

**THE INCORPORATED VILLAGE OF NORTHPORT
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
FEBRUARY 29, 2024**

THE INCORPORATED VILLAGE OF NORTHPORT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Incorporated Village of Northport

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Northport (the "Village") as of and for the year ended February 29, 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 February 29, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and change in fund balance-budget and actual-general fund, schedule of revenues, expenditures and change in fund balance-budget and actual-sewer fund, schedule of Village's proportionate share of the net pension asset/(liability), schedule of the Village's pension contributions, schedule of the Village's total OPEB liability and ratios, and the schedule of the Village's proportionate share of the length of service award program liability on pages 3 through 13 and 52 through 57, respectively, 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.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
July 10, 2024

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

The following is a discussion and analysis of the Incorporated Village of Northport’s (the “Village”) financial performance for the fiscal year ended February 29, 2024. This section is a summary of the Village’s financial activities based on currently known facts, decisions, or conditions. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the Village’s financial statements, which immediately follow this section.

1) FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- The total net position, as reflected in the Village’s Government-Wide Financial Statements, was \$3,818,753 as of February 29, 2024, which represents a decrease in the total net position of \$9,279,577. This was due to expenses exceeding revenues based on the accrual basis of accounting.
- On the Government-Wide Financial Statements, revenues increased by \$1,670,288, or 8.64%. The increase is primarily due to an increase in operating grants and contributions, capital grants and contributions, and use of money and property, partially offset by decreases in charges for services, non-property tax items, and sale of property and compensation for loss.
- On the Government-Wide Financial Statements, expenses increased by \$14,938,653, or 97.37%. This was primarily due to increases in expenses related to general government support, public safety, transportation, culture and recreation, and home and community services. Expenses were impacted by the allocations of actuarially determined pension expenses for pensions and other post-employment benefits. See Note 10 to the financial statements for further information relating to the significant year-over-year fluctuation associated with the other post-employment benefits liability.
- The general fund total fund balance, as reflected in the Fund Financial Statements, increased by \$677,841 or 7.36%. This was due to an excess of revenues over expenditures and other financing uses based on the modified accrual basis of accounting.
- The Village was awarded and received \$175,000 by the Dormitory Authority of New York State (DASNY) in the current fiscal year for a dock rebuilding project at the South Main Street dock and park area.
- The Village received \$1,208,669 in aid from New York State Department of Environmental Conservation (NYSDEC) during the current fiscal year for the Bluff Point restoration project.

2) 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 basic financial statements include two kinds of statements that present different views of the Village:

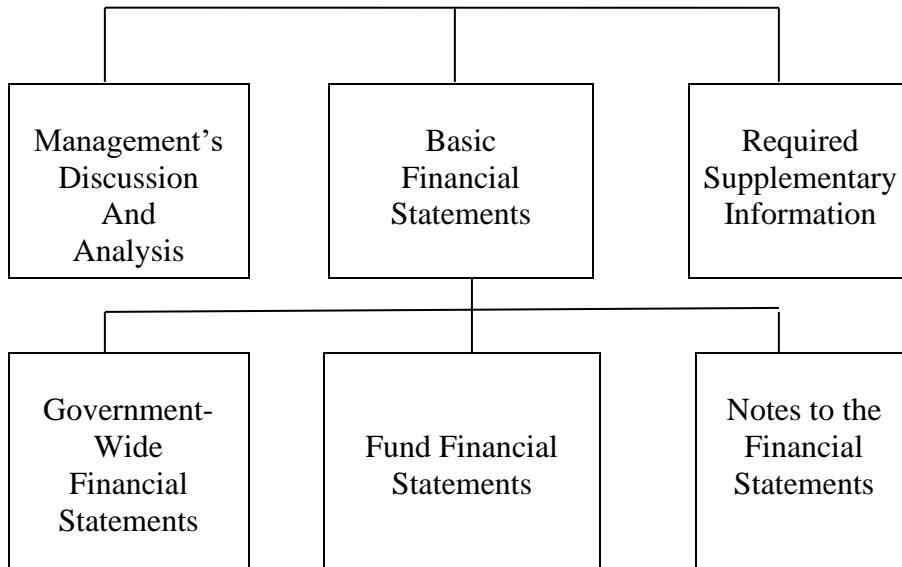
- The first two statements are Government-Wide Financial Statements that provide both short-term and long-term information about the Village’s overall financial status.

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

- The remaining statements are Fund Financial Statements that focus on individual parts of the Village, reporting the operations in more detail than the Government-Wide Financial Statements.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Village’s budget for the year. The Table below shows how the various parts of this annual report are arranged and relate to one another.

Organization of the Village’s Annual Financial Report



A. Government-Wide Financial Statements

The Government-Wide Financial Statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two Government-Wide Financial Statements report the Village’s net position and how they have changed. Net position, which is the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the Village.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the Village, additional non-financial factors such as changes in the Village’s property tax base and the condition of buildings and other facilities should be considered.

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

Net Position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation expense or amortization expense are not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term liabilities are both accounted for in account groups and do not affect the fund balances.

Government-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
 - *Unrestricted net position* is the net position that does not meet any of the above restrictions.

B. Fund Financial Statements

The Fund Financial Statements provide more detailed information about the Village’s funds. Funds are accounting devices that the Village uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The Village has the following type of funds:

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, the Governmental Funds Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains three governmental funds: general fund, sewer fund, and capital projects fund.

3) FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The Village’s net position decreased by \$9,279,577 in the fiscal year ended February 29, 2024 as detailed in the Table that follows:

| | 2024 | 2023 | Increase/ (Decrease) | Total Percentage Change |
|---|---------------------|----------------------|-------------------------|-------------------------------|
| Current assets | \$ 11,623,460 | \$ 10,868,315 | \$ 755,145 | 6.95% |
| Non-current assets | 29,327,723 | 27,563,514 | 1,764,209 | 6.40% |
| Net pension asset - proportionate share | | 843,506 | (843,506) | (100.00%) |
| Total assets | <u>40,951,183</u> | <u>39,275,335</u> | <u>1,675,848</u> | 4.27% |
| Deferred outflows of resources | <u>7,086,223</u> | <u>7,663,325</u> | <u>(577,102)</u> | (7.53%) |
| Current liabilities* | 1,308,796 | 1,116,010 | 192,786 | 17.27% |
| Long-term liabilities* | 34,703,875 | 23,652,268 | 11,051,607 | 46.73% |
| Net pension liability - proportionate share | 6,324,843 | 438,752 | 5,886,091 | 1341.55% |
| Total liabilities | <u>42,337,514</u> | <u>25,207,030</u> | <u>17,130,484</u> | 67.96% |
| Deferred inflows of resources | <u>1,881,139</u> | <u>8,633,300</u> | <u>(6,752,161)</u> | (78.21%) |
| Net position | | | | |
| Net investment in capital assets | 28,421,218 | 26,601,832 | 1,819,386 | 6.84% |
| Restricted | 3,821,671 | 3,421,214 | 400,457 | 11.71% |
| Unrestricted (deficit) | <u>(28,424,136)</u> | <u>(16,924,716)</u> | <u>(11,499,420)</u> | (67.94%) |
| Total net position | <u>\$ 3,818,753</u> | <u>\$ 13,098,330</u> | <u>\$ (9,279,577)</u> | (70.85%) |

* Prior year current liabilities, long-term liabilities, restricted net position, and unrestricted net deficit, were reclassified to reflect conformity with current year presentation.

Current assets increased by \$755,145 as compared to the prior year, primarily due to increases in cash and cash equivalents partially offset by decreases in receivables and prepaids.

Non-current assets (capital assets net of accumulated depreciation and intangible lease assets net of accumulated amortization) increased by \$1,764,209 primarily due to current year capital asset additions exceeding current year depreciation and amortization.

Net pension asset – proportionate share decreased by \$843,506 as a result of the actuarial valuation provided by the State. The balance is recorded as a long-term liability at February 29, 2024 as a result of the actuarial valuations provided by the State.

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

The changes in deferred outflows represent amortization of pension related items and pension contributions subsequent to the measurement date, and length of service awards program, as discussed in Notes 8 and 11, respectively.

Current liabilities increased by \$192,786 as compared to the prior year, which was primarily attributable to increases in accounts payable and guarantee and bid deposits, partially offset by a decrease in collections in advance.

Long-term liabilities increased by \$11,051,607 as compared to the prior year, primarily due to increases in compensated absences payable, net pension liability – proportionate share, total other post-employment benefits obligation, and length of service award program liability – proportionate share, partially offset by decreases in bonds payable and EFC note payable. See Note 7 for more information.

The changes in deferred inflows represent amortization of pension related items and length of service award program as discussed in Notes 8 and 11, respectively.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, land improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure, net of accumulated depreciation, accumulated amortization, and related debt. This amount increased by \$1,819,386 primarily due to current year additions exceeding depreciation and amortization expense.

The restricted net position at February 29, 2024 relates to the Village’s length of service award program assets which are restricted for the purpose of providing benefits to plan participants and the employee benefit accrued liability reserve. Restricted net position increased by \$400,457 due to an increase in the length of service award program assets.

Unrestricted net deficit is the balance of the Village’s net position. This deficit increased by \$11,499,420.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the fiscal years ended February 29, 2024 and February 28, 2023 is as follows:

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

| | Fiscal Year 2024 | Fiscal Year 2023 | Increase/ (Decrease) | Percentage Change |
|---|-----------------------|---------------------|-------------------------|----------------------|
| Revenues | | | | |
| Program revenues | | | | |
| Charges for services | \$ 2,906,359 | \$ 3,265,395 | \$ (359,036) | (11.00%) |
| Operating grants and contributions | 716,159 | 424,346 | 291,813 | 68.77% |
| Capital grants and contributions | 1,548,257 | 407,482 | 1,140,775 | 279.96% |
| General revenues | | | | |
| Real property taxes | 13,435,554 | 13,250,068 | 185,486 | 1.40% |
| Other tax items | 62,538 | 41,035 | 21,503 | 52.40% |
| Non-property tax items | 1,164,492 | 1,299,529 | (135,037) | (10.39%) |
| Use of money and property | 830,511 | 118,983 | 711,528 | 598.01% |
| Sale of property and compensation for loss | 83,507 | 196,002 | (112,495) | (57.39%) |
| Mortgage tax | 172,857 | 235,241 | (62,384) | (26.52%) |
| Other state aid | 50,635 | 78,889 | (28,254) | (35.81%) |
| Miscellaneous | 30,172 | 13,783 | 16,389 | 118.91% |
| Total revenues | <u>21,001,041</u> | <u>19,330,753</u> | <u>1,670,288</u> | 8.64% |
| Expenses | | | | |
| General government support | 4,424,534 | 2,573,769 | 1,850,765 | 71.91% |
| Public safety | 17,720,492 | 8,227,134 | 9,493,358 | 115.39% |
| Health | 2,961 | 1,140 | 1,821 | 159.74% |
| Transportation | 4,180,805 | 1,858,727 | 2,322,078 | 124.93% |
| Economic opportunity & development | 6,188 | 11,408 | (5,220) | (45.76%) |
| Culture & recreation | 1,229,361 | 627,957 | 601,404 | 95.77% |
| Home and community services | 2,702,482 | 2,026,649 | 675,833 | 33.35% |
| Debt service - interest | 13,795 | 15,181 | (1,386) | (9.13%) |
| Total expenses | <u>30,280,618</u> | <u>15,341,965</u> | <u>14,938,653</u> | 97.37% |
| Change in net position | <u>\$ (9,279,577)</u> | <u>\$ 3,988,788</u> | <u>\$ (13,268,365)</u> | |

The Village's revenues increased by \$1,670,288, or 8.64%. The increase is primarily due to increases in operating grants and contributions, capital grants and contributions, real property taxes, and use of money and property, partially offset by a decrease in charges for services, non-property tax items, and sale of property and compensation for loss.

