



INCORPORATED VILLAGE OF BAYVILLE

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
TOGETHER WITH AUDITOR'S REPORTS**

AS OF AND FOR THE YEAR ENDED MAY 31, 2020

**INCORPORATED VILLAGE OF BAYVILLE
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Incorporated Village of Bayville:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary funds of the Incorporated Village of Bayville (the "Village"), as of and for the year ended May 31, 2020, and the related notes to financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary funds of the Incorporated Village of Bayville, as of May 31, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NawrockiSmith

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for the retiree health plan and pension schedules, on pages 3-13 and 48-52 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 ("GASB"), 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Melville, New York
October 5, 2020

Nawrocki Smith LLP

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020**

The following is a discussion and analysis of the Incorporated Village of Bayville's (the "Village") financial performance for the fiscal year ended May 31, 2020. This section is a summary of the Village's financial activities based on currently known facts, decisions or conditions. It is also based on both the Village-wide and fund-based financial statements. 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.

FINANCIAL HIGHLIGHTS

- As of May 31, 2020, the Village had total assets and deferred outflows of resources of \$20,107,917, total liabilities and deferred inflows of resources of \$20,869,924 and a deficit net position of \$762,007 in the Village-wide financial statements.
- Total revenues for the year ended May 31, 2020 were \$7,439,992 and total expenses were \$7,772,211 resulting in a negative change in net position of \$332,219 in the Village-wide financial statements.
- As of May 31, 2020, the Village's General Fund had fund balance totaling \$5,966,479, which was an increase of \$587,299 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: required supplementary information including management's discussion and analysis (this section), the basic financial statements and other supplementary information. The financial statements include two kinds of financial statements that present different views of the Village:

- The first two financial statements are *Village-wide financial statements* that provide both *short-term* and *long-term* information about the Village's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the Village, reporting the Village's operations in *more detail* than the Village-wide financial statements.
 - The *fund financial statements* tell how programs were financed in the *short-term* as well as what remains for future spending.
 - *Fiduciary fund financial statements* provide information about the financial relationships in which the Village acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial 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.

Table A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the financial statements.

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Table A-1: Major Features of the Village-Wide and Fund Financial Statements			
	Village-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Village (except fiduciary funds)	The activities of the Village that are not proprietary or fiduciary	Instances in which the Village administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows or resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Village-Wide Financial Statements

The Village-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.

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

The two Village-wide financial statements report the Village's *net position* and how they have changed. Net position, the difference between the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the Village's financial health or *position*.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Village's overall health, you need to consider additional non-financial factors such as availability of State and Federal funding and the condition of buildings and other facilities.

In the Village-wide financial statements, the Village's activities are shown as *governmental activities*; most of the Village's basic services are included here. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, focusing on its most significant or "major" funds - not the Village as a whole. Funds are accounting devices the Village uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The Village establishes other funds to control and to manage money for particular purposes or to show that it is properly using certain revenues (such as Federal grants).

The Village has two kinds of funds:

- **Governmental funds:** Most of the Village's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the Village-wide financial statements, reconciliations of the Village-wide and fund financial statements are provided which explain the relationship (or differences) between them.
- **Fiduciary funds:** The Village is the trustee or fiduciary, for assets that belong to others. The Village is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Village excludes these activities from the Village-wide financial statements because it cannot use these assets to finance its operations.

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The Village's net position decreased by 77.3% from the year before to a deficit position of \$762,007 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$2,768,952 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of May 31, 2020, the Village has an unrestricted net deficit position of \$10,517,053. This deficit is primarily driven by the Village's required recognition of its obligation for post-employment benefits which currently totals \$11,206,435. This obligation will continue to grow into the future (see Note 10 to the accompanying financial statements) resulting in a greater unrestricted net deficit position.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	<u>5/31/19</u>	<u>5/31/20</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 3,691,809	\$ 4,134,757	\$ 442,948	12.0
Noncurrent assets	2,453,353	3,268,952	815,599	33.2
Capital assets, net	<u>8,904,756</u>	<u>8,991,215</u>	<u>86,459</u>	1.0
Total assets	<u>\$ 15,049,918</u>	<u>\$ 16,394,924</u>	<u>\$ 1,345,006</u>	8.9
Deferred outflows of resources	<u>\$ 668,150</u>	<u>\$ 3,712,993</u>	<u>\$ 3,044,843</u>	455.7
Current and other liabilities	\$ 930,937	\$ 1,577,016	\$ 646,079	69.4
Long-term liabilities	<u>14,721,529</u>	<u>18,522,647</u>	<u>3,801,118</u>	25.8
Total liabilities	15,652,466	20,099,663	4,447,197	28.4
Deferred inflows of resources	<u>495,390</u>	<u>770,261</u>	<u>274,871</u>	55.5
Total liabilities and deferred inflows of resources	<u>\$ 16,147,856</u>	<u>\$ 20,869,924</u>	<u>\$ 4,722,068</u>	29.2
Net position:				
Net investment in capital assets	\$ 6,661,018	\$ 6,986,094	\$ 325,076	4.9
Restricted	2,481,575	2,768,952	287,377	11.6
Unrestricted (deficit)	<u>(9,572,381)</u>	<u>(10,517,053)</u>	<u>(944,672)</u>	(9.9)
Total net position	<u>\$ (429,788)</u>	<u>\$ (762,007)</u>	<u>\$ (332,219)</u>	(77.3)

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Changes in Net Position

The Village's fiscal year 2020 revenues totaled \$7,439,992, which is 2.4% less than fiscal year 2019 (see Table A-3). Property taxes, non-property and other real property tax items, and charges for services, fees, fines and forfeitures accounted for 91.7% of total revenues (see Table A-4). The remainder came from operating grants, use of money and property, and other miscellaneous sources.

The Village's fiscal year 2020 expenses totaled \$7,772,211, which is 8.1% more than fiscal year 2019 (see Table A-3). These expenses (99.5%) are predominately related to general government support, public safety, transportation, culture and recreation and home and community services (see Table A-6).

