

INCORPORATED VILLAGE OF CENTRE ISLAND
OYSTER BAY, NEW YORK

FINANCIAL STATEMENTS

MAY 31, 2021

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SKINNON AND FABER
Certified Public Accountants, P.C.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Incorporated Village of Centre Island
Oyster Bay, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Centre Island, as of and for the year ended May 31, 2021, 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 disclosures in the financial statements. The procedures selected depend on the auditors' 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.



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

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 Centre Island, as of May 31, 2021, 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, budgetary comparison information, local government's proportionate share of the net pension liability, local government contributions, changes in total OPEB liability and related ratios, and changes in the Village's total pension liability – fire department 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, CPAs, P.C.
Islandia, New York
June 21, 2022

INCORPORATED VILLAGE OF CENTRE ISLAND

Management's Discussion and Analysis (Unaudited)

The Board of Trustees of the Incorporated Village of Centre Island (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, 2021. 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 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, the schedule of local government contributions, the schedule of changes in total OPEB liability and related ratios, and the schedule of changes in the Village's total pension liability – fire department.

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net Position

The Village's total net position increased by \$2,016,904 for the fiscal year ended May 31, 2021. A condensed summary of the Village's Statement of Net Position for the current and prior year is detailed below.

Condensed Statement of Net Position – Governmental Activities

	<u>May 31, 2021</u>	<u>May 31, 2020</u>
Assets		
Current and Other Assets	\$ 2,442,493	\$ 1,781,964
Capital Assets (net)	238,704	279,154
Total Assets	<u>2,681,197</u>	<u>2,061,118</u>
Deferred Outflows of Resources	<u>1,568,552</u>	<u>1,071,843</u>
Liabilities		
Liabilities	76,126	15,751
Long-Term Liabilities	7,925,096	10,238,476
Total Liabilities	<u>8,001,222</u>	<u>10,254,227</u>
Deferred Inflows of Resources	<u>1,384,158</u>	<u>31,269</u>
Net Position		
Net Investment in Capital Assets	238,704	279,154
Restricted	13,098	9,814
Unrestricted	<u>(5,387,433)</u>	<u>(7,441,503)</u>
Total Net Position	<u>\$ (5,135,631)</u>	<u>\$ (7,152,535)</u>

Net investment in capital assets is the Village's investment in capital assets, such as computers, police vehicles and equipment, heavy equipment and trucks, and buildings and improvements, reduced by accumulated depreciation and associated debt. More detailed information can be found in the Notes to the Financial Statements.

Changes in Net Position

The Statement of Activities reports the result of the current and prior 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.

Changes in Net Position from Operating Results – Governmental Activities

	For the Years Ended	
	May 31, 2021	May 31, 2020
Revenues		
Program Revenues:		
Fees, Fines and Charges for Services	\$ 107,564	\$ 124,764
Operating Grants and Contributions	12,015	3,523
Capital Grants and Contributions	5,250	-
General Revenues:		
Property Taxes and Property/Non Property Tax Items	2,912,420	2,876,493
Use of Money and Property	26,401	36,299
Miscellaneous Local Sources	529	3,685
State and Federal Aid	45,828	34,515
Total Revenues	3,110,007	3,079,279
Expenses		
Governmental Activities:		
General Government Support	223,994	515,140
Public Safety	477,866	3,318,972
Transportation	45,002	102,618
Home and Community Services	44,760	119,888
Total Expenses	791,622	4,056,618
Change in Net Position	2,318,385	(977,339)
Beginning Net Position, as Reported	(7,152,535)	(6,175,196)
Prior Period Adjustment	(301,481)	-
Beginning Net Position, as Restated (See Note H)	(7,454,016)	(6,175,196)
Ending Net Position	\$ (5,135,631)	\$ (7,152,535)

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

The Village's financial position strengthened during the year. The Village had an excess of revenues over expenses of \$2,318,385. This excess caused an increase in net position. The Village's long-term liabilities, which consist primarily of Other Post-Employment Benefits and the Length of Service Award Program, experienced large decreases, resulting in a decrease in employee benefit expenses for the year; this was the largest single factor that affected Village operations.

The Village had an increase in total revenues of \$30,728 as compared to the prior year. This was mainly due to an increase in property taxes and non-property tax items.

ANALYSIS OF BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

The General Fund Balance increased by \$491,936 to \$2,170,189. Of this amount, the Board of Trustees has assigned \$971,917 of the total fund balance for future obligations, including retirement, unemployment, and equipment maintenance, \$13,098 is restricted for unspent grant monies and \$606,332 is restricted for LOSAP. The Village had \$578,842 of unassigned fund balance at May 31, 2021.