The Village's expenses increased by \$14,938,653, or 97.37%. This was primarily due to increases in expenses related to general government support, public safety, transportation, culture and recreation, and home and community services. Expenses were impacted by the allocations of actuarially determined pension expenses for pensions and other post-employment benefits. In particular, the expense for other post-employment benefits significantly increased during the current year due to the actuarial valuation including census data for 18 retirees who were previously omitted in prior year valuations.

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

4) FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Variations between years for the Governmental Funds Financial Statements are not the same as variations between years for the Government-Wide Financial Statements. The Village's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased or intangible lease assets financed by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and intangible lease assets, and the current payments for debt.

At February 29, 2024, the Village's combined governmental funds reported a total fund balance of \$10,087,951, which represents an increase of \$395,292 from the prior year.

A summary of the change in fund balance for all the funds is as follows:

| | Fiscal Year 2024 | (As restated) Fiscal Year 2023 | Increase/ (Decrease) | Total Percentage Change |
|--|----------------------|--------------------------------------|-------------------------|-------------------------------|
| General Fund | | | | |
| Nonspendable | \$ 7,048 | \$ 206,371 | \$ (199,323) | (96.58%) |
| Restricted for length of service award program | 3,434,550 | 3,012,626 | 421,924 | 14.01% |
| Assigned - designated for subsequent year's expenditures | 800,000 | 700,000 | 100,000 | 14.29% |
| Assigned - designated for special purposes | 1,453,262 | 1,389,948 | 63,314 | 4.56% |
| Unassigned | 4,186,948 | 3,895,022 | 291,926 | 7.49% |
| Total Fund Balance - General Fund | <u>\$ 9,881,808</u> | <u>\$ 9,203,967</u> | <u>\$ 677,841</u> | 7.36% |
| Sewer Fund | | | | |
| Assigned - unappropriated | \$ 10,986 | \$ 80,164 | \$ (69,178) | (86.30%) |
| Total Fund Balance - Sewer Fund | <u>\$ 10,986</u> | <u>\$ 80,164</u> | <u>\$ (69,178)</u> | (86.30%) |
| Capital Projects Fund | | | | |
| Restricted - donor imposed | \$ 387,121 | \$ 408,588 | \$ (21,467) | (5.25%) |
| Assigned - unappropriated | 28,400 | - | 28,400 | N/A |
| Unassigned | (257,948) | - | (257,948) | N/A |
| Total Fund Balance - Capital Projects Fund | <u>\$ 157,573</u> | <u>\$ 408,588</u> | <u>\$ (251,015)</u> | (61.43%) |
| Total Fund Balance - All Funds | <u>\$ 10,050,367</u> | <u>\$ 9,692,719</u> | <u>\$ 357,648</u> | 3.69% |

See Note 15 to the financial statements for further details regarding the restatement of 2023 amounts.

A. General Fund

The fund balance in the general fund increased by \$677,841 as a result of revenues exceeding expenditures and other financing uses.

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

Revenues and other financing sources increased by \$348,416 compared to the prior year, primarily due to increases in real property taxes and use of money and property, partially offset by a decrease in non-property tax items, sale of property and compensation for loss, and federal sources.

Expenditures and other financing uses increased by \$10,764 compared to the prior year, primarily due to increases in public safety and employee benefits, partially offset by decreases in transportation and operating transfers out.

B. Sewer Fund

The fund balance in the sewer fund decreased by \$19,419 as a result of expenditures exceeding revenues and other financing sources.

Revenues and other financing sources decreased by \$22,389 compared to the prior year, primarily due to a decrease in departmental income, including sewer service charges.

Expenditures decreased by \$8,225 compared to the prior year, primarily due to decreases in home and community services, including sewer maintenance materials.

C. Capital Projects Fund

The fund balance in the capital projects fund decreased by \$251,015 as a result of capital outlay expenditures exceeding revenues and other financing sources.

5) GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2023-2024 Budget:

The Village’s general fund adopted budget for the fiscal year ended February 29, 2024 was \$18,504,104. This amount was increased by encumbrances carried forward from the prior year in the amount of \$270,568, and budget revisions bringing the final budget to \$18,887,885. The majority of budgeted funding was real property taxes of \$13,435,069. See supplemental schedule 1 for further detail of the adopted and final budget.

B. Change in the General Fund Unassigned Fund Balance (Budget to Actual):

The general fund unassigned fund balance is a component to total fund balance that is the residual of prior years’ excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent years’ budgets. It is this balance that is commonly referred to as “Fund Balance.” The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

| | | |
|--|----|-----------|
| Opening, unassigned fund balance, as restated | \$ | 3,895,022 |
| Revenues over budget | | 842,773 |
| Expenditures, other financing uses and encumbrances under budg | | 736,873 |
| Change in nonspendable | | 199,323 |
| Change in restricted fund balance | | (421,924) |
| Change in assigned fund balance | | (265,119) |
| Assigned, appropriated for February 28, 2025 budget | | (800,000) |
| Closing, unassigned fund balance | \$ | 4,186,948 |

The opening unassigned fund balance (as restated) of \$3,895,022 is the February 28, 2023 unassigned fund balance.

The revenues over budget of \$842,773 was primarily due to use of money and property and federal sources partially offset by real property taxes (see Supplemental Schedule #1 for detail).

The expenditures, other financing uses, and encumbrances under budget of \$736,873 were primarily due to general government support, public safety, and transportation (see Supplemental Schedule #1 for detail).

The change in nonspendable in the amount of \$199,323 is due to a decrease in expenditures being prepaid for insurance and other items.

The change in restricted fund balance of \$421,924 relates to the increase to the restricted for length of service award program balance due to an increase in length of award program assets.

The change in assigned fund balance of \$265,119 relates to an increase in the assigned – designated for special purpose fund balance related to the Village’s agreements with Village of Asharoken and the Town of Huntington for the shared use of the Village’s Fire Department.

The assigned, appropriated fund balance of \$800,000 for the February 28, 2025 budget is the amount the Village has chosen to use to fund its operating budget for fiscal year 2025.

The closing unassigned fund balance of \$4,186,948 represents the fund balance retained by the Village that is not restricted or assigned for subsequent year’s taxes.

6) CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION

A. Capital Assets and Intangible Lease

At February 29, 2024, the Village had invested in various capital assets and intangible lease assets, including land, buildings and improvements, furniture, fixtures, machinery and equipment, and infrastructure.

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

| | <u>2024</u> | <u>2023</u> | Increase/ (Decrease) |
|-------------------------------------|----------------------|----------------------|-------------------------|
| Land | \$ 1,655,294 | \$ 1,655,294 | \$ - |
| Construction in progress | 5,803,410 | 3,830,984 | 1,972,426 |
| Improvements other than buildings | 625,801 | 488,337 | 137,464 |
| Buildings and building improvements | 15,674,341 | 15,633,681 | 40,660 |
| Machinery and equipment | 4,839,271 | 4,472,565 | 366,706 |
| Licensed vehicles | 9,382,034 | 9,057,621 | 324,413 |
| Infrastructure | <u>14,919,744</u> | <u>14,200,579</u> | <u>719,165</u> |
| Sub-Total | 52,899,895 | 49,339,061 | 3,560,834 |
| Less: accumulated depreciation | <u>(23,576,089)</u> | <u>(21,787,099)</u> | <u>(1,788,990)</u> |
| Capital Assets, Net | <u>\$ 29,323,806</u> | <u>\$ 27,551,962</u> | <u>\$ 1,771,844</u> |
| Intangible Lease Assets, Net | <u>\$ 3,917</u> | <u>\$ 11,552</u> | <u>\$ (7,635)</u> |

Depreciation expense was \$1,788,990 and amortization expense was \$7,635 for fiscal year ended February 29, 2024. See Note 6 to the financial statements for additional detail.

B. Long-Term Debt

At February 29, 2024, the Village had total long-term debt, including bonds payable, EFC note payable, and lease liability of \$829,007. The decrease in long-term debt represents principal payments made during the year. More detailed information about the Village’s long-term debt is presented in Note 7 to the financial statements.

A summary of outstanding debt at February 29, 2024 and February 28, 2023 is as follows:

| | <u>2024</u> | <u>2023</u> | Increase/ (Decrease) |
|---|-------------------|-------------------|-------------------------|
| Bonds payable | \$ 595,000 | \$ 645,000 | \$ (50,000) |
| New York State Environmental Facilities | | | |
| Coporation note payable | 230,000 | 305,000 | (75,000) |
| Lease liability | <u>4,007</u> | <u>11,682</u> | <u>(7,675)</u> |
| Total | <u>\$ 829,007</u> | <u>\$ 961,682</u> | <u>\$ (132,675)</u> |

7) FACTORS BEARING ON THE VILLAGE’S FUTURE

- A. The Board of Trustees (the “Board”) approved the general fund budget in the amount of \$19,442,732 for the fiscal year ended February 28, 2025.
- B. The Village’s elected and appointed officials considered many factors when setting the year 2024-2025 budget, tax rates, and fees that will be charged. One of those factors is the economy. The Village, located in Suffolk County, NY, generally has more favorable financial statistical data than Suffolk County or

THE INCORPORATED VILLAGE OF NORTHPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended February 29, 2024

New York State. These factors provide a stable tax environment enabling the Village to reliably project tax revenue.

- C. Inflation in the Village’s geographic area is consistent with the metropolitan area and is similar though somewhat higher than national averages. Contractual increases in negotiated labor contracts are comparable with regional municipalities while provided similar fringe benefits. These factors form the basis for estimating the 2024-2025 budget lines.
- D. The Tax Cap Law limits annual increases of the Village’s overall real property tax to no more than the lesser of 2.00% or the rate of inflation. Certain increases to the tax levy are excluded from the limitations imposed by the Tax Cap Law including exclusions for certain expenditures for retirement system contributions and tort judgments payable by the Village. In addition, the Board may override the limitations if the Board enacts, by vote of at least sixty percent of the voting power of the Board, a local law to override such limit for the upcoming budget year. The Tax Cap Law does not provide exclusion for debt service on general obligations issued by the Village. The Village did not exceed the tax cap in the 2024-2025 budget.
- E. The Village has evaluated its February 29, 2024 financial statements for subsequent events through the date the financial statements were issued, and noted no items that would require disclosure.