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	<u>5/31/19</u>	<u>5/31/20</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services, fees, fines and forfeitures	\$ 1,410,416	\$ 1,545,284	\$ 134,868	9.6
Operating grants	196,418	188,358	(8,060)	(4.1)
General revenues:				
Real property taxes	4,949,976	4,948,460	(1,516)	(0.0)
Other real property tax items	37,506	40,594	3,088	8.2
Non-property tax items	306,885	291,592	(15,293)	(5.0)
Use of money and property	393,517	393,278	(239)	(0.1)
Miscellaneous	331,507	32,426	(299,081)	(90.2)
Total revenues	<u>7,626,225</u>	<u>7,439,992</u>	<u>(186,233)</u>	(2.4)
Expenses				
General government support	1,899,184	2,026,982	127,798	6.7
Public safety	995,086	992,486	(2,600)	(0.3)
Transportation	950,373	1,534,620	584,247	61.5
Culture and recreation	1,059,846	972,894	(86,952)	(8.2)
Home and community services	2,233,132	2,205,016	(28,116)	(1.3)
Debt service - interest	49,970	40,213	(9,757)	(19.5)
Total expenses	<u>7,187,591</u>	<u>7,772,211</u>	<u>584,620</u>	8.1
Change in net position	438,634	(332,219)	(770,853)	(175.7)
Total net position, beginning of year	<u>(868,422)</u>	<u>(429,788)</u>	<u>438,634</u>	50.5
Total net position, end of year	<u>\$ (429,788)</u>	<u>\$ (762,007)</u>	<u>\$ (332,219)</u>	(77.3)

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Table A-4: Sources of Revenues for Fiscal Year 2020

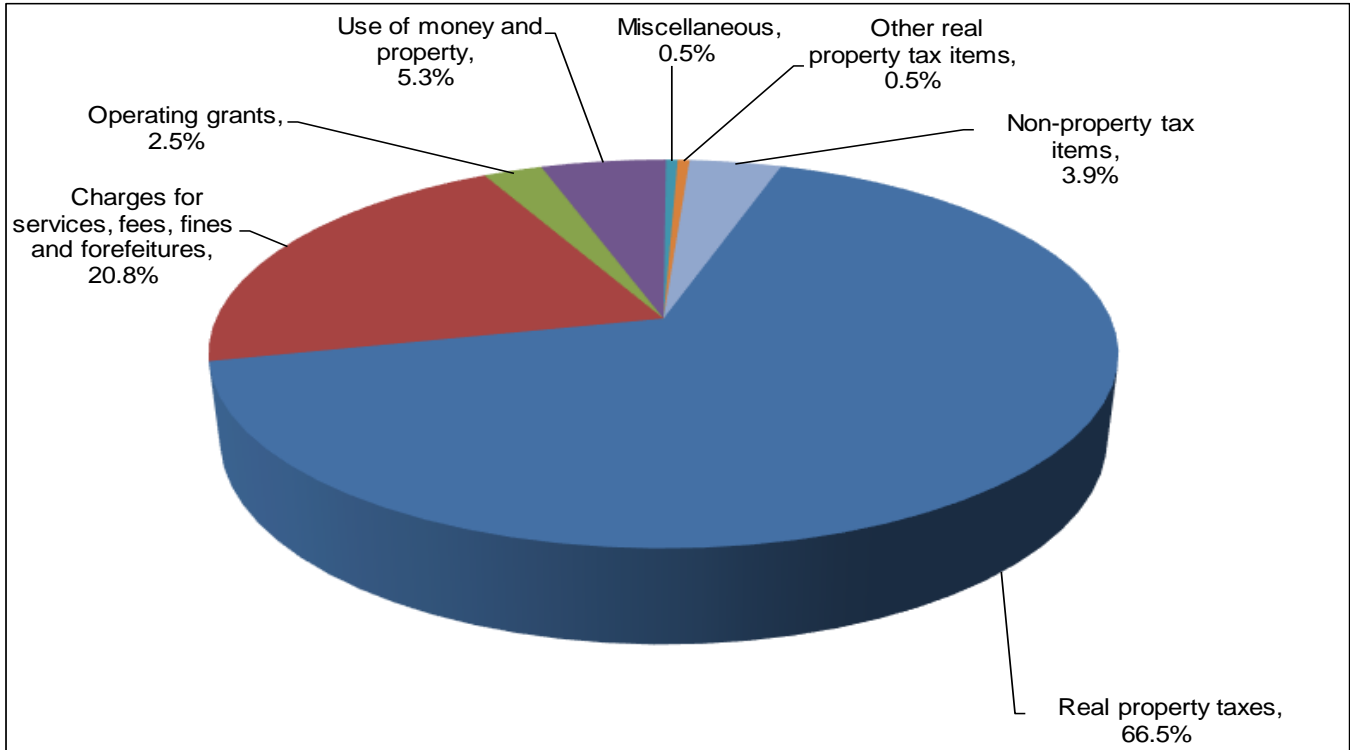
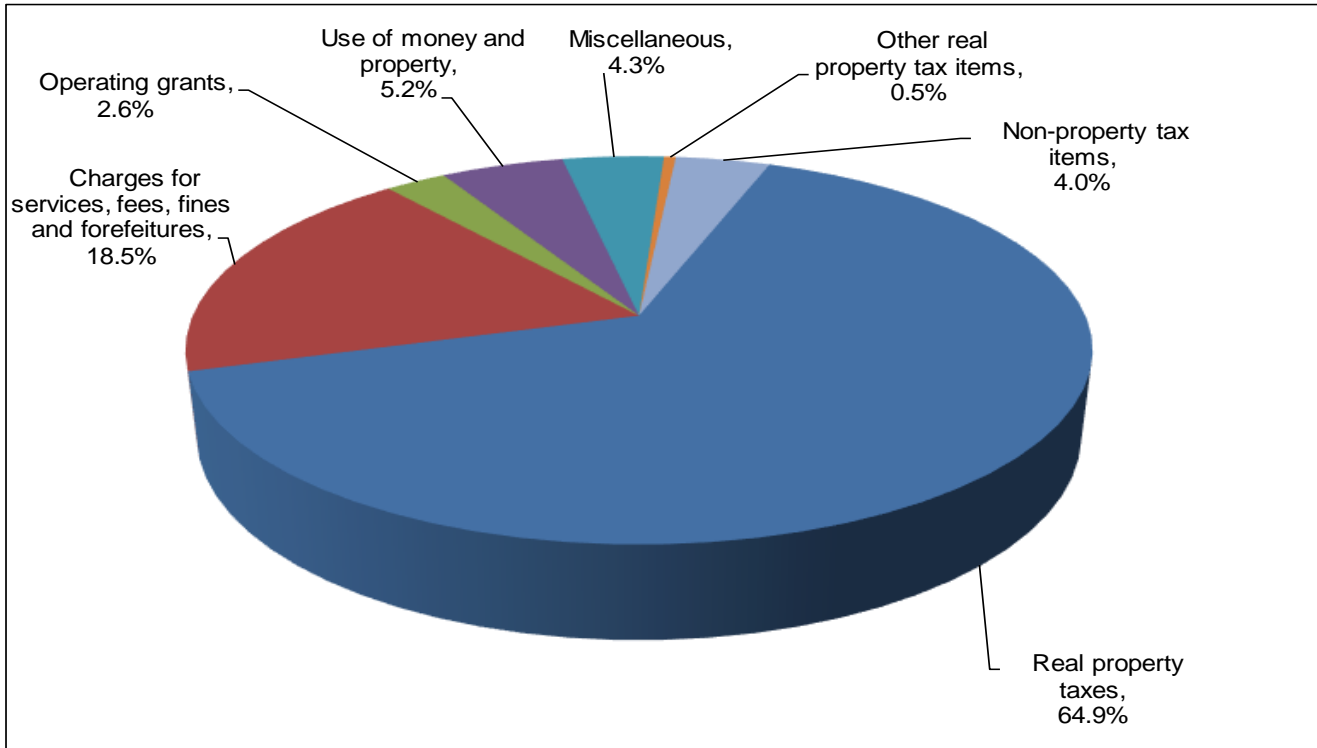