BUDGETARY ANALYSIS

No significant variations existed between the original budget and final budget amounts for the General Fund.

The following variances exist between the final budget for the fiscal year ended May 31, 2021 and the actual results:

Revenues:

- Budgeted revenue exceeded actual amounts by \$92,743.
- Real Property Taxes: Actual revenue was \$96,464 less than budgeted. The variance between final budget and actual real property tax revenue is due to deferred revenue.

Expenditures:

- Overall actual expenditures were \$21,653 greater than budgeted amounts.
- Public Safety: Actual expenditures were \$29,763 greater than budgeted mostly due to higher than anticipated expenditures related to police overtime.

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 ASSET AND LONG-TERM DEBT ACTIVITY

The Village's investment in capital assets as of May 31, 2021 totaled \$238,704 (net of accumulated depreciation). The decrease in net capital assets for the year was \$40,450. The Village purchased equipment totaling \$4,490. 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 current economic conditions have made it difficult for the Village to develop a balanced budget. Utilizing a strict cost cutting strategy and conservative fiscal policies, the Village was able to maintain their current tax rates. The administration has been diligent in containing expenses while continuing to provide efficient services to the residents.

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Village.

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 Centre Island
Carol Schmidlapp, Treasurer
303 Centre Island Road
Centre Island, New York 11771

INCORPORATED VILLAGE OF CENTRE ISLAND

Statement of Net Position

May 31, 2021

Assets

Cash and Cash Equivalents	\$ 1,637,461
Cash and Cash Equivalents - Restricted	13,098
Investments - Restricted	606,332
Accounts Receivable	26,414
Taxes Receivable	128,764
State and Federal Aid Receivable	11,502
Prepaid Expenses	18,922
Capital Assets (net)	238,704
	<hr/>
Total Assets	2,681,197

Deferred Outflows of Resources

Deferred Amounts Related to Length of Service Award Program	154,891
Deferred Amounts Related to Pensions	1,413,661
	<hr/>
Total Deferred Outflows of Resources	1,568,552

Liabilities

Accounts Payable	55,919
Due To Other Governments	4,706
Guaranty and Bid Deposits	15,501
Long-Term Liabilities:	
Due Within One Year:	
Compensated Absences	86,280
Due in More than One Year:	
Net Pension Liability	419,720
Other Post-Employment Benefits	5,654,242
Compensated Absences	776,525
Total Pension Liability - Proportionate Share - LOSAP	988,329
	<hr/>
Total Liabilities	8,001,222

Deferred Inflows of Resources

Deferred Amounts Related to Length of Service Award Program	61,626
Deferred Amounts Related to Pensions	1,322,532
	<hr/>
Total Deferred Inflows of Resources	1,384,158

Net Position

Net Investment in Capital Assets	238,704
Restricted	13,098
Unrestricted	(5,387,433)
	<hr/>
Total Net Position	\$ (5,135,631)

See Notes to the Financial Statements

INCORPORATED VILLAGE OF CENTRE ISLAND
Statement of Activities
For the Year Ended May 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) / Revenue</u>
		<u>Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General Government Support	\$ 223,994	\$ 21,869	\$ -	\$ 5,250	\$ (196,875)
Public Safety	477,866	33,935	513	-	(443,418)
Transportation	45,002	-	-	-	(45,002)
Culture and Recreation	-	44,300	-	-	44,300
Home and Community Services	44,760	7,460	11,502	-	(25,798)
Total Governmental Activities	<u>\$ 791,622</u>	<u>\$ 107,564</u>	<u>\$ 12,015</u>	<u>\$ 5,250</u>	<u>(666,793)</u>
General Revenues:					
					2,898,888
					13,532
					26,401
					529
					<u>45,828</u>
					2,985,178
					<u>2,318,385</u>
					(7,152,535)
					<u>(301,481)</u>
					<u>(7,454,016)</u>
					<u>\$ (5,135,631)</u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF CENTRE ISLAND

Balance Sheet

May 31, 2021

	General Fund
Assets	
Cash and Cash Equivalents	\$ 1,637,461
Accounts Receivable	26,414
Taxes Receivable	128,764
State and Federal Aid Receivable	11,502
Cash and Cash Equivalents - Restricted	13,098
Investments - Restricted	606,332
	<hr/>
Total Assets	\$ 2,423,571
	<hr/> <hr/>
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities:	
Accounts Payable	\$ 121,477
Due to Other Governments	4,706
Guaranty and Bid Deposits	15,501
	<hr/>
Total Liabilities	141,684
	<hr/>
Deferred Inflows of Resources:	
Deferred Revenues	111,698
	<hr/>
Total Deferred Inflows of Resources	111,698
	<hr/>
Fund Balance:	
Restricted	619,430
Assigned	971,917
Unassigned	578,842
	<hr/>
Total Fund Balance	2,170,189
	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,423,571
	<hr/> <hr/>