8) CONTACTING THE VILLAGE’S FINANCIAL MANAGMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the Village and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Mayor Donna M. Koch
Village of Northport
224 Main Street
Northport, New York 11768

THE INCORPORATED VILLAGE OF NORTHPORT
STATEMENT OF NET POSITION
February 29, 2024

ASSETS

Current Assets

| | |
|------------------------------|--------------|
| Cash and cash equivalents | \$ 7,164,927 |
| Unrestricted | |
| Restricted | 387,121 |
| Receivables | |
| Accounts receivable | 303,164 |
| Taxes | 69,393 |
| Sewer usage | 164,383 |
| Tax sale certificates | 92,874 |
| Prepaid items | 7,048 |
| Service award program assets | 3,434,550 |

Non Current Assets

| | |
|--|------------|
| Capital assets | |
| Not being depreciated | 7,458,704 |
| Being depreciated, net of accumulated depreciation | 21,865,102 |
| Intangible lease assets, net of accumulated amortization | 3,917 |

TOTAL ASSETS

40,951,183

DEFERRED OUTFLOWS OF RESOURCES

| | |
|---------------------------------|-----------|
| Pensions | 5,525,224 |
| Length of service award program | 1,560,999 |

TOTAL DEFERRED OUTFLOWS OF RESOURCES

7,086,223

**TOTAL ASSETS AND DEFERRED OUTFLOWS
OF RESOURCES**

48,037,406

LIABILITIES

Payables

| | |
|----------------------------|---------|
| Accounts payable | 472,574 |
| Accrued liabilities | 249,959 |
| Accrued interest payable | 5,533 |
| Other liabilities | 110,888 |
| Guarantee and bid deposits | 228,764 |

Collections in advance

| | |
|----------------------------------|---------|
| American Rescue Plan Act funding | 241,078 |
|----------------------------------|---------|

Long-term liabilities

| | |
|--|------------|
| Due and payable within one year | |
| Bonds payable | 50,000 |
| New York State Environmental Facilities Corporation Note Payable | 75,000 |
| Lease liability | 4,007 |
| Compensated absences payable | 505,350 |
| Due and payable after one year | |
| Bonds payable | 545,000 |
| New York State Environmental Facilities Corporation Note Payable | 155,000 |
| Compensated absences payable | 2,105,938 |
| Net pension liability - proportionate share | 6,324,843 |
| Total other post-employment benefits obligation | 25,078,469 |
| Length of service award program liability | 6,185,111 |

TOTAL LIABILITIES

42,337,514

DEFERRED INFLOWS OF RESOURCES

| | |
|---------------------------------|-----------|
| Pensions | 230,222 |
| Length of service award program | 1,650,917 |

TOTAL DEFERRED INFLOWS OF RESOURCES

1,881,139

NET POSITION

Net investment in capital assets 28,421,218

Restricted for:

| | |
|---------------------------------|-----------|
| Length of service award program | 3,434,550 |
| Capital projects | 387,121 |

Unrestricted (deficit) (28,424,136)

TOTAL NET POSITION (DEFICIT)

\$ 3,818,753

THE INCORPORATED VILLAGE OF NORTHPORT

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended February 29, 2024

| FUNCTIONS / PROGRAMS | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
|---|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| General support | \$ 4,424,534 | \$ 108,758 | \$ - | \$ - | \$ (4,315,776) |
| Public safety | 17,720,492 | 2,138,066 | 273,193 | | (15,309,233) |
| Health | 2,961 | | | | (2,961) |
| Transportation | 4,180,805 | 68,380 | 316,115 | | (3,796,310) |
| Economic opportunity and assistance | 6,188 | | | | (6,188) |
| Culture and recreation | 1,229,361 | 81,466 | | 164,588 | (983,307) |
| Home and community services | 2,702,482 | 509,689 | 126,851 | 1,383,669 | (682,273) |
| Debt service - interest | 13,795 | | | | (13,795) |
| Total Functions and Programs | \$ 30,280,618 | \$ 2,906,359 | \$ 716,159 | \$ 1,548,257 | (25,109,843) |
| GENERAL REVENUES | | | | | |
| Real property taxes | | | | | 13,435,554 |
| Other tax items | | | | | 62,538 |
| Non-property tax items | | | | | 1,164,492 |
| Use of money and property | | | | | 830,511 |
| Sale of property and compensation for loss | | | | | 83,507 |
| Mortgage tax | | | | | 172,857 |
| Other state aid | | | | | 50,635 |
| Miscellaneous | | | | | 30,172 |
| Total General Revenues | | | | | 15,830,266 |
| Change in Net Position | | | | | (9,279,577) |
| Total Net Position (Deficit) - Beginning of Year | | | | | 13,098,330 |
| Total Net Position (Deficit) - End of Year | | | | | \$ 3,818,753 |

THE INCORPORATED VILLAGE OF NORTHPORT
BALANCE SHEET - GOVERNMENTAL FUNDS
February 29, 2024

| | <u>General Fund</u> | <u>Sewer Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-----------------------|--------------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | | | | |
| Unrestricted | \$ 7,107,549 | \$ 32,284 | \$ 25,094 | \$ 7,164,927 |
| Restricted | 72,640 | | 314,481 | 387,121 |
| Service award program assets | 3,434,550 | | | 3,434,550 |
| Receivables | | | | |
| Accounts receivable | 224,033 | | 79,131 | 303,164 |
| Taxes | 69,393 | | | 69,393 |
| Sewer usage | | 164,383 | | 164,383 |
| Due from other funds | 250,746 | 18,019 | 286,991 | 555,756 |
| Tax sale certificates | 92,874 | | | 92,874 |
| Prepaid items | 7,048 | | | 7,048 |
| Total Assets | <u>\$ 11,258,833</u> | <u>\$ 214,686</u> | <u>\$ 705,697</u> | <u>\$ 12,179,216</u> |
| LIABILITIES | | | | |
| Payables | | | | |
| Accounts payable | \$ 363,312 | 31,764 | \$ 77,498 | \$ 472,574 |
| Accrued liabilities | 235,437 | 14,522 | | 249,959 |
| Other liabilities | 110,888 | | | 110,888 |
| Guarantee and bid deposits | 228,764 | | | 228,764 |
| Due to other funds | 305,010 | 21,198 | 229,548 | 555,756 |
| Collections in advance | | | | |
| American Rescue Plan Act funding | | | 241,078 | 241,078 |
| Total Liabilities | <u>1,243,411</u> | <u>67,484</u> | <u>548,124</u> | <u>1,859,019</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable real property taxes | 133,614 | | | 133,614 |
| Unavailable sewer revenues | | 136,216 | | 136,216 |
| Total Deferred Inflows of Resources | <u>133,614</u> | <u>136,216</u> | <u>-</u> | <u>269,830</u> |
| FUND BALANCES | | | | |
| Nonspendable | 7,048 | | | 7,048 |
| Restricted | | | | |
| Length of service award program | 3,434,550 | | | 3,434,550 |
| Donor imposed | | | 387,121 | 387,121 |
| Assigned | | | | |
| Appropriated | 800,000 | | | 800,000 |
| Unappropriated | 1,453,262 | 10,986 | 28,400 | 1,492,648 |
| Unassigned | 4,186,948 | | (257,948) | 3,929,000 |
| Total Fund Balances | <u>9,881,808</u> | <u>10,986</u> | <u>157,573</u> | <u>10,050,367</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 11,258,833</u> | <u>\$ 214,686</u> | <u>\$ 705,697</u> | <u>\$ 12,179,216</u> |

THE INCORPORATED VILLAGE OF NORTHPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
February 29, 2024

Total Governmental Fund Balances \$ 10,050,367

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

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

| | | |
|---------------------------------|---------------------|------------|
| Original cost of capital assets | \$ 52,899,895 | |
| Accumulated depreciation | <u>(23,576,089)</u> | 29,323,806 |

The present value cost of leasing intangible assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those intangible lease assets among the assets of the Village as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

| | | |
|--|-----------------|-------|
| Original present value cost of intangible lease assets | \$ 20,771 | |
| Accumulated amortization | <u>(16,854)</u> | 3,917 |

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. These amounts will be amortized in future years.

| | | |
|--|------------------|-----------|
| Deferred outflows related to pensions | \$ 5,525,224 | |
| Deferred outflows related to length of service award program | <u>1,560,999</u> | 7,086,223 |

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year-end consisted of accrued interest payable on bonds of: (5,533)

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

| | | |
|---|--------------------|--------------|
| Bonds payable | \$ (595,000) | |
| EFC note payable | (230,000) | |
| Lease liability | (4,007) | |
| Compensated absences payable | (2,611,288) | |
| Net pension liability - proportionate share | (6,324,843) | |
| Total other post-employment benefits obligation | (25,078,469) | |
| Total length of service award program liability - proportionate share | <u>(6,185,111)</u> | (41,028,718) |

Revenues that do not meet the availability criteria under the modified accrual basis of accounting are included in the Statement of Net Position. 269,830

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. These amounts will be amortized in future years.

| | | |
|---|--------------------|--------------------|
| Deferred inflows related to pensions | \$ (230,222) | |
| Deferred inflows related to length of service award program | <u>(1,650,917)</u> | <u>(1,881,139)</u> |

Total Net Position \$ 3,818,753

THE INCORPORATED VILLAGE OF NORTHPORT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
For the Fiscal Year Ended February 29, 2024

| | General Fund | Sewer Fund | Capital Projects Fund | Total Governmental Funds |
|---|-------------------------|-----------------------|--------------------------------------|---|
| REVENUES | | | | |
| Real property taxes | \$ 13,367,523 | \$ - | \$ - | \$ 13,367,523 |
| Other tax items | 62,538 | | | 62,538 |
| Non-property tax items | 1,164,492 | | | 1,164,492 |
| Intergovernmental revenue | 1,792,984 | | | 1,792,984 |
| Departmental income | 334,241 | 411,232 | | 745,473 |
| Use of money and property | 830,389 | 3 | 119 | 830,511 |
| Licenses and permits | 93,255 | | | 93,255 |
| Fines and forfeitures | 188,189 | | | 188,189 |
| Sale of property and compensation for loss | 83,507 | | | 83,507 |
| Miscellaneous | 30,172 | | 32,693 | 62,865 |
| State and local aid | 711,330 | 126,851 | 1,383,669 | 2,221,850 |
| Federal sources | 101,470 | | 131,895 | 233,365 |
| Total Revenues | <u>18,760,090</u> | <u>538,086</u> | <u>1,548,376</u> | <u>20,846,552</u> |
| EXPENDITURES | | | | |
| General government support | 2,055,924 | 132,196 | | 2,188,120 |
| Public safety | 6,841,148 | | | 6,841,148 |
| Health | 2,961 | | | 2,961 |
| Transportation | 1,794,208 | | | 1,794,208 |
| Economic opportunity and assistance | 6,188 | | | 6,188 |
| Culture and recreation | 525,351 | | | 525,351 |
| Home and community services | 1,000,106 | 841,058 | | 1,841,164 |
| Employee benefits | 4,552,565 | 28,889 | | 4,581,454 |
| Capital outlay | | | 2,511,617 | 2,511,617 |
| Debt service: | | | | |
| Principal | 7,675 | 125,000 | | 132,675 |
| Interest | 95 | 14,164 | | 14,259 |
| Total Expenditures | <u>16,786,221</u> | <u>1,141,307</u> | <u>2,511,617</u> | <u>20,439,145</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>1,973,869</u> | <u>(603,221)</u> | <u>(963,241)</u> | <u>407,407</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | | 583,802 | 712,226 | 1,296,028 |
| Operating transfers (out) | (1,296,028) | | | (1,296,028) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(1,296,028)</u> | <u>583,802</u> | <u>712,226</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCES | 677,841 | (19,419) | (251,015) | 407,407 |
| FUND BALANCES - BEGINNING OF YEAR (AS RESTATED, SEE NOTE 15) | 9,203,967 | 30,405 | 408,588 | 9,642,960 |
| FUND BALANCES - END OF YEAR | <u>\$ 9,881,808</u> | <u>\$ 10,986</u> | <u>\$ 157,573</u> | <u>\$ 10,050,367</u> |