Table A-5: Sources of Revenues for Fiscal Year 2019



**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Table A-6: Expenses for Fiscal Year 2020

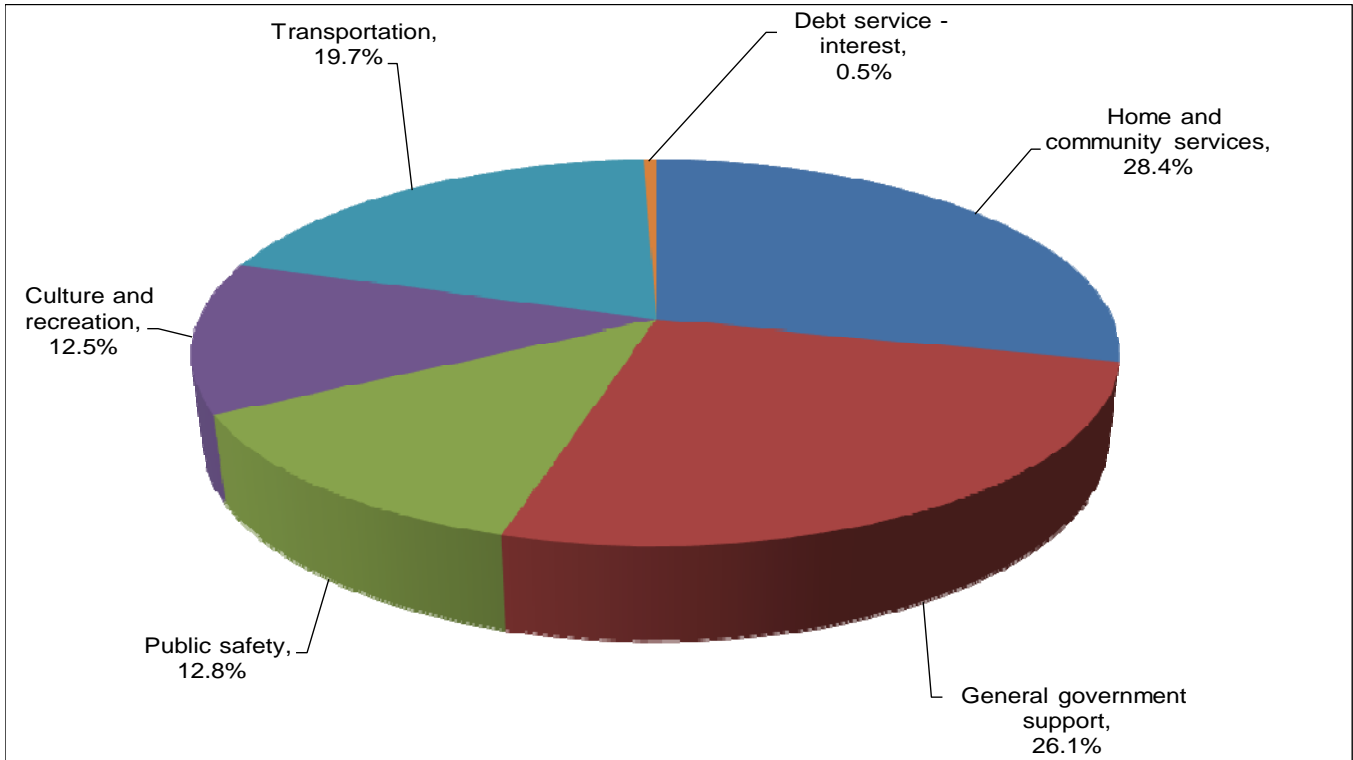
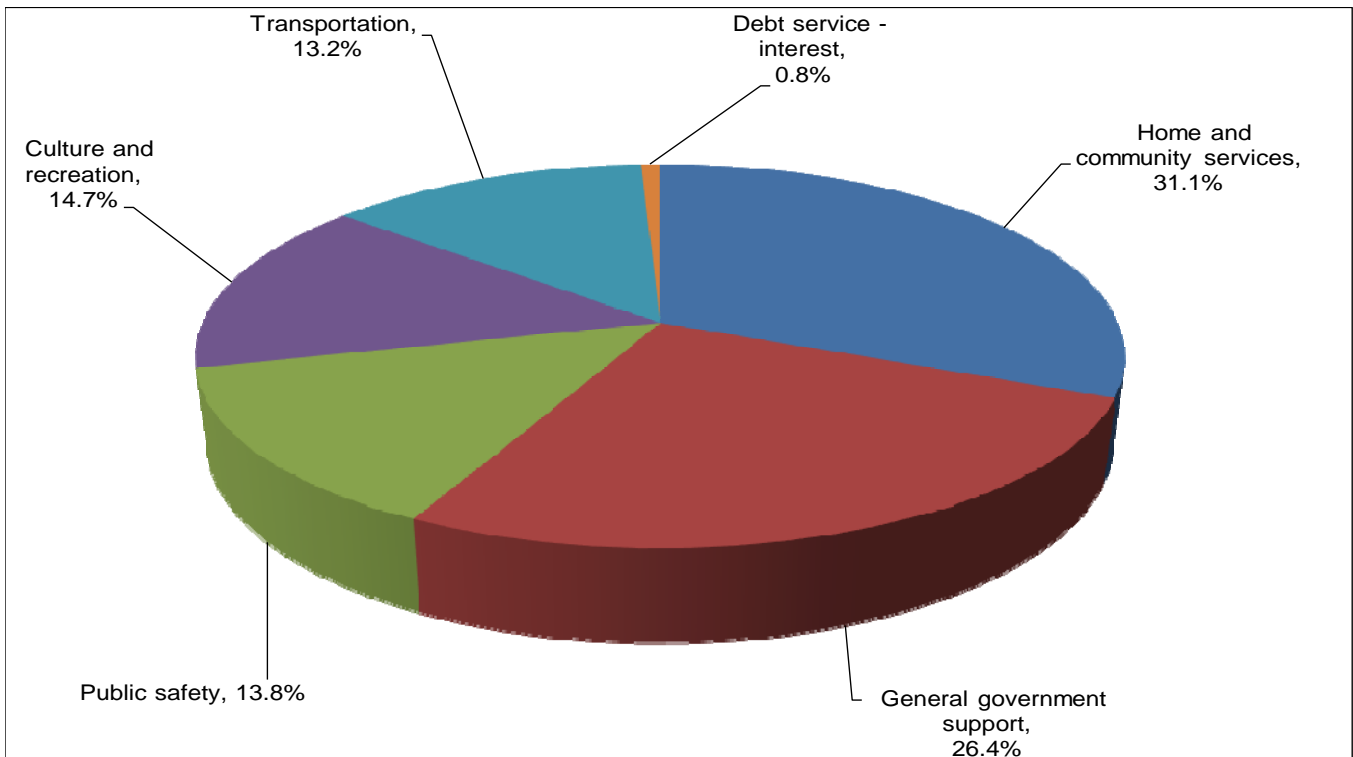


