of \$686,535.

**INCORPORATED VILLAGE OF ASHAROKEN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024**

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the May 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |                             |
|----------------------------|-----------------------------|
| Actuarial Cost Method      | Entry Age Normal            |
| Amortization Method        | Level Percentage of Payroll |
| Bond Yield                 | 4.40%                       |
| Discount Rate              | 4.40%                       |
| Projected Salary Increases | 3.00%                       |
| Percentage Participation   | 100.00%                     |

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

Turnover assumption was derived from data maintained by the U.S. Office of Personnel Management regarding the most recent experience of the employee group covered by the Federal Employees Retirement System.

NOL and ADC are calculated using the Alternative Measurement Method in accordance with GASB methodology.

*Changes in the Total OPEB Liability*

|   |                            |
|---|----------------------------|
| Balance at May 31, 2023                           | <u>\$ 2,602,596</u>        |
| Changes for the year:                             |                            |
| Service cost                                      | 33,773                     |
| Interest  | 111,353                    |
| Changes in benefit terms                          | -                          |
| Difference between expected and actual experience | (788,583)                  |
| Changes in assumptions and other inputs           | (43,078)                   |
| Employer contributions                            | <u>(20,442)</u>            |
| Net changes                                       | <u>(706,977)</u>           |
| Balance at May 31, 2024                           | <u><u>\$ 1,895,619</u></u> |



**INCORPORATED VILLAGE OF ASHAROKEN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.40%) or 1-percentage-point higher (5.40%) than the current discount rate:

|                      | <u>1%<br/>Decrease<br/>(3.40%)</u> | <u>Discount<br/>Rate<br/>(4.40%)</u> | <u>1%<br/>Increase<br/>(5.40%)</u> |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB Liability | \$ 2,189,102                       | \$ 1,895,619                         | \$ 1,654,913                       |

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate.* The following presents the total OPEB Liability of the Village, as well as what the Village's total OPEB liability would be if were calculated using the healthcare cost trend rate that is 1-percentage-point lower (3.2% increasing to 3.7%) or 1-percentage-point higher (5.2% increasing to 5.7%) than the healthcare cost trend rates:

|                      | <u>1% Decrease<br/>(3.2% increasing<br/>to 3.7%)</u> | <u>Healthcare<br/>Cost Trends<br/>Rate<br/>(4.2% increasing<br/>to 4.7%)</u> | <u>1% Increase<br/>(5.2% increasing<br/>to 5.7%)</u> |
|----------------------|--|--|--|
| Total OPEB Liability | \$ 1,629,213   | \$ 1,895,619   | \$ 2,221,455   |

**E. CONCENTRATIONS OF RISK**

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

**F. COMMITMENTS AND CONTINGENCIES**

Fire Contract

The Village entered into a five-year contract with the Village of Northport for fire protection services on April 3, 2018. During the year ended May 31, 2024, the Village paid \$171,486 for these services, recognized as an expenditure in the General Fund.

Feasibility Study

In the fiscal year ended May 31, 2001, a contract for the performance of a feasibility study was entered into between the Army Corps of Engineers and the Village of Asharoken. The total estimated cost of the study was projected to be \$1,996,500, of which the portion paid

**INCORPORATED VILLAGE OF ASHAROKEN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024**

by federal funds was estimated to be \$998,250, or 50%, and the balance paid through non-federal in-kind services of \$50,000, and State and Village shared funding. The estimated cost of the Village's portion of the liability was \$387,969, which has been recorded as an assignment to the General Fund Balance. The costs for this contract have not yet been incurred and/or invoiced; therefore, no liability has been recorded in the financial statements.

State and Federal Grants

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

Tax Certiorari

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 amounts of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2024, which could affect future operating budgets of the Village.

Litigation

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased through independent third parties. There are no contingencies that the Village is aware of that would have a material impact on the financial statements.

**G. SUBSEQUENT EVENTS**

There were no events subsequent to May 31, 2024 and the date that these financial statements were available to be issued, November 6, 2024 that would have a material impact on these financial statements.