THE INCORPORATED VILLAGE OF NORTHPORT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended February 29, 2024

| | | |
|---|--------------------|------------------------------|
| Net Change in Fund Balances | | \$ 407,407 |
| Long-Term Revenue and Expense Differences | | |
| Capital Related Differences | | |
| <p>Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, in the Statement of Net Position those costs are capitalized and allocated over their useful lives as annual depreciation expense in the Statement of Activities.</p> | | |
| Capital outlays | \$ 3,560,834 | |
| Depreciation expense | <u>(1,788,990)</u> | 1,771,844 |
| <p>Capital outlays to lease intangible assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities.</p> | | |
| Amortization expense | <u>\$ (7,635)</u> | (7,635) |
| <p>In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year changed by</p> | | |
| | | (123,400) |
| <p>The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the fiscal year is</p> | | |
| | | 154,488 |
| <p>Increases/decreases in the proportionate share of the net pension asset/liability, the total other post-employment benefit obligation, length of service award program liability, and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p> | | |
| Employees' and police retirement systems | \$ (847,425) | |
| Total other post-employment benefits obligation | (10,652,947) | |
| Length of service award program | <u>(115,048)</u> | (11,615,420) |
| Long-Term Debt Transaction Differences | | |
| <p>Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p> | | |
| | | 50,000 |
| <p>Repayment of EFC note payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p> | | |
| | | 75,000 |
| <p>Repayment of lease liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p> | | |
| | | 7,675 |
| <p>Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest changed by:</p> | | |
| | | <u>464</u> |
| Change in Net Position | | <u><u>\$ (9,279,577)</u></u> |

THE INCORPORATED VILLAGE OF NORTHPORT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended February 29, 2024

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

A. General Statement:

The Incorporated Village of Northport (the “Village”), which was incorporated in 1894 and is governed by its Charter, New York State Village Law, and other general laws of the State of New York and various local laws. The Village operates under a Board of Trustees (the “Board”), which is the legislative body responsible for overall operation. The Village provides the following services to its residents as authorized by its charter: public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community service.

The financial statements of the Village have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the Village are described below:

B. Financial Reporting Entity:

The Board is the legislative body responsible for overall operations. The Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

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 is based on criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity; Omnibus- An Amendment of GASB Statements No. 14 and No. 34*. 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.

The accompanying financial statements present the activities of the Village and other organizational entities determined to be included within the Village’s financial reporting entity. The decision to include a potential component unit in the Village is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village’s reporting entity.

THE INCORPORATED VILLAGE OF NORTHPORT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended February 29, 2024

C. Basis of Presentation:

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

Government -Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the Village's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Generally, governmental activities are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while the capital grants column reflects capital-specific grants and contributions, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The Fund Financial Statements provide information about the Village's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Village reports the following major fund categories:

Governmental Funds:

General fund: This fund is the Village's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special revenue fund: This fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The Village's special revenue fund is as follows:

THE INCORPORATED VILLAGE OF NORTHPORT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended February 29, 2024

Sewer fund: This fund is used to account for sewage treatment operations not required to be accounted for on an enterprise basis.

Capital projects fund: This fund is used to account for funds received and expended for the construction, renovation, expansion, and major improvement of various Village facilities and acquisition of land and other large nonrecurring projects.

D. Measurement Focus and Basis of Accounting:

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues in the governmental funds, including real property taxes, to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable and lease liability as well as compensated absences, net pension costs, other post-employment benefits, net length of service award program (LOSAP) costs, and claims and judgments, if applicable, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

E. Real Property Taxes:

Taxes are levied no later than February 1st and become a lien on March 1st. Taxes are recorded as a receivable on March 1st and are payable in full, without penalty, to March 31st each year. Current year delinquent property taxes not collected by March 31st are placed on tax sale. Delinquent taxes not received within 60 days of year-end are recorded as deferred inflows of resources on the Governmental Funds Balance Sheet.

F. Interfund Transactions:

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

THE INCORPORATED VILLAGE OF NORTHPORT

NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended February 29, 2024

In the Government-Wide Statements, eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 5 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

G. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, and disclosure of contingent items at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of useful lives of capital assets and intangible lease assets, lease liability, compensated absences payable, net pension asset/liability, other post-employment benefits obligation, LOSAP liability, and potential contingent liabilities, if applicable.

H. Cash and Cash Equivalents:

The Village's cash and cash equivalents consist of cash on hand and demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition.

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

I. Receivables:

Receivables include amounts due from federal, state, and other governments and individuals for services provided by the Village and real property taxes. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. All receivables are deemed collectible; therefore, no allowance account has been established.

J. Prepaid Items:

Prepaid items represent payments made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. As of February 29, 2024, the Village had \$7,048 of prepaid items in the general fund.

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K. Capital Assets:

Capital assets are reported at actual cost of acquisitions, when available, or estimated historical costs based on appraisals conducted by independent third-party professionals. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-Wide Financial Statements are as follows:

| | <u>Capitalization Threshold</u> | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|------------------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Building and building improvements | \$2,000 | Straight-line | 25-50 years |
| Improvements other than buildings | \$2,000 | Straight-line | 20 years |
| Machinery and equipment | \$2,000 | Straight-line | 5-15 years |
| Infrastructure | \$2,000 | Straight-line | 10-65 years |
| Licensed vehicles | \$2,000 | Straight-line | 8 years |

The Village evaluates prominent events of changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village’s policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At February 29, 2024, the Village has not recorded any such impairment losses.

L. Intangible Lease Assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the Village’s estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the Government-Wide Financial Statements follow the same thresholds as noted above for capital assets.

M. Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has the following items that qualify for reporting in this category. The first item is related to pensions reported in the

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Government-Wide Statement of Net Position and is detailed further in Note 8. The second item is related to the LOSAP liability reported in the Government-Wide Statement of Net Position and is detailed further in Note 11.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate 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 (revenue) until then. The Village has the following items that qualify for reporting in this category. The first item is related to pensions reported in the Government-Wide Statement of Net Position and is detailed further in Note 8. The second item is related to the LOSAP liability reported in the Government-Wide Statement of Net Position and is detailed further in Note 11.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The Government-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. The Village reported \$133,614 of deferred inflows of resources in the general fund as of February 29, 2024 related to unavailable real property taxes. In addition, the Village reported \$79,432 of deferred inflows of resources in the sewer fund as of February 29, 2024 related to unavailable sewer usage billings.

N. Short-Term Debt:

The Village may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes are converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter. The Village had no short-term debt issued or redeemed in the fiscal year ending February 29, 2024.

O. Long-Term Debt:

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

In the Fund Financial Statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources.

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Further, the unmatured principal of long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the Government-Wide Financial Statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

P. Employee Benefits - Compensated Absences:

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement employees may contractually receive a payment based on unused accumulated sick leave.

The Village employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the Government-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. The current portion of this debt is estimated based on historical trends.

In the Fund Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the Village by February 29th. There are no such amounts recorded as of February 29, 2024.

Q. Other Benefits:

Village employees participate in the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. Village employees are eligible for these benefits when they reach normal retirement age. Village employees may choose to participate in the Village's elective deferred compensation plans established under Internal Revenue Code Section 457.

In addition to providing pension benefits, the Village provides health insurance coverage for active employees, as well as post-employment health insurance coverage and survivor benefits for retired employees. Health care benefits are provided through a plan whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the Government-Wide Financial Statements, the cost of other post-employment benefits is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75 (GASB Statement No. 75),

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Accounting and Financial Reporting for Postemployment Benefits other than Pensions. See Note 10 for additional information.

R. Length of Service Award Program:

The Village sponsors a defined benefit Length of Service Award Program (“LOSAP”) and reports the service award program assets. These assets are required to be held in trust by Article 11-A of New York State General Municipal Law. The underlying assets are reported at fair value based on quoted or published market prices and include cash and money market deposits, bonds, exchange traded funds, and mutual funds. See Note 11 for additional information.

S. Equity Classifications:

Government-Wide Financial Statements:

In the Government-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) and intangible lease assets (present value of future lease payments remaining on the lease term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, net of any unexpended debt proceeds.

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

Unrestricted net position – reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements, there are four classifications of fund balance presented:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes prepaid items in the general fund of \$7,048.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Village has \$379,837 in restricted fund balances as of February 29, 2024 in the capital fund related to grants and donations with donor imposed restrictions.

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Restricted for Length of Service Award Program

Program assets are restricted for the purpose of providing benefits to plan participants. The assets are held in trust and accounted for in the general fund. The Village has \$3,434,550 in restricted fund balances as of February 29, 2024 in the general fund.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Village’s highest level of decision-making authority (i.e. the Board). The Village had no committed fund balances as of February 29, 2024.

Assigned fund balance – Includes amounts that are subject to a purpose constraint that represents an intended use established by the Village’s Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes Board designations not classified as restricted or committed at the end of the fiscal year.

Unassigned fund balance – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

Unassigned fund balance includes \$4,186,948 in the general fund and an unassigned deficit fund balance of \$257,948 in the capital projects fund. The unassigned deficit fund balance in the capital projects fund will be eliminated once permanent financing is obtained on the associated projects.

Order of Use of Fund Balance

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

T. Future Accounting Pronouncement:

GASB Statement No. 101, *Compensated absences*, was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the Government-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences

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result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the Village’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

Differences between the governmental funds within the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of three broad categories. The amounts shown represent:

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned.

Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

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

Long-term debt transaction differences:

Long-term debt transactions differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A. Budgetary data:

The Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements.

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No later than December 20th, the budget officer submits a tentative budget to the Board for the fiscal year commencing the following March 1st. The tentative budget includes proposed expenditures and the proposed means of financing them. Public hearings are conducted to obtain taxpayer comments on the proposed budget. No later than February 1st, the proposed budget is officially adopted by the Board and tax rates are established. All modifications of the budget must be approved by the Board.