Table A-7: Expenses for Fiscal Year 2019



**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Governmental Activities

Revenues for the Village's governmental activities were consistent with the Village-wide operating results. Village-wide expenditures exceed governmental expenditures due principally to recognition of other post-employment benefits and depreciation.

The primary program activities of the Village included:

- Water service
- Refuse disposal
- Street maintenance
- Street lighting
- Snow removal
- Recreational activities

Substantially all of the Village's revenues are generated through real property taxes and charges for services.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Variances between years for the fund financial statements are not the same as variances between years for the Village-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 by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt.

The Village's fund financial statements show the following significant variations:

- Total assets increased from \$6,295,162 in 2019 to \$8,184,840 in 2020. The increase is primarily due to the increase in service award program assets and state and federal aid receivable of approximately \$300,000 and \$600,000, respectively.
- Total liabilities and deferred inflows of resources increased from \$315,262 in 2019 to \$1,549,660 in 2020. The variance is a primary result of the increases in due to other funds and unearned revenue categories.

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

At May 31, 2020, the Village's governmental funds had a combined fund balance of \$6,635,180, which is an increase of \$655,280 from May 31, 2019. Fund balances for the Village's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds				
	<u>05/31/19</u>	<u>05/31/20</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Nonspendable:				
Prepaid expenses	\$ 59,629	\$ 24,253	\$ (35,376)	(59.3)
Restricted:				
Service award program	2,340,560	2,654,602	314,042	13.4
Assigned:				
Encumbrances	37,578	37,805	227	0.6
Unassigned	<u>2,941,413</u>	<u>3,249,819</u>	<u>308,406</u>	10.5
Total General Fund	<u>5,379,180</u>	<u>5,966,479</u>	<u>587,299</u>	10.9
Water Fund				
Nonspendable:				
Prepaid expenses	7,261	-	(7,261)	(100.0)
Assigned:				
Water fund	5,548	-	(5,548)	(100.0)
Encumbrances	14,282	15,777	1,495	10.5
Unassigned	<u>-</u>	<u>78,475</u>	<u>78,475</u>	100.0
Total Water Fund	<u>27,091</u>	<u>94,252</u>	<u>67,161</u>	247.9
Recreation Fund				
Assigned:				
Recreation fund	<u>432,614</u>	<u>460,099</u>	<u>27,485</u>	6.4
Total Recreation Fund	<u>432,614</u>	<u>460,099</u>	<u>27,485</u>	6.4
Special Grant Fund				
Restricted:				
Restricted for special purpose	<u>5,735</u>	<u>5,735</u>	<u>-</u>	-
Total Special Grant Fund	<u>5,735</u>	<u>5,735</u>	<u>-</u>	-
Capital Projects Fund				
Restricted:				
Restricted for special purpose	<u>135,280</u>	<u>108,615</u>	<u>(26,665)</u>	(19.7)
Total Capital Projects Fund	<u>135,280</u>	<u>108,615</u>	<u>(26,665)</u>	(19.7)
	<u><u>\$ 5,979,900</u></u>	<u><u>\$ 6,635,180</u></u>	<u><u>\$ 655,280</u></u>	11.0

No other significant variances are reflected in the fund financial statements for fiscal May 31, 2020.

Budgetary Highlights

Reference is made to the budget vs. actual schedules on page 48 which presents budget and actual results for the Village's governmental funds.

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of May 31, 2020, the Village had invested \$8,991,215, net of depreciation, in a broad range of capital assets, including land, land improvements, buildings, furniture and equipment.

Table A-9: Capital Assets (net of depreciation)				
	<u>5/31/19</u>	<u>5/31/20</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 5,646,691	\$ 5,646,691	\$ -	-
Land improvements	142,854	126,951	(15,903)	(11.1)
Buildings and building improvements	2,625,298	2,486,818	(138,480)	(5.3)
Furniture and equipment	489,913	730,755	240,842	49.2
Totals	<u>\$ 8,904,756</u>	<u>\$ 8,991,215</u>	<u>\$ 86,459</u>	1.0

Long-Term Liabilities

At year-end, the Village had \$13,825,333 in general obligation bonds and other long-term liabilities. During the year, the Village paid down \$465,000 of principal on its outstanding bonds.

Table A-10: Outstanding Long-Term Liabilities				
	<u>5/31/19</u>	<u>5/31/20</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds	\$ 2,240,000	\$ 1,775,000	\$ (465,000)	(20.8)
Other post-employment benefits	8,796,283	11,206,435	2,410,152	27.4
Installment purchase debt payable	17,455	230,121	212,666	1,218.4
Judgments and claims payable	298,924	298,924	-	-
Compensated absences	248,139	314,853	66,714	26.9
Totals	<u>\$ 11,600,801</u>	<u>\$ 13,825,333</u>	<u>\$ 2,224,532</u>	19.2

FACTORS BEARING ON THE FUTURE OF THE VILLAGE

At the time these financial statements were prepared and audited, the Village was aware of the following existing circumstances that could significantly affect its financial health in the future:

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the Village's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- The "Tax Levy Limitation Law" which was enacted on June 24, 2011, restricts the amount of property taxes that may be levied by or on behalf of a village in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- The future success of the Village and its programs are generally dependent on the ability to collect real property taxes.