INCORPORATED VILLAGE OF CENTRE ISLAND
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
As of May 31, 2021

Total Fund Balance - Governmental Fund \$ 2,170,189

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

Revenues that are earned and measurable but not available to provide financial resources are deferred in the fund financial statements, but are recognized as revenue in the government-wide financial statements and are added. 111,698

Amounts for prepaid expenses are included in the government-wide financial statements as assets and are added. 18,922

Capital assets are included in the government-wide financial statements as assets and are added, net of accumulated depreciation. 238,704

Deferred outflows of resources related to the following are not reported in the governmental fund:

Length of Service Award Program	154,891
Pension Related Amounts	1,413,661

Employees' Retirement System liability is recorded in the governmental fund and is not recorded in the Statement of Net Position, as it is applied to deferred inflows of resources and is added. 65,558

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

Net Pension Liability	(419,720)
Other Post-Employment Benefits	(5,654,242)
Compensated Absences	(862,805)
Length of Service Award Program	(988,329)

Deferred inflows of resources related to the following are not reported in the governmental fund:

Length of Service Award Program	(61,626)
Pension Related Amounts	<u>(1,322,532)</u>

Total Net Position \$ (5,135,631)

INCORPORATED VILLAGE OF CENTRE ISLAND
Statement of Revenues, Expenditures and Change in Fund Balance
For the Year Ended May 31, 2021

	<u>General Fund</u>
Revenues:	
Real Property Taxes	\$ 2,766,952
Real Property Tax Items	35,476
Non Property Tax Items	13,532
Departmental Income	46,530
Use of Money and Property	22,627
Licenses and Permits	44,300
Fines and Forfeitures	3,734
Miscellaneous Local Sources	529
State and Federal Aid	<u>63,093</u>
 Total Revenues	 <u>2,996,773</u>
Expenditures:	
General Government Support	357,584
Public Safety	1,675,999
Transportation	55,073
Home and Community Services	107,688
Employee Benefits	<u>869,461</u>
 Total Expenditures	 <u>3,065,805</u>
 Deficiency of Revenues Under Expenditures	 <u>(69,032)</u>
Other Financing Sources:	
Gain on Valuation of Investments	<u>16,774</u>
 Total Other Financing Sources	 <u>16,774</u>
 Net Change in Fund Balance	 <u>(52,258)</u>
 Fund Balance at Beginning of Year, as Reported	 1,678,253
Prior Period Adjustment (See Note H)	<u>544,194</u>
 Fund Balance at Beginning of Year, as Restated (See Note H)	 <u>2,222,447</u>
 Fund Balance at End of Year	 <u><u>\$ 2,170,189</u></u>

See Notes to the Financial Statements

INCORPORATED VILLAGE OF CENTRE ISLAND
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, 2021

Net Change in Fund Balance for Governmental Fund \$ (52,258)

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 these assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital Expenditures	4,490
Depreciation Expense	(44,940)

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

96,460

Net change in deferred outflows of resources not reported in the fund.

436,185

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

976

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	1,034,391
Other Post-Employment Benefits	2,331,455
Employees' Retirement System Liability	10,782
Compensated Absences	(64,137)
Length of Service Award Program	(153,751)

Net change in deferred inflows of resources not reported in the fund.

(1,281,268)

Change in Net Position of Governmental Activities in the Statement of Activities

\$ 2,318,385

INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. FINANCIAL REPORTING ENTITY

The Incorporated Village of Centre Island (the "Village") was established in 1926, and is governed by local 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 Treasurer serves as chief fiscal officer. The following basic services are provided: general government, refuse removal, road maintenance, street light maintenance, snow plowing, police protection, fire protection, and emergency management.

All governmental activities and functions performed for the Village of Centre Island 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 Centre Island, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB statement 14, 39 and 61.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB 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 include a Statement of Net Position and a Statement of Activities. These statements present summaries 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 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

INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

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

All interfund balances in the Statement of Net Position have been eliminated.

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

- 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 sources, uses, and balances of current financial resources). The following are the Village’s governmental fund types.

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

3. Equity Classifications:

Government-wide Financial Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

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

Fund Financial Statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), breaks fund balance out into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

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

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

INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

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 in 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.

Modified Accrual Basis – Governmental funds are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be 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, sales tax and certain other charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available. Expenditures are recorded when a liability is incurred except that:

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

**INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021**

E. PROPERTY TAXES

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 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. Current year delinquent property taxes not received within 60 days of year end are recorded as deferred inflows.