Revenues are budgeted by source. Expenditures are budgeted by department and character (personal services, equipment and capital outlay, contractual expenditures, etc.) which constitutes the legal level of control. Expenditures and encumbrances may not exceed appropriations at this level. All budget revisions at this level are subject to final approval of the Board. Within these control levels, management may transfer appropriations without Board approval. Appropriations lapse at the close of the year to the extent that they have not been expended or encumbered. Activities of all funds, except the capital projects fund, are appropriated through this annual budget process and controlled through the purchase requisition system. The capital projects fund is approved through resolutions authorizing individual projects which remain in effect for the life of the project.

The budget is adopted annually on a basis consistent with GAAP. The actual results of operations are presented in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual to provide a meaningful comparison of actual results with the budget. Appropriations authorized for the current year are increased by the amount of encumbrances (if any) carried forward from the prior year.

B. Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A. Cash and cash equivalents:

The Village's investment policies are governed by New York State statutes. In addition, the Village is required to have its own written investment policy. Village monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Village is authorized to use demand accounts, time deposit 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 and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. Deposits are required to be disclosed as exposed to custodial risk if they are not covered by depository insurance and the deposits are either:

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

All of the Village's aggregate bank balances were covered by depository insurance or collateralized with securities held by pledging financial institutions in the Village's name at year end. None were exposed to custodial credit risk as described above at year end.

B. Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents as February 29, 2024 included \$387,121 within the governmental funds for donations with restrictions for capital projects.

C. Investment Pool:

The Village participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and considered to be cash equivalents. At February 29, 2024, the Village held \$4,394,473 in investments in the general fund consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at December 31, 2023, the most recent available report, are \$10,734,696,590 which consisted of \$1,902,999,197 in repurchase agreements and \$5,732,723,536 in Treasury Bills and \$1,379,888,589 in U.S. Treasury Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at December 31, 2023 are \$1,719,085,268.

| <u>Fund</u> | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|--------------|---------------------|------------------------|
| General fund | \$ 4,394,473 | \$ 4,394,473 |

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateralization requirements. CLASS is rated AAAM by S&P Global ratings. Additional

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information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (CLASS), which may be obtained from their website, www.newyorkclass.org, or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver CO, 80202.

D. Investments

The Village does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The Village also does not typically purchase investments denominated in a foreign currency and thus, is not exposed to foreign currency risk.

The Village categorizes its fair value measurements for service award program assets into the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The three levels of inputs used to measure fair value are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted or published prices for identical assets in active markets that the Village has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted or published prices for similar assets in active markets;
- Quoted or published prices for identical or similar assets in inactive markets;
- Inputs other than quoted or published prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 - Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value:

Cash and Money Market: The carrying amount approximates fair value because of the short maturity of the instruments.

U.S. Equities, Exchange Traded Funds, and Fixed Income: Reported at current quoted or published fair values.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of

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different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurement at the reporting date.

The following table summarizes as of February 29, 2024, the Village's Length of Service Award Program investments, and categorization with the fair value measurement hierarchy, which are recorded as service award program assets on the Governmental Funds Balance Sheet:

| | Level 1 |
|------------------------|--------------|
| Cash and money market | \$ 86,741 |
| U.S. equities | 1,685,308 |
| International equities | 22,727 |
| Fixed income | 1,639,774 |
| Total | \$ 3,434,550 |

The service award program assets amount recorded on the Governmental Funds Balance Sheet is shown net of associated plan liabilities.

NOTE 5 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

The Village typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

| | Interfund | | Interfund | |
|-------------------------------|-------------|------------|--------------|--------------|
| | Receivables | Payables | Revenues | Expenditures |
| General fund | \$ 250,746 | \$ 305,010 | \$ - | \$ 1,296,028 |
| Sewer fund | 18,019 | 21,198 | 583,802 | |
| Capital projects fund | 286,991 | 229,548 | 712,226 | |
| Total governmental activities | \$ 555,756 | \$ 555,756 | \$ 1,296,028 | \$ 1,296,028 |

The Village typically transfers from the general fund to the sewer fund to fund operations in accordance with the adopted budget. In addition, the Village typically transfers from the general fund to the capital projects fund to finance capital projects.

NOTE 6 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the fiscal year ended February 29, 2024 were as follows:

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| | Beginning Balance, | Additions | Disposals/ Reclassifications | Ending Balance |
|---|-----------------------|---------------------|---------------------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets that are not depreciated: | | | | |
| Land | \$ 1,655,294 | \$ - | \$ - | \$ 1,655,294 |
| Construction in progress | 3,830,984 | 1,972,426 | | 5,803,410 |
| Total capital assets not being depreciated | <u>5,486,278</u> | <u>1,972,426</u> | <u>-</u> | <u>7,458,704</u> |
| Capital assets that are depreciated: | | | | |
| Land improvements | 488,337 | 137,464 | | 625,801 |
| Buildings and building improvements | 15,633,681 | 40,660 | | 15,674,341 |
| Machinery and equipment | 4,472,565 | 366,706 | | 4,839,271 |
| Vehicles | 9,057,621 | 324,413 | | 9,382,034 |
| Infrastructure | 14,200,579 | 719,165 | | 14,919,744 |
| Total capital assets being depreciated | <u>43,852,783</u> | <u>1,588,408</u> | <u>-</u> | <u>45,441,191</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | 467,092 | 8,071 | | 475,163 |
| Buildings and building improvements | 5,939,988 | 335,787 | | 6,275,775 |
| Machinery and equipment | 2,685,708 | 371,910 | | 3,057,618 |
| Vehicles | 7,299,263 | 369,573 | | 7,668,836 |
| Infrastructure | 5,395,048 | 703,649 | | 6,098,697 |
| Total accumulated depreciation | <u>21,787,099</u> | <u>1,788,990</u> | <u>-</u> | <u>23,576,089</u> |
| Total capital assets being depreciated, net | <u>22,065,684</u> | <u>(200,582)</u> | <u>-</u> | <u>21,865,102</u> |
| Total capital assets, net | <u>\$ 27,551,962</u> | <u>\$ 1,771,844</u> | <u>\$ -</u> | <u>\$ 29,323,806</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------|---------------------|
| General government support | \$ 225,444 |
| Public safety | 1,133,171 |
| Transportation | 254,162 |
| Culture and recreation | 76,163 |
| Home and community services | 100,050 |
| | <u>\$ 1,788,990</u> |

B) Intangible Lease Assets

The following schedule summarizes the Village's intangible lease asset activity for the fiscal year ended February 29, 2024:

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| | Beginning Balance | Additions | Retirements/ Reclassifications | Ending Balance |
|---|----------------------|-----------------------|-----------------------------------|---------------------|
| Governmental activities: | | | | |
| Intangible lease assets | | | | |
| Machinery and equipment | \$ 20,771 | \$ - | \$ - | \$ 20,771 |
| Total intangible lease assets being amortized | <u>20,771</u> | <u>-</u> | <u>-</u> | <u>20,771</u> |
| Less accumulated amortization: | | | | |
| Machinery and equipment | 9,219 | 7,635 | - | 16,854 |
| Total accumulated amortization | <u>9,219</u> | <u>7,635</u> | <u>-</u> | <u>16,854</u> |
| Total intangible lease assets, net | <u>\$ 11,552</u> | <u>\$ (7,635)</u> | <u>\$ -</u> | <u>\$ 3,917</u> |

Amortization expense of \$7,635 was charged to the governmental functions as general support.

NOTE 7– LONG-TERM LIABILITIES:

Long-term liability balances and activity for the year are summarized below:

| | Beginnig Balance | Issued | Redeemed | Ending Balance | Due within One Year |
|---|----------------------|----------------------|---------------------|----------------------|------------------------|
| Bonds payable | \$ 645,000 | \$ - | \$ 50,000 | \$ 595,000 | \$ 50,000 |
| Other Liabilities | | | | | |
| EFC note payable | 305,000 | | 75,000 | 230,000 | 75,000 |
| Lease liability | 11,682 | | 7,675 | 4,007 | 4,007 |
| Compensated absences payable | 2,487,888 | 162,549 | 39,149 | 2,611,288 | 505,351 |
| Net pension liability - proportionate share (ERS) | - | 2,145,285 | | 2,145,285 | |
| Net pension liability - proportionate share (PFRS) | 438,752 | 5,129,162 | 1,388,356 | 4,179,558 | |
| Total other post-employment benefits obligation | 14,425,522 | 11,041,909 | 388,962 | 25,078,469 | |
| LOSAP liability | 5,777,176 | 693,565 | 285,630 | 6,185,111 | |
| Total long-term liabilities | <u>\$ 24,091,020</u> | <u>\$ 19,172,470</u> | <u>\$ 2,234,772</u> | <u>\$ 41,028,718</u> | <u>\$ 634,358</u> |

The general fund or sewer fund has typically been used to liquidate long-term liabilities such as bonds payable, EFC note payable, lease liability, compensated absences payable, net pension liability, total other post-employment benefits obligation, and LOSAP liability.

A. Bonds payable:

The Village borrows money in order to acquire land or equipment or to construct buildings or improvements. These long-term liabilities, which are the full faith and credit debt of the Village,

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are reported in governmental activities. At February 29, 2024, bonds payable is comprised of the following:

| <u>Description</u> | <u>Original issue date</u> | <u>Final maturity</u> | <u>Interest rate</u> | <u>Outstanding at February 29, 2024</u> |
|--------------------------|------------------------------------|---------------------------|--------------------------|---|
| Sewer plant serial bonds | 2005 | 10/1/2034 | 2.059-4.129% | <u>\$ 595,000</u> |

The following is a summary of maturing debt service requirements:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------|------------------|-------------------|
| <u>For the Fiscal Year Ending February 28,</u> | | | |
| 2025 | \$ 50,000 | \$ 12,914 | \$ 62,914 |
| 2026 | 50,000 | 11,880 | 61,880 |
| 2027 | 50,000 | 10,830 | 60,830 |
| 2028 | 55,000 | 9,770 | 64,770 |
| 2029 | 55,000 | 8,594 | 63,594 |
| 2030-2034 | 275,000 | 22,436 | 297,436 |
| 2035 | 60,000 | 3,901 | 63,901 |
| Total | <u>\$ 595,000</u> | <u>\$ 80,325</u> | <u>\$ 675,325</u> |

B. New York State Environmental Facilities Corporation (“EFC”) Note Payable:

In 2018, the Village was approved for financing from EFC in the amount of \$6,228,300. During 2019, the Village made a \$5,000,000 principal payment on the outstanding balance. The financing matured on March 20, 2020, but during fiscal year 2021 the Village converted the note to a five-year bond. The following is a summary of maturing debt service requirements related to the EFC note payable:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|-------------------|-----------------|-------------------|
| <u>For the Fiscal Year Ending February 28,</u> | | | |
| 2025 | \$ 75,000 | \$ 183 | \$ 75,183 |
| 2026 | 75,000 | 134 | 75,134 |
| 2027 | 80,000 | 80 | 80,080 |
| Total | <u>\$ 230,000</u> | <u>\$ 397</u> | <u>\$ 230,397</u> |

C. Lease Liability:

The Village recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset’s use for a period of one year or greater. The District has entered into such lease agreements for various copiers with an implicit interest rate of 0.63% – 1.83%.