**INCORPORATED VILLAGE OF BAYVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

Incorporated Village of Bayville
Village Hall
34 School Street
Bayville, New York 11709
(516) 628-1439

INCORPORATED VILLAGE OF BAYVILLE
STATEMENT OF NET POSITION
MAY 31, 2020

ASSETS	
Unrestricted cash	\$ 3,134,361
Receivables:	
Tax sale certificates	41,292
Water rents	154,528
Property taxes	135,407
State and federal aid	602,018
Other	2,117
Due from other governments	40,773
Due from fiduciary funds	8
Service award program assets	2,654,602
Restricted cash	614,350
Prepaid expenses	24,253
Capital assets, net of accumulated depreciation of \$7,271,133	<u>8,991,215</u>
Total assets	<u>16,394,924</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	2,425,925
LOSAP related	295,238
Pension related	<u>991,830</u>
Total deferred outflows of resources	<u>3,712,993</u>
LIABILITIES	
Accounts payable and accrued liabilities	126,701
Accrued interest payable	1,667
Due to Employees' Retirement System	31,441
Unearned revenues	600,000
Non-current liabilities, due within one year:	
Bonds payable	465,000
Installment purchase debt payable	53,283
Judgement and claims payable	298,924
Non-current liabilities, due after one year:	
Total pension liability - LOSAP	4,071,110
Proportionate share of net pension liability	1,443,411
Bonds payable	1,310,000
Installment purchase debt payable	176,838
Other post-employment benefits	11,206,435
Compensated absences	<u>314,853</u>
Total liabilities	<u>20,099,663</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related	379,264
LOSAP related	349,371
Pension related	31,239
Rents received in advance	<u>10,387</u>
Total deferred inflows of resources	<u>770,261</u>
NET POSITION	
Net investment in capital assets	6,986,094
Restricted:	
Service award program	2,654,602
Special grants	5,735
Capital projects	108,615
Unrestricted	<u>(10,517,053)</u>
Total net position	<u>\$ (762,007)</u>

The accompanying notes are an integral
part of this statement.

**INCORPORATED VILLAGE OF BAYVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2020**

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services, Fees, Fines and Forfeitures	Grants	Changes in Net Position
Functions and programs:				
General government support	\$ 2,026,982	\$ 435,186	\$ 53,045	\$ (1,538,751)
Public safety	992,486	127,276	15,514	(849,696)
Transportation	1,534,620	371,407	45,272	(1,117,941)
Culture and recreation	972,894	90,316	11,009	(871,569)
Home and community services	2,205,016	521,099	63,518	(1,620,399)
Debt service - interest	40,213	-	-	(40,213)
Total functions and programs	<u>\$ 7,772,211</u>	<u>\$ 1,545,284</u>	<u>\$ 188,358</u>	<u>(6,038,569)</u>
General revenues:				
Real property taxes				4,948,460
Other real property tax items				40,594
Non-property tax items				291,592
Use of money and property				393,278
Sale of property and compensation for loss				14,153
Miscellaneous				18,273
Total general revenues				<u>5,706,350</u>
Change in net position				(332,219)
Total net position, beginning of year				<u>(429,788)</u>
Total net position, end of year				<u>\$ (762,007)</u>

The accompanying notes are an integral
part of this statement.

INCORPORATED VILLAGE OF BAYVILLE
BALANCE SHEET - GOVERNMENTAL FUNDS
MAY 31, 2020

	General	Special Revenue Funds			Capital Projects	Total Governmental Funds
		Water	Recreation	Special Grant		
ASSETS						
Unrestricted cash	\$ 2,442,529	\$ 231,733	\$ 460,099	\$ -	\$ -	\$ 3,134,361
Receivables:						
Tax sale certificates	41,292	-	-	-	-	41,292
Water rents	-	154,528	-	-	-	154,528
Property taxes	135,407	-	-	-	-	135,407
State and federal aid	2,018	-	-	-	600,000	602,018
Other	2,117	-	-	-	-	2,117
Due from other funds	781,131	-	-	-	-	781,131
Due from fiduciary funds	8	-	-	-	-	8
Due from other governments	40,773	-	-	-	-	40,773
Service award program assets	2,654,602	-	-	-	-	2,654,602
Restricted cash	-	-	-	5,735	608,615	614,350
Prepaid expenses	24,253	-	-	-	-	24,253
Total assets	<u>\$ 6,124,130</u>	<u>\$ 386,261</u>	<u>\$ 460,099</u>	<u>\$ 5,735</u>	<u>\$ 1,208,615</u>	<u>\$ 8,184,840</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 120,340	\$ 6,361	\$ -	\$ -	\$ -	\$ 126,701
Due to other funds	-	281,131	-	-	500,000	781,131
Due to Employees' Retirement System	26,924	4,517	-	-	-	31,441
Unearned revenues	-	-	-	-	600,000	600,000
Total liabilities	147,264	292,009	-	-	1,100,000	1,539,273
DEFERRED INFLOWS OF RESOURCES						
Rents received in advance	10,387	-	-	-	-	10,387
Total liabilities and deferred inflows of resources	<u>157,651</u>	<u>292,009</u>	<u>-</u>	<u>-</u>	<u>1,100,000</u>	<u>1,549,660</u>
FUND BALANCE						
Fund balance:						
Nonspendable	24,253	-	-	-	-	24,253
Restricted	2,654,602	-	-	5,735	108,615	2,768,952
Assigned	37,805	15,777	460,099	-	-	513,681
Unassigned	3,249,819	78,475	-	-	-	3,328,294
Total fund balance	<u>5,966,479</u>	<u>94,252</u>	<u>460,099</u>	<u>5,735</u>	<u>108,615</u>	<u>6,635,180</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,124,130</u>	<u>\$ 386,261</u>	<u>\$ 460,099</u>	<u>\$ 5,735</u>	<u>\$ 1,208,615</u>	<u>\$ 8,184,840</u>

The accompanying notes are an integral
part of this balance sheet.

INCORPORATED VILLAGE OF BAYVILLE
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2020

Total fund balance - Governmental Funds \$ 6,635,180

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 5,646,691	
Depreciable	10,615,657	
Accumulated depreciation	<u>(7,271,133)</u>	8,991,215

Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable	(1,775,000)	
Installment purchase debt payable	(230,121)	
Judgments and claims payable	(298,924)	
Compensated absences	<u>(314,853)</u>	(2,618,898)

Long-term liability, deferred outflows and deferred inflows of resources associated with OPEB are not current financial resources or obligations and are not reported in the governmental funds:

Other post-employment benefits	(11,206,435)	
Deferred outflows of resources - OPEB	2,425,925	
Deferred inflows of resources - OPEB	<u>(379,264)</u>	(9,159,774)

Pension related and service award program items are not reported in the fund financial statements since they are not related to current financial resources. The pension related and service award program items included in the governmental activities consist of the following:

Total pension liability - LOSAP	(4,071,110)	
Deferred inflows of resources - LOSAP	(349,371)	
Deferred outflows of resources - LOSAP	295,238	
Net pension liability - proportionate share	(1,443,411)	
Deferred outflows of resources - pension related	991,830	
Deferred inflows of resources - pension related	<u>(31,239)</u>	(4,608,063)

Interest payable applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(1,667)

Net position - Governmental Activities

\$ (762,007)

The accompanying notes are an integral
part of this statement.