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

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

|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       |
|--|----------------------------|-------------------------|---------------------|
| <b>Revenues:</b>   |                            |                         |                     |
| Real Property Taxes  | \$ 1,761,188               | \$ 1,761,188            | \$ 1,760,738        |
| Real Property Tax Items  | 3,000                      | 3,000                   | 4,098               |
| Non Property Tax Items   | 33,000                     | 33,000                  | 34,016              |
| Departmental Income  | 3,500                      | 3,500                   | 6,217               |
| Use of Money and Property  | 20,000                     | 20,000                  | 92,340              |
| Licenses and Permits   | 38,000                     | 38,000                  | 117,489             |
| Fines and Forfeitures  | 40,000                     | 40,000                  | 134,323             |
| Compensation for Loss  | -                          | 102,866                 | 102,866             |
| Miscellaneous Local Sources  | 23,000                     | 23,000                  | 36,998              |
| State and Federal Aid  | 108,584                    | 229,535                 | 228,588             |
| Total Revenues   | <u>2,030,272</u>           | <u>2,254,089</u>        | <u>2,517,673</u>    |
| <b>Expenditures:</b>   |                            |                         |                     |
| General Government Support   | 403,790                    | 407,590                 | 346,563             |
| Public Safety  | 1,232,808                  | 1,242,808               | 1,278,657           |
| Transportation   | 17,500                     | 241,317                 | 234,256             |
| Culture and Recreation   | 39,700                     | 39,700                  | 38,375              |
| Home and Community Services  | 148,224                    | 148,224                 | 149,384             |
| Employee Benefits  | 478,250                    | 478,250                 | 494,198             |
| Total Expenditures   | <u>2,320,272</u>           | <u>2,557,889</u>        | <u>2,541,433</u>    |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(290,000)</u>           | <u>(303,800)</u>        | <u>(23,760)</u>     |
| <b>Other Financing Sources:</b>                                      |                            |                         |                     |
| Proceeds From Sale of Assets   | -                          | -                       | 3,157               |
| Insurance Recoveries   | -                          | -                       | 11,627              |
| Total Other Financing Sources  | <u>-</u>                   | <u>-</u>                | <u>14,784</u>       |
| <b>Net Change in Fund Balance</b>                                    | <u>\$ (290,000)</u>        | <u>\$ (303,800)</u>     | (8,976)             |
| <b>Fund Balance - Beginning of Year</b>                              |                            |                         | <u>1,723,445</u>    |
| <b>Fund Balance - End of Year</b>                                    |                            |                         | <u>\$ 1,714,469</u> |

*See Notes to the Financial Statements*

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

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

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

|  |      | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Village's proportion of the net pension liability (asset)  | ERS  | 0.0001340%  | 0.0002043%  | 0.0002173%  | 0.0002300%  | 0.0002450%  | 0.0002574%  | 0.0002777%  | 0.0002835%  | 0.0007520%  |
|  | PFRS | 0.0101671%  | 0.0107598%  | 0.0118907%  | 0.0125702%  | 0.0144840%  | 0.0111195%  | 0.0111280%  | 0.0108032%  | 0.0112888%  |
| Village's proportionate share of the net pension liability (asset)   |      | \$ 501,937  | \$ 636,730  | \$ 49,779   | \$ 218,482  | \$ 839,029  | \$ 204,718  | \$ 121,440  | \$ 250,548  | \$ 454,943  |
| Village's covered payroll  |      | \$ 814,888  | \$ 814,888  | \$ 764,350  | \$ 705,719  | \$ 690,220  | \$ 745,500  | \$ 519,519  | \$ 407,889  | \$ 407,889  |
| Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll |      | 61.60%      | 78.14%      | 6.51%       | 30.96%      | 121.56%     | 27.46%      | 23.38%      | 61.43%      | 111.54%     |
| Plan fiduciary net position as a percentage of the total pension liability (asset)                                 |      | 93.21%      | 90.25%      | 102.86%     | 99.30%      | 86.16%      | 96.09%      | 98.04%      | 94.50%      | 90.70%      |

**Notes to the Schedule:**

\*The amounts presented for the fiscal year were determined as of the March 31, 2024 measurement date.