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. A public hearing is conducted by the Board of Trustees to obtain taxpayer 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.
 - 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 computers, police vehicles and equipment, heavy equipment and trucks, buildings and improvements, 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 3 years for computers, 5 years for police vehicles and equipment, 10 years for heavy equipment and trucks, and 30 years for buildings and improvements. The Village has established a capitalization threshold for assets above \$2,500. 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.

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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 sheets.

H. 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 compensation for hours accumulated by police officers has been recorded in the government-wide financial 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, 2021, the Village has an estimated liability of \$862,805.

I. 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. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Healthcare benefits and survivor's 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 No. 75.

J. INSURANCE

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

K. USE OF ESTIMATES

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

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L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

In addition to liabilities, the statement of financial 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.

M. ADOPTION OF ACCOUNTING STANDARD

For the year ended May 31, 2021, the Village implemented GASB Statement No. 84, *"Fiduciary Activities"*. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported within governmental funds are now reflected within the Fiduciary Fund, while other transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

N. RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the implementation of the provisions of GASB Statement No. 84. These reclassifications had no effect on previously reported fund balance amounts.

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 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.

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Collateral is required for demand deposits and certificates of deposit as provided for by law of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities 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 as of May 31, 2021 totaled \$1,675,293 and are covered by federal deposit insurance or third-party collateral as follows:

Checking - Demand and Interest Bearing	\$	1,675,293
Total Balances	\$	1,675,293
Amount FDIC-Insured	\$	755,115
Collateral Held by Village's Custodial Banks		920,178
Total Balances	\$	1,675,293

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2. Changes in Capital Assets:

A summary of changes in capital assets follows:

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021
Capital Assets That Are Depreciated:				
Computers	\$ 15,495	\$ -	\$ -	\$ 15,495
Police Vehicles and Equipment	293,832	4,490	-	298,322
Heavy Equipment and Trucks	224,723	-	-	224,723
Buildings and Improvements	283,440	-	-	283,440
Total Depreciable Cost	<u>817,490</u>	<u>4,490</u>	<u>-</u>	<u>821,980</u>
Less:				
Accumulated Depreciation:				
Computers	(15,495)	-	-	(15,495)
Police Vehicles and Equipment	(253,267)	(19,566)	-	(272,833)
Heavy Equipment and Trucks	(73,518)	(20,879)	-	(94,397)
Buildings and Improvements	(196,056)	(4,495)	-	(200,551)
Total Accumulated Depreciation	<u>(538,336)</u>	<u>(44,940)</u>	<u>-</u>	<u>(583,276)</u>
Net Capital Assets That Are Depreciated	<u>279,154</u>	<u>(40,450)</u>	<u>-</u>	<u>238,704</u>
Grand Total	<u>\$ 279,154</u>	<u>\$ (40,450)</u>	<u>\$ -</u>	<u>\$ 238,704</u>

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

Governmental Activities

General Government Support	\$ 6,479
Public Safety	21,890
Transportation	<u>16,571</u>
Total Depreciation Expense-Governmental Activities	<u>\$ 44,940</u>

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B. LIABILITIES

1. Pension Plan:

Plan Description

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

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019.

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's financial report as a pension trust fund. 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.

Membership Tiers

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

ERS

- Tier 1 Those persons who last became members before July 1, 1973.
- Tier 2 Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.

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- Tier 4 Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 Those persons who first became members on or after April 1, 2012.

PFRS

- Tier 1 Those persons who last became members before July 31, 1973.
- Tier 2 Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 Those persons who last became members on or after July 1, 2009, but before January 9, 2010.
- Tier 4 N/A
- Tier 5 Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 Those persons who first became members on or after April 1, 2012.

Vesting

Members who joined the System prior to January 1, 2010 need five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100% vested.

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, 2021 was approximately 14.6% of covered employee payroll. The average contribution rate for PFRS for the fiscal year ended March 31, 2021 was approximately 24.4% of covered employee payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2021, the applicable interest rate was 6.8%.

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

2020-21	\$	391,903
2019-20		328,653
2018-19		308,535

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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.

Benefits

Tiers 1 & 2

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

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

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

Tier 3, 4, and 5

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

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

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

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

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

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

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental

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disability benefits. Eligibility benefit amounts, and other rules such as any offsets or other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

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

Post-Retirement Benefit Increases

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

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

At May 31, 2021, the Village reported a liability of \$419,720 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, 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, 2021, the Village's proportion was 0.0001418 % for ERS, which was a decrease of .0001362 from its proportion measured at March 31, 2020. The Village's proportion for PFRS was 0.0241655 %, which was a decrease of .0016626 from its proportion measured at March 31, 2020.