INCORPORATED VILLAGE OF BAYVILLE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2020

	Special Revenue Funds				Total Governmental Funds
	General	Water	Recreation	Special Revenue	Capital Projects
REVENUES					
Real property taxes	\$ 4,948,460	\$ -	\$ -	\$ -	\$ -
Other real property tax items	40,594	-	-	-	-
Non-property tax items	291,592	-	-	-	-
Departmental income	27,768	1,126,175	205,076	-	-
Use of money and property	393,278	-	-	-	-
Licenses and permits	146,914	-	-	-	-
Fines and forfeitures	39,351	-	-	-	-
Sale of property and compensation for loss	14,153	-	-	-	-
Miscellaneous	18,273	-	-	-	-
State sources	186,538	-	-	-	-
Federal sources	-	-	-	1,820	-
Total revenues	6,106,921	1,126,175	205,076	1,820	-
EXPENDITURES					
General government support	1,332,991	31,287	-	-	-
Public safety	768,479	-	-	-	30,190
Transportation	705,972	-	-	-	263,066
Culture and recreation	723,509	-	111,852	-	-
Home and community services	752,589	657,072	-	1,820	-
Employee benefits	956,997	155,941	-	-	-
Debt service -					
Principal	221,835	188,618	59,582	-	9,576
Interest	17,936	16,520	6,157	-	-
Total expenditures	5,480,308	1,049,438	177,591	1,820	302,832
Excess (deficiency) of revenues over (under) expenditures	626,613	76,737	27,485	-	(302,832)
OTHER FINANCING SOURCES (USES)					
Issuance of installment purchase debt	-	-	-	-	227,277
Interfund transfers in	84,490	-	-	-	133,380
Interfund transfers out	(123,804)	(9,576)	-	-	(84,490)
Total other financing sources (uses)	(39,314)	(9,576)	-	-	276,167
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	587,299	67,161	27,485	-	(26,665)
Fund balance, beginning of year	5,379,180	27,091	432,614	5,735	135,280
Fund balance, end of year	\$ 5,966,479	\$ 94,252	\$ 460,099	\$ 5,735	\$ 108,615

The accompanying notes are an integral part of this statement.

INCORPORATED VILLAGE OF BAYVILLE
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2020

Net Change in Fund Balance - Governmental Funds	\$	655,280
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation expense in the current period is:

Capital outlay	\$	310,945	
Depreciation expense		(224,486)	86,459

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal		465,000	
Issuance of installment purchase debt		(227,277)	
Repayment of installment purchase debt principal		14,611	252,334

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

Accrued interest costs		400	
Compensated absences		(66,714)	(66,314)

Changes in the total OPEB liability, deferred outflows and deferred inflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Other post-employment benefits		(2,410,152)	
Deferred outflows of resources from OPEB		2,015,974	
Deferred inflows of resources from OPEB		(379,264)	(773,442)

Decreases in proportionate share of net pension liability and service award program reported in the Statement of Activities does not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

LOSAP related		(186,066)	
Pension related		(300,470)	(486,536)

Net Change in Net Position - Governmental Activities	\$	(332,219)
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**INCORPORATED VILLAGE OF BAYVILLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
MAY 31, 2020**

	Agency Funds
	<hr/>
ASSETS	
Cash	\$ 195,101
Restricted cash	<hr/> 5,616
Total assets	<hr/> <hr/> \$ 200,717
LIABILITIES	
Accounts payable and accrued liabilities	\$ 1,118
Justice Court	357
Agency liabilities	199,234
Due to other funds	<hr/> 8
Total liabilities	<hr/> <hr/> \$ 200,717

The accompanying notes are an integral
part of this statement.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020**

(1) Summary of significant accounting policies

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

A. Financial reporting entity

The Incorporated Village of Bayville, which was incorporated in 1919, is governed by the General Municipal Law, Village Law, other general laws of the State of New York and various local laws. The Village Board of Trustees is the legislative body responsible for overall operations. The Mayor serves as chief executive officer and the Village Administrator serves as chief fiscal officer.

The Village provides water service, refuse disposal, street maintenance and lighting, snow removal and recreational activities for its residents.

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

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

B. Basis of presentation

1. Village-wide financial statements

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

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 and depreciation expense, 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 the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

2. Fund financial statements

The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate financial statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

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

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

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

Special Revenue Funds - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are utilized:

- i. Water Fund - used to account for water operations not required to be accounted for on an enterprise basis.
- ii. Recreation Fund - used to account for the expenditure of all fees received specifically to maintain the recreational facilities of the Village.
- iii. Special Grant Fund - used to account for funds received as Community Development Block Grants pursuant to the Community Development Act of 1974, Public Law 93-383.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction or resurfacing of major capital facilities and equipment.

- b. Fiduciary Funds - used to account for assets held by the local government in a trustee or custodial capacity:

Agency Funds - used to account for money (and/or property) received and held in the capacity of trustee, custodian or agent. The Village accounts for the Justice Court as an agency fund.

C. Measurement focus and basis of accounting

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

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Modified accrual basis - 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 reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after the end of the fiscal year, except for real property taxes, which are considered to be available if they 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 general long-term debt, installment purchase debt, judgments and claims, other post-employment benefits and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Material revenues that are accrued include real property taxes, State and Federal aid, sales tax and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from State and Federal grants are accrued when the expenditure is made and the resources are available.

Accrual basis - the Village-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include 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. Fixed assets and long-term liabilities related to these activities are recorded within the funds.

D. Property taxes

Real property taxes are levied annually no later than June 1, and become delinquent on July 2. Taxes are collected during the period from June 1 to the fourth Tuesday of July of the subsequent year, when they become a lien.

In accordance with Real Property Tax Law, Section 1454, all unpaid taxes on the fourth Tuesday of July of the subsequent year, are enforced by tax sale. In all cases where no bid is made on a parcel of land offered for sale for an amount sufficient to pay tax, interest and charges, the premises are deemed to have been sold to and purchased by the Village.

E. Interfund transactions

Interfund transactions have been eliminated from the Village-wide financial statements. In the fund financial statements, interfund transactions include:

INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)

1. Interfund revenues

Interfund revenues represent amounts charged for services or facilities provided by one fund to another fund. The amounts paid by the fund receiving the benefits of the service or the facilities are reflected as an expenditure of the fund receiving the service.

2. Interfund expenses

Other transactions between funds include loans and transfers of resources to service debt, residual equity transfers to close out completed capital projects and to allocate certain indirect expenses. The fund financial statements reflect such transfers as transfers out.