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Principal and interest expense paid on the Village’s lease liability amounted to \$7,675 and \$95, respectively, for the fiscal year ended February 29, 2024.

The following is a summary of the principal and interest requirements to maturity for the Village’s leases:

| Fiscal Year Ended | Principal | Interest | Total |
|-------------------|----------------|-------------|----------------|
| February 28, | | | |
| <u>2025</u> | <u>\$4,007</u> | <u>\$21</u> | <u>\$4,028</u> |

C. Long-Term Interest:

Interest on bonds payable and lease liability for the fiscal year ended February 29, 2024 was composed of:

| | |
|---|------------------|
| Interest paid | \$ 14,259 |
| Plus interest accrued in the current year | 5,533 |
| Less: interest accrued in the prior year | <u>(5,997)</u> |
| Total interest expense | <u>\$ 13,795</u> |

NOTE 8 – PENSION PLANS:

A. Plan Description and Benefits Provided:

Employees’ Retirement System and Police and Fire Retirement System

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”). These are cost-sharing multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all new assets and record changes in plan 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law. 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. The Village also participates in the Public Employees’ Group Life Insurance Plan which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. That report, including information with regard

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to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244.

B. Funding Policies:

The System is noncontributory, except as follows:

- a. Employees who joined the system after July 27, 1976, but before January 1, 2010
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
- b. Employees who joined the system on or after January 1, 2010, but before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

The Village is required to contribute at an actuarial determined rate. The Comptroller certifies the actuarially determined rates expressed as proportions of members' payroll annually which are used in computing the contributions required to be made by employers to the pension accumulation fund. The Village's contribution rates for the fiscal year ended March 31, 2024, by tier (as applicable), of covered payroll were as follows:

| | <u>ERS</u> | <u>PFRS</u> |
|--------|------------|-------------|
| Tier 2 | 18.0% | 20.5% |
| Tier 3 | 14.8% | 31.4% |
| Tier 4 | 14.8% | 26.5% |
| Tier 5 | 12.8% | 29.9% |
| Tier 6 | 9.4% | 21.4% |

The Village contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the Village's fiscal year-end were:

| | <u>ERS</u> | <u>PFRS</u> |
|------|------------|-------------|
| 2024 | \$ 481,867 | \$ 906,593 |
| 2023 | \$ 416,555 | \$ 822,728 |
| 2022 | \$ 588,717 | \$ 831,995 |

C. Pension Assets/Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At February 29, 2024, the Village reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and PFRS. The total pension

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asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Village's proportion of the net pension asset/(liability) was based on a projection of the Village's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the Systems in reports provided to the Village.

| | <u>ERS</u> | <u>PFRS</u> |
|--|----------------|----------------|
| Measurement date | March 31, 2023 | March 31, 2023 |
| Net pension asset/(liability) | \$ (2,145,285) | \$ (4,179,558) |
| Village's portion of the System's total net pension asset/(liability) | 0.0100041% | 0.0758475% |
| Change in proportion since the prior measurement date | -0.0003159% | -0.0013925% |

For the fiscal year ended February 29, 2024, the Village recognized pension expense of \$845,232 for ERS and \$1,388,356 for PFRS. At February 29, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | | <u>Deferred Inflows of Resources</u> | |
|---|---------------------------------------|---------------------|--------------------------------------|-------------------|
| | <u>ERS</u> | <u>PFRS</u> | <u>ERS</u> | <u>PFRS</u> |
| Differences between expected and actual experience | \$ 228,490 | \$ 408,510 | \$ 60,248 | \$ - |
| Changes of assumptions | 1,041,889 | 2,036,688 | 11,515 | - |
| Net difference between projected and actual earnings on pension plan investments | - | 7,389 | 12,603 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 265,588 | 148,210 | 41,175 | 104,681 |
| Employer contributions subsequent to the measurement date | 481,867 | 906,593 | | |
| | <u>\$ 2,017,834</u> | <u>\$ 3,507,390</u> | <u>\$ 125,541</u> | <u>\$ 104,681</u> |

Deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal year ended February 28, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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| | <u>ERS</u> | <u>PFRS</u> |
|--------------------|--------------|--------------|
| Fiscal year ended: | | |
| 2024 | \$ 365,572 | \$ 523,108 |
| 2025 | (48,138) | (74,377) |
| 2026 | 495,385 | 1,221,559 |
| 2027 | 597,607 | 752,920 |
| 2028 | 72,906 | 72,906 |
| | \$ 1,410,426 | \$ 2,496,116 |

Actuarial Assumptions

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

| | |
|---|--|
| Measurement date | March 31, 2023 |
| Acturial valuation date | April 1, 2022 |
| Investment rate of return (net of investment expense, including inflation) | 5.90% |
| Salary scale | 4.40% for ERS 6.20% for PFRS |
| Cost of living adjustments | 1.50% annually |
| Decrement tables | April 1, 2015 - March 31, 2020 System's Experience |
| Inflation | 2.90% |

The annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an

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appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns net of investment expense and inflation) for each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

| <u>Measurement date</u> | <u>March 31, 2023</u> | |
|--|--------------------------|---|
| <u>Asset Type</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Domestic equity | 32% | 4.30% |
| International equity | 15% | 6.85% |
| Private Equity | 10% | 7.50% |
| Real Estate | 9% | 4.60% |
| Opportunistic/Absolute return strategy | 3% | 5.38% |
| Real assets | 3% | 5.84% |
| Credit | 4% | 5.43% |
| Cash | 1% | 0.00% |
| Fixed income | 23% | 1.50% |
| | <u>100%</u> | |

The expected real rate of return is net of the long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the 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 asset/(liability).

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

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

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| | 1% Decrease (4.90%) | Current Assumption (5.90%) | 1% Increase (6.90%) |
|--|---------------------------|----------------------------------|---------------------------|
| <u>ERS</u> | | | |
| Employer's proportionate share of the net pension asset/(liability) | \$ (5,184,233) | \$ (2,145,285) | \$ 394,110 |
| <u>PFRS</u> | | | |
| Employer's proportionate share of the net pension asset/(liability) | \$ (8,712,483) | \$ (4,179,558) | \$ (426,023) |

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective measurement dates were as follows (in thousands):

| | (Dollars in Thousands) | |
|---|------------------------|-----------------------|
| | <u>ERS</u> | <u>PFRS</u> |
| Measurement date | March 31, 2023 | March 31, 2023 |
| System's total pension liability | \$ (232,627,259) | \$ (43,835,333) |
| Plan fiduciary net position | 211,183,223 | 38,324,863 |
| System's net pension asset/(liability) | <u>\$ (21,444,036)</u> | <u>\$ (5,510,470)</u> |
| Ratio of plan fiduciary net position to the System's total pension liability | 90.78% | 87.43% |

NOTE 9 – DEFERRED COMPENSATION PLAN:

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions to the plan and maintains no assets or incurs any liabilities in connection to the plan. The plan, available to all employees, permits them to defer a portion of their salary until future years, usually retirement. The amount deferred by eligible employees for the fiscal year ended February 29, 2024 totaled \$528,681.

NOTE 10 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A. General Information about the OPEB Plan:

Plan Description

The Village's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with provisions of their employment contracts. Benefits are

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provided through the New York State Health Insurance Program (NYSHIP). Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the Village. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Village provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the Village offices and are available upon request.

Employees Covered by Benefit Terms

At the valuation date of March 1, 2024, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 38 |
| Active employees | <u>44</u> |
| Total members | <u><u>82</u></u> |

B. Total OPEB Liability:

The Village's total OPEB liability of \$25,078,469 was measured as of February 29, 2024, and was determined by an actuarial valuation as of March 1, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 1, 2024 actuarial valuation measured as of February 29, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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| | |
|--|--|
| Salary increases | 2.90% |
| Discount rate | 4.15% |
| Healthcare cost trend rates | Year 1: 5.50% - 8.00% |
| | Year 2: 5.25% - 7.50% |
| | Year 3: 5.00% - 7.00% |
| | Year 4: 4.75% - 6.50% |
| | Year 5: 4.50% - 6.00% |
| | Thereafter: 4.50% - 5.50% |
| Retirees' share of benefit-related costs | Rates increase in accordance with health care trends |

The discount rate was based on a review of the yield derived from the 20-year AA Municipal general obligation bond rate index.

Mortality rates were based on the Pub-2010 mortality tables and the most recent generational projection scale MP-2021 for future mortality improvements.

The actuarial assumptions used in the March 1, 2024 valuation were determined using the Entry Age Normal Cost Method. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

E. Changes in the Total OPEB Liability:

| | |
|--|-----------------------------|
| Balance at February 29, 2023 | \$ 14,425,522 |
| Changes for the fiscal year: | |
| Service cost | 699,824 |
| Interest | 652,570 |
| Differences between expected and actual experience | 8,178,853 |
| Changes of benefit terms | - |
| Changes in assumptions or other inputs | 1,510,662 |
| Benefit payments | (388,962) |
| Net changes | <u>10,652,947</u> |
| Balance at February 29, 2024 | <u><u>\$ 25,078,469</u></u> |

There were no significant plan changes since the last valuation.

Significant changes in assumptions or other inputs include the following:

- The discount rate was changed from 4.37% in 2023 to 4.15% in 2024.
- Updated census data resulted in a significant increase in the actuarial liability, which was primarily caused by the addition of eighteen (18) employees/retirees being added to the census data listing who were previously incorrectly excluded. Nine (9) of these individuals were employees who retired within the last two years.

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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 (3.15%) or 1-percentage-point higher (5.15%) than the current discount rate:

| | <u>1% Decrease (3.15%)</u> | <u>Discount Rate (4.15%)</u> | <u>1% Increase (5.15%)</u> |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB liability | <u>\$28,702,847</u> | <u>\$25,078,469</u> | <u>\$22,126,358</u> |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|----------------------|---------------------|--|---------------------|
| Total OPEB liability | <u>\$21,878,930</u> | <u>\$25,078,469</u> | <u>\$29,080,974</u> |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended February 29, 2024, the Village recognized OPEB expense of \$11,041,909.

At February 29, 2024, the Village did not report any deferred outflows of resources or deferred inflows of resources related to the total OPEB liability. The Village uses the alternative measurement method for its OPEB valuation, in which all deferred outflows and inflows of resource items are fully recognized immediately.

NOTE 11 – LENGTH OF SERVICE AWARDS PROGRAM – LOSAP:

Program Description

The Village sponsors and participates in a defined benefit, length of service award program ("LOSAP") effective January 1, 1992 for active volunteer firefighter members of the village established under section 457(e)(11) of the Internal Revenue Code. The program was established pursuant to Article 11-A of the New York State General Municipal Law. The program provides

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municipally-funded deferred compensation to facilitate the recruitment and retention of active volunteer firefighters. The information contained in this note is based on information for the LOSAP for the plan year ending December 31, 2023, which is the most recent plan year for which complete information is available.