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For the year ended May 31, 2021, the Village recognized pension expense of \$306,952. At May 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 94,826	\$ -
Changes of Assumptions	1,056,821	490
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,274,307
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	262,014	47,735
	<u>\$ 1,413,661</u>	<u>\$ 1,322,532</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:

2022	\$ 12,006
2023	50,002
2024	771
2025	(195,122)
2026	223,472
	<u>\$ 91,129</u>

Actuarial Assumptions

The total pension liability at March 31, 2021 measurement date was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation for both ERS and PFRS used the following actuarial assumptions:

	<u>ERS</u>	<u>PFRS</u>
Inflation	2.7%	2.7%
Salary Increases	4.4%	6.2%
Investment Rate of Return (Net of Investment Expense, Including Inflation)	5.9%	5.9%
Cost of Living Adjustments	1.4%	1.4%

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Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale MP-2020. The previous actuarial valuation as of April 1, 2019 used April 1, 2010 – March 31, 2015 System experience, mortality improvements based on the Society of Actuaries Scale MP-2018, inflation of 2.5 %, cost of living adjustments of 1.3%, salary increases of 4.5% (ERS) and 5.7% (PFRS), and investment rate of return of 6.8%.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32 %	4.05 %
International equity	15	6.30
Private equity	10	6.75
Real estate	9	4.95
Opportunistic portfolio/ ARS portf	3	4.50
Credit	4	3.63
Real assets	3	5.95
Fixed Income	23	0.00
Cash	1	0.50
	100 %	

The real rate of return is net of the long-term inflation assumption of 2.00%

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 to the Discount Rate Assumption

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS Net Pension Liability (Asset)	\$ 39,191	\$ 141	\$ (35,871)
PFRS Net Pension Liability (Asset)	1,784,286	419,579	(710,046)

Collective Net Pension Liability

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

	Employees' Retirement System	Police and Fire Retirement System	Total
	(Dollars in		
Employers' total pension liability	\$ 220,680,157	\$ 41,236,775	\$ 261,916,932
Fiduciary net position	(220,580,583)	(39,500,500)	(260,081,083)
Employers' net pension liability	<u>\$ 99,574</u>	<u>\$ 1,736,275</u>	<u>\$ 1,835,849</u>

Ratio of fiduciary net position to the employers' total pension liability	99.95%	95.79%	99.30%
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2. Long-Term Liabilities:

a. The Village had the following non-current liabilities:

- Net Pension Liability – Represents the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees' past periods of service.
- Other Post-Employment Benefits (OPEB) – Represents the non-current portion of the 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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- Total Pension Liability (TPL) – Proportionate Share – Length of Service Award Program (LOSAP) – Represents the portion of the present value of projected benefit payments to be provided through the Length of Service Award Program.

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

	General Fund
Net Pension Liability	\$ 419,720
Other Post-Employment Benefits	5,654,242
Compensated Absences	862,805
Total Pension Liability-Prop. Share-LOSAP	988,329
Total Long-Term Liabilities	\$ 7,925,096

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

	Payable at beginning of year	Additions	Reductions	Payable at end of year
Net Pension Liability	\$ 1,454,111	\$ -	\$ (1,034,391)	\$ 419,720
Other-Post Employment Benefits	7,985,697	500,810	(2,832,265)	5,654,242
Compensated Absences	798,668	64,137	-	862,805
TPL - Prop. Share - LOSAP	834,578	163,019	(9,268)	988,329
Payable at end of fiscal year	\$ 11,073,054	\$ 727,966	\$ (3,875,924)	\$ 7,925,096

Additions and reductions to net pension liability 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.

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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 balanced 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.

As of May 31, 2021, the Village has made the following fund balance designations:

Restricted Fund Balance:

Unspent Grant Monies	\$ 13,098
Length of Service Awards Program	606,332
Total Restricted Fund Balance	\$ 619,430

Assigned Fund Balance:

Police Department-Equipment and Software	\$ 18,300
Police Department-Retirement	862,805
Police Department-Unemployment Insurance	18,500
Police Department-Vehicles	32,679
Highway-Truck	31,633
Highway-Equipment	8,000
Total Assigned Fund Balance	\$ 971,917

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 healthcare insurance for eligible retirees and their spouses through the Village’s group health insurance plan, which covers both active employees and retirees for the life of the retiree. Benefit provisions are established through negotiations between the Village and the union representing Village employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. For employees hired before 2012 the Village contributes 100% of the cost of current-year premiums for eligible retired plan members and their spouses. For employees hired after 2011, the Village contributes 85% of the cost of the current year premiums and employees contribute the remaining 15%. Plan members receiving benefits make no contribution. No benefits are provided to surviving spouses. For the year ended May 31, 2021, the Village contributed \$148,301 to the plan, which represented 100% of the required contribution. Annual funding is provided in the Village Budget. No requirement exists to fund the total OPEB liability.