F. Cash and cash equivalents/investments

Cash consists of funds deposited in demand accounts, time deposit accounts and certificates of deposit with maturities of less than three months from the date acquired by the Village.

G. Receivables

Receivables include amounts due from Federal, State and other governments or entities for services provided by the Village. Receivables are recorded and revenues are recognized as earned or as specific program expenditures are incurred.

H. 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 may be recorded as prepaid items in both the Village-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. A portion of the fund balance in the amount of these non-liquid assets has been identified as not available for other subsequent expenditures.

I. Restricted assets

Certain assets are classified as restricted assets because their use is restricted by contractual agreements and regulations.

J. Capital assets

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

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital assets accounts), depreciation methods, and estimated useful lives of capital assets reported in the Village-wide financial statements are as follows:

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	Straight line	50 years
Non-building improvements	\$ 5,000	Straight line	20 years
Furniture, fixtures, machinery and equipment	\$ 5,000	Straight line	5-50 years
Infrastructure systems:			
Roads, curbs and sidewalks	\$ 5,000	Straight line	25-30 years
Water mains	\$ 5,000	Straight line	50 years
Drainage	\$ 5,000	Straight line	50 years

K. Deferred outflows 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, *deferred outflows of resources*, 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 that time.

L. Deferred inflows of resources/unearned revenues

Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues arise when the Village receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Village has legal claim to the resources, the deferred inflow/unearned revenue is removed and revenues are recorded.

M. Long-term obligations

Liabilities for long-term obligations consisting of general obligation bonds payable, compensated absences, judgments and claims payable, unfunded accrued pension liability, certain pension liabilities and other post-employment benefits are recognized in the Village-wide financial statements.

In the fund financial statements, long-term obligations are not reported as liabilities. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures when paid.

N. Compensated absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 30 days a year. Upon separation from service, employees are paid up to 30 days.

Employees accrue sick leave at the rate of 8 days per year and may accumulate such credits up to a total of 96 days. Employees who terminate are paid up to 72 days, at the employees existing regular rate of pay.

INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)

Vested vacation and sick leave is recorded in governmental funds as a fund liability and expenditures, if payable from current resources. The liability for compensated absences increased by \$66,714 during the year to \$314,853.

O. Post-employment benefits

In addition to providing pension benefits, the Village provides health insurance coverage and survivor benefits for retired employees and their survivors that meet the requirements within the Village's policies. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as expenditures in the year paid. The liability for other post-employment benefits is recorded as a long-term obligation in the Village-wide financial statements.

P. Net position and fund balance

In the Village-wide financial statements, there can be three classes of net position:

1. Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.
2. Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
3. Unrestricted - is the amount of net position, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund financial statements

In the fund financial statements, there can be five classifications of fund balance:

1. Nonspendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid expenses recorded in the Village's General Fund in the amount of \$24,253 as of May 31, 2020.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

2. Restricted - 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 had restricted fund balances of \$2,768,952 as of May 31, 2020.
3. Committed - includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, i.e. the Board. The Village has no committed fund balances as of May 31, 2020.
4. Assigned - includes amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance, except for tax stabilization arrangements. The intent can be expressed by the Board or through the Board delegating this responsibility to the Village administration through the budgetary process.
5. Unassigned - includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the Village.

Fund balances for all governmental funds as of May 31, 2020 were distributed as follows:

	General	Water	Recreation	Special Grant	Capital Projects	Total Governmental Funds
Nonspendable:						
Prepaid expenses	\$ 24,253	\$ -	\$ -	\$ -	\$ -	\$ 24,253
Total nonspendable	24,253	-	-	-	-	24,253
Restricted:						
Service award program	2,654,602	-	-	-	-	2,654,602
Special Grant	-	-	-	5,735	-	5,735
Capital Projects	-	-	-	-	108,615	108,615
Total restricted	2,654,602	-	-	5,735	108,615	2,768,952
Assigned:						
Recreation fund	-	-	460,099	-	-	460,099
Encumbrances	37,805	15,777	-	-	-	53,582
Total assigned	37,805	15,777	460,099	-	-	513,681
Unassigned	3,249,819	78,475	-	-	-	3,328,294
Total	\$ 5,966,479	\$ 94,252	\$ 460,099	\$ 5,735	\$ 108,615	\$ 6,635,180

Order of use of fund balance

The Village's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Q. Insurance

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Village maintains insurance policies in amounts and on terms generally standard for municipalities to insure against these liabilities. These insurance policies limit the overall exposure to Village assets by providing a third party insurer to assume the risk and liabilities relating to claims. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

R. 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

(2) Explanation of certain differences between fund financial statements and Village-wide financial statements

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the Village-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences 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. This 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 funds Balance Sheet.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/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.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

2. Capital related differences

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

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial 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. In addition, differences also arise from the other post-employment benefit obligation representing the accumulated difference between the actuarial required contribution and the actual contribution recorded in the fund financial statements.

4. Pension differences

Pension differences occur as a result of changes in the Village's proportion of the collective net pension liability and differences between the Village's contributions and its proportionate share of the total contributions to the pension system.

5. OPEB differences

OPEB differences occur as a result of changes in the Village's total OPEB liability and differences between the Village's contributions and OPEB expense.

(3) Stewardship, compliance and accountability

Budgetary data

1. Budget policies

- a. No later than March 31, the Village Administrator submits a tentative budget to the Village Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the Village Board of Trustees adopts the budget.
- c. All modifications of the budget must be approved by the Village Board of Trustees.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

2. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the governmental funds. Appropriations for all governmental funds except the Capital Projects Fund lapse at year-end. However, encumbrances reserved against fund balances are re-appropriated in the ensuing year. Encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget basis of accounting

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

(4) **Cash and cash equivalents - custodial credit, concentration of credit, interest rate and foreign currency risks**

The Village's investment policies are governed by State statutes. In addition, the Village has 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 Administrator is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and villages.

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

Custodial credit risk - deposit/investments: Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)

GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

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

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's custodial banks in the Village's name. All deposits, including certificates of deposit, are carried at cost plus accrued interest. They consisted of:

Fund	Bank Balance	Carrying Amount	
General	\$ 2,532,254	\$ 2,442,529	Insured (FDIC) and collateral held by Village's custodial bank.
Water	279,208	231,733	Insured (FDIC) and collateral held by Village's custodial bank.
Recreation	461,154	460,099	Insured (FDIC) and collateral held by Village's custodial bank.
Special Grant	5,735	5,735	Insured (FDIC) and collateral held by Village's custodial bank.
Capital Projects	609,154	608,615	Insured (FDIC) and collateral held by Village's custodial bank.
Fiduciary Funds	207,819	200,717	Insured (FDIC) and collateral held by Village's custodial bank.
	\$ 4,095,324	\$ 3,949,428	

Credit risk: State law limits investments to those authorized by State statutes. The Village has a written investment policy.