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

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

**Schedule of Local Government Contributions**

**NYSLRS Pension Plan**  
**For the Last Ten Fiscal Years Ended May 31,**

**Employees' Retirement System**

|  | <u>2024</u>   | <u>2023</u>   | <u>2022</u>   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution                                  | \$ 13,657     | \$ 12,760     | \$ 16,174     | \$ 14,354     | \$ 13,702     | \$ 13,165     | \$ 13,179     | \$ 13,159     | \$ 16,985     |
| Contributions in relation to the contractually required contribution | <u>13,657</u> | <u>12,760</u> | <u>16,174</u> | <u>14,354</u> | <u>13,702</u> | <u>13,165</u> | <u>13,179</u> | <u>13,159</u> | <u>16,985</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| Village's covered-employee payroll                                   | \$ 118,457    | \$ 118,457    | \$ 115,850    | \$ 106,783    | \$ 107,450    | \$ 111,000    | \$ 80,785     | \$ 64,977     | \$ 66,731     |
| Contributions as a percentage of covered-employee payroll            | 11.53%        | 10.77%        | 13.96%        | 13.44%        | 12.75%        | 11.86%        | 16.31%        | 20.25%        | 25.45%        |

**Police and Fire Retirement System**

|  | <u>2024</u>    | <u>2023</u>    | <u>2022</u>    | <u>2021</u>    | <u>2020</u>    | <u>2019</u>    | <u>2018</u>    | <u>2017</u>    | <u>2016</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 207,699     | \$ 186,731     | \$ 183,478     | \$ 152,072     | \$ 139,103     | \$ 158,934     | \$ 151,758     | \$ 134,207     | \$ 129,877     |
| Contributions in relation to the contractually required contribution | <u>207,699</u> | <u>186,731</u> | <u>183,478</u> | <u>152,072</u> | <u>139,103</u> | <u>158,934</u> | <u>151,758</u> | <u>134,207</u> | <u>129,877</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| Village's covered-employee payroll                                   | \$ 696,431     | \$ 696,431     | \$ 648,500     | \$ 598,936     | \$ 582,770     | \$ 634,500     | \$ 438,734     | \$ 342,912     | \$ 341,158     |
| Contributions as a percentage of covered-employee payroll            | 29.82%         | 26.81%         | 28.29%         | 25.39%         | 23.87%         | 25.05%         | 34.59%         | 39.14%         | 38.07%         |

**Notes to Schedule:**

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

*See Notes to the Financial Statements*

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

**Schedule of Changes in Total OPEB Liability and Related Ratios**

| <b><u>Total OPEB Liability</u></b>                                    | <b><u>2024</u></b>  | <b><u>2023</u></b>  | <b><u>2022</u></b>  | <b><u>2021</u></b>  | <b><u>2020</u></b>  | <b><u>2019</u></b>  |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Service cost  | \$ 33,773           | \$ 37,184           | \$ 37,184           | \$ 32,945           | \$ 32,945           | \$ 14,464           |
| Interest  | 111,353             | 54,861              | 51,934              | 57,663              | 34,393              | 34,717              |
| Changes of benefit terms  | (788,583)           | (52,978)            | (65,883)            | (319,410)           | 1,232,904           | 68,790              |
| Difference between expected and actual experience                     | -                   | -                   | -                   | -                   | -                   | -                   |
| Changes in assumptions  | (43,078)            | 59,774              | (51,063)            | (44,110)            | (67,453)            | (38,430)            |
| Net benefits payments   | (20,442)            | (21,330)            | (13,200)            | (22,253)            | (115,813)           | (112,704)           |
| Net change in total OPEB liability                                    | (706,977)           | 77,511              | (41,028)            | (295,165)           | 1,116,976           | (33,163)            |
| Total OPEB liability - beginning of year                              | <u>2,602,596</u>    | <u>2,525,085</u>    | <u>2,566,113</u>    | <u>2,861,278</u>    | <u>1,744,302</u>    | <u>1,777,465</u>    |
| Total OPEB liability - end of year                                    | <u>\$ 1,895,619</u> | <u>\$ 2,602,596</u> | <u>\$ 2,525,085</u> | <u>\$ 2,566,113</u> | <u>\$ 2,861,278</u> | <u>\$ 1,744,302</u> |
| Plan fiduciary net position as percentage of the total OPEB liability | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  |
| Covered-employee payroll  | \$ 814,888          | \$ 814,888          | \$ 764,350          | \$ 705,719          | \$ 690,220          | \$ 745,500          |
| Total OPEB liability as a percentage of covered-employee payroll      | 232.62%             | 319.38%             | 330.36%             | 363.62%             | 414.55%             | 233.98%             |

**Notes to Schedule:**

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

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

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