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Benefits Provided. As of May 31, 2021, the following employees were covered by the benefit terms:

Active Employees	6
Inactive employees entitled to but not yet receiving benefit payments	-
Inactive employees or beneficiaries currently receiving benefit payments	<u>6</u>
Total	<u><u>12</u></u>

Total OPEB Liability. The Village’s total OPEB liability of \$5,654,242 was measured using the alternative measurement method as of May 31, 2021. For the year ended May 31, 2021, the Village recognized an OPEB benefit of \$2,331,455.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the May 31, 2021 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	3.50%
Discount Rate	3.50%
Projected Salary Increases	4.00%

The discount rate is based on the 20-year tax exempt municipal bond yield.

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

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

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.

**INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021**

Changes in the Total OPEB Liability

Balance at May 31, 2020	<u>\$ 7,985,697</u>
Changes for the year:	
Service cost	117,519
Interest	383,282
Difference between expected and actual experience	(2,683,955)
Contributions from employer	(148,301)
Changes in assumptions and other inputs	<u>-</u>
Net changes	<u>(2,331,455)</u>
Balance at May 31, 2021	<u><u>\$ 5,654,242</u></u>

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 (2.5%) or 1 percentage point higher (4.5%) than the current discount rate:

	<u>1% Decrease (2.5%)</u>	<u>Discount Rate (3.5%)</u>	<u>1% Increase (4.5%)</u>
Total OPEB Liability	\$ 6,576,143	\$ 5,654,242	\$ 4,911,869

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 or 1 percentage point higher than the healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 4,919,425	\$ 5,654,242	\$ 6,563,687

INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021

E. LENGTH OF SERVICE AWARDS PROGRAM

The information contained in this note is based on information for the Bayville Fire Company #1, Inc. Length of Service Awards Program (LOSAP) for the plan year ending on June 30, 2020, which is the most recent plan year for which complete information is available. With regard to Governmental Accounting Standards Board Statement No. 73, the Village is considered a non-employer contributing entity in a special funding situation.

Program description. The Village contributes to a defined benefit LOSAP for the active volunteer firefighters of the Bayville Fire Company #1, Inc. The program took effect on July 1, 1994. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters.

Funding policy. The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The program is non-contributory. The Village is required to contribute its proportionate share sufficient to cover the normal cost of the plan.

Participation, vesting and service credit. Active volunteer firefighters who have reached the age of 18 and who have completed 1 year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with 5 years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values.

Benefits. A participant's Service Award benefit is paid as a continuous monthly payment life annuity. The amount payable each month equals \$20 each year of Service Credit. The maximum number of years of Service Credit a Participant may earn under the Program is 30 years. Currently, there are no forms of payment of volunteer's earned Service Award under the Program.

Except in the case of a pre-entitlement age, death or total permanent disablement, a Participant's Service Award will not be paid until he or she attains Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Program credit and, thereby, increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the participant was an active volunteer firefighter at the time of death, the minimum death benefit is the lump sum equal to the present value of the accrued benefit. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

**INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021**

Participants covered by the benefit terms at the June 30, 2020 measurement date follows:

Inactive participants currently receiving benefit payments	4
Inactive participants entitled to but no yet receiving benefit payments	6
Active Participants	76
	86

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

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

Measurement of Total Pension Liability

The total pension liability at the June 30, 2020 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	2.45%
Inflation:	0.00%
Salary Scale:	N/A

Mortality rates were based on the RP-2000 Mortality Table projected to 2030.

Discount Rate

The discount rate used to measure the total pension liability was 2.45% which is based on the 20 year AA general obligation bond rate as of June 30, 2020.

Changes in the Total Pension Discount Rate

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was 3.13% for the June 30, 2019 measurement date, ad 2.45% for the June 30, 2020 measurement date.

**INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021**

Changes in the Total Pension Liability

Balance as of June 30, 2019 measurement date	\$ 834,578
Service cost	28,929
Interest	20,345
Changes of assumptions	106,963
Differences between expected and actual experience	6,782
Benefit payments	<u>(9,268)</u>
Net changes	<u>153,751</u>
Balance as of June 30, 2020 measurement date	<u><u>\$ 988,329</u></u>

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

The following presents the total LOSAP pension liability of the Village as of the June 30, 2020 measurement date, calculated using the discount rate of 2.45 percent, as well as what the Village's total LOSAP pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.45 percent) or 1-percentage point higher (3.45 percent) than the current rate:

	<u>1% Decrease</u> <u>(1.45%)</u>	<u>Current Rate</u> <u>(2.45%)</u>	<u>1% Increase</u> <u>(3.45%)</u>
Total Pension Liability	\$ 1,057,604	\$ 988,329	\$ 917,497

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

For the year ended May 31, 2021, the Village recognized pension expense of \$58,656. At May 31, 2021 the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP pension from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ 6,937	\$ 3,565
Changes of assumptions or other inputs	<u>147,954</u>	<u>58,061</u>
Total	<u><u>\$ 154,891</u></u>	<u><u>\$ 61,626</u></u>

**INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021**

The Village reported deferred outflows of resources and deferred inflows of resources that will be recognized in pension expense as follows:

Year Ended May 31:

2022		\$ 9,382
2023		9,382
2024		9,382
2025		9,382
2026		9,382
Thereafter		46,355
		\$ 93,265

F. CONCENTRATION OF RISK

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

G. COMMITMENTS AND CONTINGENCIES

The Village annually contracts with the Incorporated Village of Bayville to provide fire and life protection for residents and property owners within the territorial limits of the Incorporated Village of Centre Island. Payments made during the year totaled \$390,309, including \$57,400 for the Length of Service Award Program (LOSAP).

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

Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2021, which could affect future operating budgets of the Village.

**INCORPORATED VILLAGE OF CENTRE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2021**

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.

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report management cannot reasonably determine the impact of COVID-19 on the Village's operations and financial position

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

H. PRIOR PERIOD ADJUSTMENT

As of June 1, 2020, the Village's net position of (\$7,152,535) was restated to (\$7,454,016), a decrease of \$301,481. The Village's fund balance of \$1,678,253 was restated to \$2,222,447 an increase of \$544,194. This adjustment was to report the Length of Service Awards Program liability and related amounts.

I. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2021, and the date that these financial statements were available to be issued, June 21, 2022, that would have a material impact on these financial statements.

INCORPORATED VILLAGE OF CENTRE ISLAND
Required Supplemental Information
For the Year Ended May 31, 2021
(Unaudited)

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

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis
Revenues:					
Real Property Taxes	\$ 2,863,416	\$ 2,863,416	\$ 2,766,952	\$ -	\$ 2,766,952
Real Property Tax Items	20,000	20,000	35,476	-	35,476
Non Property Tax Items	12,000	12,000	13,532	-	13,532
Departmental Income	56,600	56,600	46,530	-	46,530
Use of Money and Property	22,000	22,000	22,627	-	22,627
Licenses and Permits	48,500	48,500	44,300	-	44,300
Fines and Forfeitures	6,500	6,500	3,734	-	3,734
Miscellaneous Local Sources	-	-	529	-	529
Federal and State Aid	60,500	60,500	63,093	-	63,093
Total Revenues	3,089,516	3,089,516	2,996,773	-	2,996,773
Expenditures:					
General Government Support	377,900	336,900	357,584	-	357,584
Public Safety	1,685,115	1,691,600	1,721,363	(45,364)	1,675,999
Transportation	111,000	65,000	55,073	-	55,073
Culture and Recreation	450	450	-	-	-
Home and Community Services	87,650	118,165	107,688	-	107,688
Employee Benefits	827,401	877,401	869,461	-	869,461
Total Expenditures	3,089,516	3,089,516	3,111,169	(45,364)	3,065,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(114,396)	45,364	(69,032)
Other Financing Sources					
Gain on Valuation of Investments	-	-	-	16,774	16,774
Total Other Financing Sources	-	-	-	16,774	16,774
Net Change in Fund Balance	\$ -	\$ -	(114,396)	62,138	(52,258)
Fund Balance at Beginning of Year, as Reported			1,678,253	-	1,678,253
Prior Period Adjustment			544,194	544,194	544,194
Fund Balance at End of Year, as Restated			2,222,447	544,194	2,222,447
Fund Balance at End of Year			\$ 2,108,051	\$ 606,332	\$ 2,170,189

Explanation of differences:

LOSAP activity is not included in the budget. When presenting GAAP basis financial statements items such as interest, dividends, gains, losses, contributions and payouts are reflected in the revenue and expenditures. This is the net effect of the LOSAP activity.