Under the LOSAP program, an eligible program participant is defined to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Award Program Service Credit. An active volunteer firefighter earns a year of Service Credit for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the Sponsor on the basis of a statutory list of activities and point values. A participant may also receive Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program.

Participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit, becoming totally and permanently disabled, dying while an active volunteer, or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 62, which is the age at which benefits begin to be paid to Participants.

Benefits Provided

A participant's Service Award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals \$20.00 multiplied by the total number of years of Service Credit earned by the participant. The maximum number of years of Service Credit a participant may earn is 40 years. Currently, there are no other forms of payment of a volunteer's earned Service Award under the program. Except in the case of pre-Entitlement Age death or total and permanent disablement, a participant's Service Award will not be paid until he or she attains the Entitlement Age. Volunteers who continue to be active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Service 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. All death and disability benefits are self-insured and paid from the program's Trust Fund. The program does not provide extra line-of-duty death or disability benefits. If a pre-Entitlement Age participant is an active member at the time of death, the minimum death benefit payable is the present value of the accrued benefits.

Participants Covered by the Benefit Terms

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

| | |
|--|-------------------|
| Inactive participants currently receiving benefit payments | 71 |
| Inactive participants entitled to but not yet receiving benefit payments | 21 |
| Active participants | <u>63</u> |
| Total | <u><u>155</u></u> |

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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, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.*

Measurement of Total LOSAP Liability

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

Actuarial Assumptions

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

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

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate

The discount rate used to measure the total LOSAP liability was 4.00%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Service's, AA by Fitch, or AA by Standard & Poor's Rating Services.

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Changes in the total LOSAP Liability

| | |
|--|----------------------------|
| Balance as of December 31, 2022 measurement date | \$ 5,777,176 |
| Changes for the fiscal year: | |
| Service cost | 96,390 |
| Interest | 246,995 |
| Differences between expected and actual experience | 129,642 |
| Changes in assumptions or other inputs | 220,538 |
| Benefit payments | <u>(285,630)</u> |
| Net changes | 407,935 |
| Balance as of December 31, 2023 measurement date | <u><u>\$ 6,185,111</u></u> |

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

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

| | 1% Decrease (3.00%) | Current Discount Rate (4.00%) | 1% Increase (5.00%) |
|-----------------|----------------------------|-------------------------------------|----------------------------|
| LOSAP Liability | <u><u>\$ 6,988,343</u></u> | <u><u>\$ 6,185,111</u></u> | <u><u>\$ 5,515,394</u></u> |

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

For the fiscal year ended February 29, 2024, the Village recognized LOSAP expense of \$419,156. At February 29, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 477,193 | \$ - |
| Changes of assumptions or other inputs | 1,036,147 | 1,650,917 |
| Benefit payments & administrative expenses subsequent to the measurement date | 47,659 | - |
| | <u><u>\$ 1,560,999</u></u> | <u><u>\$ 1,650,917</u></u> |

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Deferred outflows of resources related to LOSAP resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total LOSAP liability in the fiscal year ended February 28, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LOSAP will be recognized in LOSAP expense as follows:

| | |
|--------------------------------|---------------------|
| Fiscal Year Ended February 28, | |
| 2025 | \$ 63,921 |
| 2026 | 59,342 |
| 2027 | 18,119 |
| 2028 | 9,652 |
| 2029 | (78,868) |
| Thereafter | (209,743) |
| | <u>\$ (137,577)</u> |

NOTE 12 – ASSIGNED – APPROPRIATED FUND BALANCE:

The Village has appropriated \$800,000 to reduce taxes for the fiscal year ending February 28, 2025.

NOTE 13 – RISK MANAGEMENT:

The Village is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 14 – COMMITMENTS AND CONTINGENCIES:

A. Litigation:

As of February 29, 2024, management is unaware of any pending litigation or unasserted claims or assessments against the Village which require reporting or disclosures. In common with other municipalities, the Village receives numerous notices of claims. Although the eventual outcome of the claims cannot presently be determined, it is the opinion of the Village and the Village Attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have a material adverse effect on the financial condition of the Village, in view of the Village’s ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law. The Village is insured for workers’ compensation insurance and disability insurance.

THE INCORPORATED VILLAGE OF NORTHPORT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended February 29, 2024

B. Government grants:

The Village receives grants which are subject to audit by agencies of New York State and local governments. Such audits may result in disallowances and a request for a return of funds. Based on past experience, the Village Administration believes disallowances, if any, would be immaterial.

C. Property tax cap:

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through June 15, 2020, the growth factor in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2% or the rate of inflation factor (but never less than a 1% factor), whichever is less, with some exceptions. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

NOTE 15 - RESTATEMENT OF FUND BALANCES – OPENING BALANCE ADJUSTMENT

During the fiscal year ending February 29, 2024, adjustments were made to reconcile differences identified in the Village's unavailable revenues, deferred inflows of resources, and fund balances in the general fund, sewer fund, and capital projects fund for the fiscal year ended February 28, 2023. These adjustments resulted in a decrease to opening fund balance of \$65,583 in the general fund relating to the recognition of previous tax revenues that were not available during the period, and a decrease to opening fund balance of \$49,759 in the sewer fund relating to the recognition of previous sewer billing revenues that were not available during the period. In addition, fund balance in the capital projects fund was increased by \$365,600 for donations received with restrictions which were previously recorded as deferred inflows of resources. These restatements have no impact on the government-wide net position.

The Village's opening fund balance in the general fund, sewer fund, and capital projects fund have been restated as follows:

THE INCORPORATED VILLAGE OF NORTHPORT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended February 29, 2024

| | <u>General Fund</u> | <u>Sewer Fund</u> | <u>Capital Projects Fund</u> |
|---|-------------------------|-----------------------|--------------------------------------|
| Fund Balance/Net Position | | | |
| Beginning of Year, as Reported | <u>\$ 9,269,550</u> | <u>\$ 80,164</u> | <u>\$ 42,988</u> |
| Deferred inflows of resources | | | |
| Unavailable revenue | | 49,759 | (365,600) |
| Unavailable tax revenue | 65,583 | | |
| Total Liabilities | <u>65,583</u> | <u>49,759</u> | <u>(365,600)</u> |
| Fund Balance/Net Position | | | |
| Unassigned | (65,583) | | |
| Assigned | | (49,759) | |
| Restricted | | | 365,600 |
| Total Fund Balance | <u>(65,583)</u> | <u>(49,759)</u> | <u>365,600</u> |
| Net Change in Fund Balance/Net Position | <u>(65,583)</u> | <u>(49,759)</u> | <u>365,600</u> |
| Fund Balance/Net Position | | | |
| Beginning of Year, as Restated | <u>\$ 9,203,967</u> | <u>\$ 30,405</u> | <u>\$ 408,588</u> |

NOTE 16 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through July 10, 2024, which is the date the financial statements were available to be issued and noted no items that would require disclosure.

SUPPLEMENTARY INFORMATION

THE INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended February 29, 2024

| | Original Budget | Final Budget | Actual | Year-End Encumbrances | Final Budget Variance with Actual |
|--|----------------------|---------------------|---------------------|--------------------------|---|
| REVENUES | | | | | |
| Real property taxes | \$ 13,435,069 | \$13,435,069 | \$ 13,367,523 | | \$ (67,546) |
| Other tax items | 50,000 | 50,000 | 62,538 | | 12,538 |
| Intergovernmental revenue | 1,777,323 | 1,777,323 | 1,792,984 | | 15,661 |
| Non-property tax items | 1,189,962 | 1,189,962 | 1,164,492 | | (25,470) |
| Departmental income | 309,600 | 310,960 | 334,241 | | 23,281 |
| Use of money and property | 75,000 | 75,000 | 830,389 | | 755,389 |
| Licenses and permits | 124,000 | 124,000 | 93,255 | | (30,745) |
| Fines and forfeitures | 150,000 | 150,000 | 188,189 | | 38,189 |
| Sale of property and compensation for loss | 17,500 | 63,238 | 83,507 | | 20,269 |
| Miscellaneous | 10,000 | 10,000 | 30,172 | | 20,172 |
| State and local aid | 665,650 | 731,765 | 711,330 | | (20,435) |
| Federal sources | | | 101,470 | | 101,470 |
| Total Revenues | 17,804,104 | 17,917,317 | 18,760,090 | | \$ 842,773 |
| APPROPRIATED FUND BALANCE AND RESERVES | | | | | |
| Appropriated Fund Balance | 700,000 | 700,000 | | | |
| Appropriated Reserves | 270,568 | 270,568 | | | |
| Total Revenues and Appropriated Fund Balance and Reserves | \$ 18,774,672 | \$18,887,885 | | | |
| EXPENDITURES | | | | | |
| General government support | \$ 2,365,610 | \$ 2,320,551 | \$ 2,055,924 | | \$ 264,627 |
| Public safety | 6,965,230 | 7,212,786 | 6,841,148 | \$ 55,280 | 316,358 |
| Health | 1,000 | 2,961 | 2,961 | | - |
| Transportation | 1,823,253 | 1,889,748 | 1,794,208 | 3,818 | 91,722 |
| Economic opportunity and assistance | 10,000 | 10,000 | 6,188 | | 3,812 |
| Culture and recreation | 568,271 | 551,251 | 525,351 | 9,665 | 16,235 |
| Home and community services | 1,015,133 | 1,041,012 | 1,000,106 | | 40,906 |
| Employee benefits | 4,742,373 | 4,575,774 | 4,552,565 | | 23,209 |
| Debt service - principal | | | 7,675 | | (7,675) |
| Debt service - interest | | | 95 | | (95) |
| Total Expenditures | 17,490,870 | 17,604,083 | 16,786,221 | 68,763 | 749,099 |
| OTHER FINANCING USES | | | | | |
| Interfund Transfers | 1,283,802 | 1,283,802 | 1,296,028 | | (12,226) |
| Total Expenditures and Other Financing Uses | \$ 18,774,672 | \$18,887,885 | 18,082,249 | \$ 68,763 | \$ 736,873 |
| Change in fund balance | | | 677,841 | | |
| Fund balances - beginning of year, as restated (see Note 15) | | | 9,203,967 | | |
| Fund balances - end of year | | | <u>\$ 9,881,808</u> | | |

Note to Required Supplementary Information

Budget Basis of Accounting

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

THE INCORPORATED VILLAGE OF NORTHPORT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - SEWER FUND
For the Fiscal Year Ended February 29, 2024