\$ 62,138

INCORPORATED VILLAGE OF CENTRE ISLAND
Required Supplementary Information
For the Year Ended May 31, 2021
(Unaudited)

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

NYSLRS Pension Plan
For the 2021 Fiscal Year **

		<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	0.0001418%	0.0002780%	0.0001875%	0.0002035%	0.0002835%	0.0007520%
	PFRS	0.0241655%	0.0258281%	0.0259683%	0.0265069%	0.0108032%	0.0112888%
Village's proportionate share of the net pension liability (asset)		\$ 419,720	\$ 1,454,111	\$ 448,787	\$ 272,579	\$ 560,306	\$ 824,693
Village's covered payroll		\$ 1,242,224	\$ 1,426,443	\$ 1,303,863	\$ 1,244,213	\$ 1,158,142	\$ 885,000
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		33.79%	101.94%	34.42%	21.91%	48.38%	93.19%
Plan fiduciary net position as a percentage of the total pension liability		99.30%	86.16%	96.09%	98.04%	94.50%	90.70%

** The amounts presented for the fiscal year were determined as of the March 31, 2021 measurement date.

INCORPORATED VILLAGE OF CENTRE ISLAND
Required Supplementary Information
For the Year Ended May 31, 2021
(Unaudited)

Schedule of Local Government Contributions

Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially required contribution	\$ 15,456	\$ 14,506	\$ 13,632	\$ 13,357	\$ 13,718	\$ (26,403)
Contributions in relation to the contractually required	<u>15,456</u>	<u>14,506</u>	<u>13,632</u>	<u>13,357</u>	<u>13,718</u>	<u>(26,403)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 135,514	\$ 87,184	\$ 125,132	\$ 114,940	\$ 132,839	\$ 99,120
Contributions as a percentage of covered-employee payroll	11.41%	16.64%	10.89%	11.62%	10.33%	-26.64%

Police and Fire Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially required contribution	\$ 376,447	\$ 314,147	\$ 294,903	\$ 289,800	\$ 269,833	\$ 270,484
Contributions in relation to the contractually required	<u>376,447</u>	<u>314,147</u>	<u>294,903</u>	<u>289,800</u>	<u>269,833</u>	<u>270,484</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 1,106,710	\$ 1,339,259	\$ 1,178,731	\$ 1,129,273	\$ 1,025,303	\$ 785,880
Contributions as a percentage of covered-employee payroll	34.01%	23.46%	25.02%	25.66%	26.32%	34.42%

See Notes to the Financial Statements

INCORPORATED VILLAGE OF CENTRE ISLAND
Required Supplementary Information
For the Year Ended May 31, 2021
(Unaudited)

Schedule of Changes in Total OPEB Liability and Related Ratios

<u>Total OPEB Liability</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 117,519	\$ 113,388	\$ 123,862
Interest	383,282	277,599	236,829
Difference between expected and actual experience	(2,683,955)	38,846	564,005
Changes in assumptions	-	330,941	293,560
Net benefits payments	(148,301)	(127,460)	(113,843)
Net change in total OPEB liability	(2,331,455)	633,314	1,104,413
Total OPEB liability - beginning of year	7,985,697	7,352,383	6,247,970
Total OPEB liability - end of year	<u>\$ 5,654,242</u>	<u>\$ 7,985,697</u>	<u>\$ 7,352,383</u>
Plan fiduciary net position as percentage of the total OPEB liability	0%	0%	0%
Covered - employee payroll	1,242,224	1,426,443	1,303,863
Total OPEB liability as a percentage of covered-employee payroll	455%	560%	564%

Notes to Schedule:

The information in this schedule is intended to show 10 years. However, as of May 31, 2021 only three years are available.

No assets are accumulated in a trust that meet 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.

INCORPORATED VILLAGE OF CENTRE ISLAND
Required Supplementary Information
For the Year Ended May 31, 2021
(Unaudited)

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

Measurement date as of June 30,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability				
Service cost	\$ 28,929	\$ 27,341	\$ 23,668	\$ 24,827
Interest	20,345	22,810	25,104	27,015
Change in benefit terms	-	-	-	-
Change in assumptions or other inputs	106,963	66,095	(7,591)	(87,911)
Differences between expected and actual experience	6,782	(4,455)	1,298	-
Benefit payments	(9,268)	(8,750)	(5,817)	(52,676)
Net change in total pension liability	<u>153,751</u>	<u>103,040</u>	<u>36,662</u>	<u>(88,745)</u>
Total pension liability - beginning	<u>834,578</u>	<u>731,538</u>	<u>694,876</u>	<u>783,621</u>
Total pension liability - ending	<u><u>\$ 988,329</u></u>	<u><u>\$ 834,578</u></u>	<u><u>\$ 731,538</u></u>	<u><u>\$ 694,876</u></u>
Covered-employee payroll	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Notes:

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

- June 30, 2020: 2.45%
- June 30, 2019: 3.13%
- June 30, 2018: 3.62%
- June 30, 2017: 3.56%

Trust assets: There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits. The trust assets are not legally protected from creditors of the Village.