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget Variance with Actual</u> |
|--|------------------------|---------------------|------------------|--|
| REVENUES | | | | |
| Departmental income | \$ 480,200 | \$ 515,051 | \$ 411,232 | \$ (103,819) |
| Use of money and property | - | - | 3 | 3 |
| State and local aid | 126,851 | 126,851 | 126,851 | - |
| Total Revenues | <u>607,051</u> | <u>641,902</u> | <u>538,086</u> | <u>(103,816)</u> |
| OTHER FINANCING SOURCES | | | | |
| Interfund transfers | 583,802 | 583,802 | 583,802 | - |
| Total Revenues and Other Financing Sources | <u>\$ 1,190,853</u> | <u>\$ 1,225,704</u> | <u>1,121,888</u> | <u>\$ (103,816)</u> |
| EXPENDITURES | | | | |
| General government | \$ 89,100 | \$ 141,951 | \$ 132,196 | \$ 9,755 |
| Home and community services | 932,481 | 914,481 | 841,058 | 73,423 |
| Employee benefits | 29,925 | 29,925 | 28,889 | 1,036 |
| Debt service | | | | |
| Principal | 125,000 | 125,000 | 125,000 | - |
| Interest | 14,347 | 14,347 | 14,164 | 183 |
| Total Expenditures | <u>\$ 1,190,853</u> | <u>\$ 1,225,704</u> | <u>1,141,307</u> | <u>\$ 84,397</u> |
| Net change in fund balances | | | (19,419) | |
| Fund balances - beginning of year | | | <u>30,405</u> | |
| Fund balances - end of year | | | <u>\$ 10,986</u> | |

Note to Required Supplementary Information

Budget Basis of Accounting

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

THE INCORPORATED VILLAGE OF NORTHPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE LAST TEN FISCAL YEARS*

| NYSERS Pension Plan | | | | | | | | | | |
|---|----------------|--------------|----------------|----------------|----------------|--------------|----------------|----------------|--------------|--------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Village's proportion of the net pension asset/(liability) | 0.01000% | 0.01032% | 0.00931% | 0.00993% | 0.00973% | 0.00997% | 0.00995% | 0.00974% | 0.00942% | 0.00942% |
| Village's proportionate share of the net pension asset/(liability) | \$ (2,145,285) | \$ 843,506 | \$ (9,273) | \$ (2,628,619) | \$ (689,347) | \$ (321,730) | \$ (934,800) | \$ (1,563,000) | \$ (318,000) | \$ (425,000) |
| Village's covered payroll | \$ 3,892,907 | \$ 3,743,000 | \$ 3,698,000 | \$ 3,424,000 | \$ 3,239,000 | \$ 3,209,000 | \$ 2,294,000 | \$ 2,207,000 | \$ 2,114,000 | \$ 2,098,000 |
| Village's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll | 55.11% | 22.54% | 0.25% | 76.77% | 21.28% | 10.03% | 40.75% | 70.82% | 15.04% | 20.26% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.78% | 103.65% | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.68% | 97.95% | 97.15% |
| NYSPPRS Pension Plan | | | | | | | | | | |
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Village's proportion of the net pension asset/(liability) | 0.07585% | 0.07724% | 0.07884% | 0.08360% | 0.07876% | 0.07575% | 0.06934% | 0.06790% | 0.06263% | 0.06263% |
| Village's proportionate share of the net pension asset/(liability) | \$ (4,179,558) | \$ (438,752) | \$ (1,368,822) | \$ (4,468,329) | \$ (1,320,884) | \$ (765,652) | \$ (1,437,123) | \$ (2,010,000) | \$ (172,000) | \$ (261,000) |
| Village's covered payroll | \$ 3,260,009 | \$ 3,072,000 | \$ 2,979,000 | \$ 3,371,000 | \$ 3,740,000 | \$ 3,714,000 | \$ 4,525,000 | \$ 4,052,000 | \$ 3,822,000 | \$ 3,702,000 |
| Village's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll | 128.21% | 14.28% | 45.95% | 132.55% | 35.32% | 20.62% | 31.76% | 49.61% | 4.50% | 7.05% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.43% | 98.66% | 95.79% | 84.86% | 95.09% | 96.93% | 93.46% | 90.24% | 99.03% | 98.48% |

Notes to Required Supplementary Information

*The amounts presented for each fiscal year were determined as of the measurement date of the plan.

- Covered payroll for both systems were reported in thousands from 2015-2023 and in this report have been rounded to the dollar. Fiscal year ended 2024 info and forward will report covered payroll to the dollar.
- The Village's proportionate share of the net pension asset/(liability) were reported in thousands from 2015-2017 and in this report have been rounded to the dollar. Fiscal year ended 2108 info and forward will report the Village's proportionate share of the net pension asset/(liability) to the dollar.

Employees' Retirement System

The discount rate remained at 5.90% as reflected in 2024 and 2023 above.

Police and Fire Retirement System

The discount rate remained at 5.90% as reflected in 2024 and 2023 above.

THE INCORPORATED VILLAGE OF NORTHPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PENSION CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS

| NYSERS Pension Plan | | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | <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> | <u>2015</u> |
| Contractually required contribution | \$ 481,867 | \$ 416,555 | \$ 588,717 | \$ 491,154 | \$ 470,593 | \$ 441,206 | \$ 451,739 | \$ 409,197 | \$ 428,870 | \$ 479,451 |
| Contributions in relation to the contractually required contribution | <u>481,867</u> | <u>416,555</u> | <u>588,717</u> | <u>491,154</u> | <u>470,593</u> | <u>441,206</u> | <u>451,739</u> | <u>409,197</u> | <u>428,870</u> | <u>479,451</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Village's covered payroll | 3,884,317 | 3,899,080 | \$ 3,773,352 | \$ 3,627,910 | \$ 3,582,513 | \$ 2,375,955 | \$ 2,294,081 | \$ 2,206,794 | \$ 2,114,464 | \$ 2,098,415 |
| Contributions as a percentage of covered payroll | 12.41% | 10.68% | 15.60% | 13.54% | 13.14% | 18.57% | 19.69% | 18.54% | 20.28% | 22.85% |
| NYSPPRS Pension Plan | | | | | | | | | | |
| | <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> | <u>2015</u> |
| Contractually required contribution | \$ 906,593 | \$ 822,728 | \$ 831,995 | \$ 819,532 | \$ 894,642 | \$ 896,869 | \$ 763,745 | \$ 697,483 | \$ 677,950 | \$ 690,401 |
| Contributions in relation to the contractually required contribution | <u>906,593</u> | <u>822,728</u> | <u>831,995</u> | <u>819,532</u> | <u>894,642</u> | <u>896,869</u> | <u>763,745</u> | <u>697,483</u> | <u>677,950</u> | <u>690,401</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Village's covered payroll | 3,557,634 | 3,266,322 | \$ 3,096,389 | \$ 3,009,890 | \$ 3,927,642 | \$ 4,921,741 | \$ 4,524,711 | \$ 4,051,623 | \$ 3,821,600 | \$ 3,701,814 |
| Contributions as a percentage of covered payroll | 25.48% | 25.19% | 26.87% | 27.23% | 22.78% | 18.22% | 16.88% | 17.21% | 17.74% | 18.65% |

THE INCORPORATED VILLAGE OF NORTHPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE LAST SEVEN FISCAL YEARS*

| Total OPEB Liability | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Service cost | \$ 699,824 | \$ 974,226 | \$ 877,308 | \$ 862,004 | \$ 633,303 | \$ 735,765 | \$ 640,336 |
| Interest | 652,570 | 491,829 | 449,505 | 426,147 | 667,827 | 672,642 | 809,979 |
| Differences between expected and actual experience | 8,178,853 | 350,648 | (1,361,059) | (25,730) | (3,174,393) | (1,780,887) | (4,474,427) |
| Changes of assumptions or other inputs | 1,510,662 | (3,596,394) | (295,411) | | 3,229,853 | (849,709) | 175,763 |
| Benefit payments | (388,962) | (396,596) | (340,742) | (346,074) | (307,410) | (319,609) | (644,960) |
| Net change in total OPEB liability | 10,652,947 | (2,176,287) | (670,399) | 916,347 | 1,049,180 | (1,541,798) | (3,493,309) |
| Total OPEB liability - beginning | 14,425,522 | 16,601,809 | 17,272,208 | 16,355,861 | 15,306,681 | 16,848,479 | 20,341,788 |
| Total OPEB liability - ending | \$ 25,078,469 | \$ 14,425,522 | \$ 16,601,809 | \$ 17,272,208 | \$ 16,355,861 | \$ 15,306,681 | \$ 16,848,479 |
| Covered-employee payroll | \$ 5,437,307 | \$ 5,253,330 | \$ 4,202,327 | \$ 3,895,899 | \$ 3,782,426 | \$ 3,782,426 | \$ 3,944,522 |
| Total OPEB liability as a percentage of covered-employee payroll | 461.23% | 274.60% | 395.06% | 443.34% | 432.42% | 404.68% | 427.14% |

Notes to Schedule:

Trust Assets

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

Changes of Assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

| | |
|------|-------|
| 2024 | 4.15% |
| 2023 | 4.37% |
| 2022 | 2.83% |
| 2021 | 2.50% |
| 2020 | 2.50% |
| 2019 | 4.23% |
| 2018 | 4.00% |

*This schedule is intended to show information for 10 years; additional years will be displayed as they become available.

THE INCORPORATED VILLAGE OF NORTHPORT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE VILLAGE'S PROPORTIONATE SHARE OF THE TOTAL LOSAP LIABILITY
FOR THE LAST SEVEN FISCAL YEARS*

Length of Service Award Program (LOSAP)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Measurement Date | December 31, 2023 | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| Total pension liability: | | | | | | | |
| Service cost | \$ 96,390 | \$ 165,655 | \$ 186,065 | \$ 120,293 | \$ 128,694 | \$ 148,335 | \$ 133,401 |
| Interest | 246,995 | 163,096 | 142,910 | 191,605 | 194,178 | 174,114 | 182,711 |
| Changes of assumptions or other inputs | 220,538 | (1,715,583) | (315,990) | 1,212,736 | 287,575 | (348,341) | 389,315 |
| Differences between expected and actual experience | 129,642 | 173,716 | 119,192 | 148,728 | 131,913 | 39,878 | 18,324 |
| Benefit payments | <u>(285,630)</u> | <u>(250,280)</u> | <u>(220,425)</u> | <u>(202,818)</u> | <u>(179,911)</u> | <u>(159,527)</u> | <u>(147,638)</u> |
| Net change in total pension liability | 407,935 | (1,463,396) | (88,248) | 1,470,544 | 562,449 | (145,541) | 576,113 |
| Total pension liability, beginning of year | <u>5,777,176</u> | <u>7,240,572</u> | <u>7,328,820</u> | <u>5,858,276</u> | <u>5,295,827</u> | <u>5,441,368</u> | <u>4,865,255</u> |
| Total pension liability, end of year | <u>\$ 6,185,111</u> | <u>\$ 5,777,176</u> | <u>\$ 7,240,572</u> | <u>\$ 7,328,820</u> | <u>\$ 5,858,276</u> | <u>\$ 5,295,827</u> | <u>\$ 5,441,368</u> |

Notes to Required Supplementary Information

Changes of Assumptions or Other Inputs

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

| | |
|--------------------|-------|
| December 31, 2023: | 4.00% |
| December 31, 2022: | 4.31% |
| December 31, 2021: | 2.24% |
| December 31, 2020: | 1.93% |
| December 31, 2019: | 3.26% |
| December 31, 2018: | 3.64% |
| December 31, 2017: | 3.16% |

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 amounts presented for each fiscal year were determined as of the measurement dates of the plans.

*This schedule is intended to show information for 10 years; additional years will be displayed as they become available.