Interest-rate risk: Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid potential loss.

Concentration of credit risk: Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

As of May 31, 2020, the Village did not have any investments subject to credit risk, interest-rate risk, or concentration of credit risk.

INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)

(5) Interfund balances and activity

Interfund receivable and payable balances as of May 31, 2020, primarily represent Water Fund and Capital Projects Fund expenses covered by the General Fund that will be reimbursed subsequent to year end. Interfund transfer balances as of May 31, 2020, primarily represent budgeted transfers from the General Fund to fund Capital Projects Fund projects and to the Water Fund to cover expenses. Balances at year end are stated as follows:

	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 781,139	\$ -	\$ 84,490	\$ 123,804
Water Fund	-	281,131	-	9,576
Capital Projects Fund	-	500,000	133,380	84,490
Fiduciary Fund	-	8	-	-
	<u>\$ 781,139</u>	<u>\$ 781,139</u>	<u>\$ 217,870</u>	<u>\$ 217,870</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

(6) Capital assets

Capital asset balances and activity for the year ended May 31, 2020 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,646,691	\$ -	\$ -	\$ 5,646,691
Total nondepreciable assets	<u>5,646,691</u>	<u>-</u>	<u>-</u>	<u>5,646,691</u>
Capital assets that are depreciated:				
Land improvements	740,068	-	-	740,068
Buildings and building improvements	8,116,407	-	-	8,116,407
Furniture and equipment	1,471,137	310,945	(22,900)	1,759,182
Total depreciable assets	<u>10,327,612</u>	<u>310,945</u>	<u>(22,900)</u>	<u>10,615,657</u>
Less accumulated depreciation:				
Land improvements	597,214	15,903	-	613,117
Buildings and building improvements	5,491,109	138,480	-	5,629,589
Furniture and equipment	981,224	70,103	(22,900)	1,028,427
Total accumulated depreciation	<u>7,069,547</u>	<u>224,486</u>	<u>(22,900)</u>	<u>7,271,133</u>
Total capital assets, net	<u>\$ 8,904,756</u>	<u>\$ 86,459</u>	<u>\$ -</u>	<u>\$ 8,991,215</u>

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

General government support	\$ 63,220
Public safety	18,490
Transportation	53,955
Culture and recreation	13,120
Home and community services	75,701
	<u>\$ 224,486</u>

(7) Long-term liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 2,240,000	\$ -	\$ 465,000	\$ 1,775,000	\$ 465,000
Other post-employment benefits	8,796,283	3,071,372	661,220	11,206,435	-
Installment purchase debt payable	17,455	227,277	14,611	230,121	53,283
Judgments and claims payable	298,924	-	-	298,924	298,924
Compensated absences	248,139	66,714	-	314,853	-
Total long-term liabilities	<u>\$ 11,600,801</u>	<u>\$ 3,365,363</u>	<u>\$ 1,140,831</u>	<u>\$ 13,825,333</u>	<u>\$ 817,207</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

Bonds payable - The Village borrows money in order to acquire land or equipment or construct buildings and 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, which are full faith and credit debt of the local government, are recorded in the Schedule of Non-current Governmental Liabilities.

The following is a summary of maturity of long-term bond indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 5/31/20
Serial Bonds	4/1/2015	12/1/2023	2.00%	\$ 1,430,000
Public Improvement Bonds	6/1/2017	6/1/2023	1.50%	345,000
				<u>\$ 1,775,000</u>
Phone System	10/1/2018	7/1/2025	N/A	\$ 7,461
Copier	11/1/2019	11/1/2022	N/A	4,959
Truck	5/4/2020	5/4/2024	4.72%	34,177
Truck	5/4/2020	5/4/2025	4.72%	183,524
				<u>\$ 230,121</u>

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

The following table summarizes the Village's future debt service requirements:

For the year ended May 31,	Serial Bonds		Installment Purchase Debt	
	Principal	Interest	Principal	Interest
2021	\$ 465,000	\$ 31,738	\$ 53,283	\$ 1,613
2022	475,000	22,813	45,349	8,024
2023	485,000	13,738	45,606	6,049
2024	350,000	5,875	47,674	3,981
2025	-	-	38,209	1,817
	<u>\$ 1,775,000</u>	<u>\$ 74,164</u>	<u>\$ 230,121</u>	<u>\$ 21,484</u>

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

Interest paid	\$ 40,613
Less interest accrued in the prior year	(2,067)
Plus interest accrued in the current year	<u>1,667</u>
Interest expense	<u>\$ 40,213</u>

Other long-term liabilities - in addition to the above long-term debt, the Village had the following non-current liabilities:

Other post-employment benefits - represents the amortized portion of the annual required contribution for the Village's cost of health benefits for retirees.

Installment purchase debt payable - represents the remaining installments due on the purchase of equipment.

Judgments and claims payable - represents the remaining monies due on judgments given on the Village.

Compensated absences - represents the value of earned and unused portion of the liability for compensated absences.

(8) Pension plans

General information and plan description

The Incorporated Village of Bayville participates in the New York State and Local Employees' Retirement System ("NYSERS") which is referred to as New York State and Local Retirement System (the "System"). This is a cost-sharing multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York (the "Comptroller") serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

P. DiNapoli has served as Comptroller since February 7, 2007. In November 2014, he was elected for a new term commencing January 1, 2015. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("RSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), 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 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.

Benefits provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

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

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

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

Tiers 3, 4, and 5

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

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

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

Tier 6

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

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

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

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form

INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)

of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

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

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	
2020	\$ 219,889
2019	203,331
2018	190,987

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At May 31, 2020, the Village reported a liability of \$1,443,411, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. Update procedures were used to roll forward the pension liability to March 31, 2020. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

At May 31, 2020, the Village reported the following liability for its proportionate share of the net pension liability for the System:

Actuarial valuation date	April 1, 2019
Net pension liability	\$ 1,443,411
Village's portion of the Plans' total net position liability	0.0054508%

For the year ended May 31, 2020, the Village recognized pension expense of \$524,874. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected experience and actual experience	\$ 84,951	\$ -
Changes of assumptions	29,063	25,096
Net difference between projected and actual earnings on pension plan investments	739,963	-
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	106,412	6,143
Employer contributions made subsequent to the measurement date	31,441	-
Total	<u>\$ 991,830</u>	<u>\$ 31,239</u>

Deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended May 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>For the year ended May 31:</u>	
2021	\$ 172,587
2022	237,112
2023	291,398
2024	228,053

Actuarial assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.80%
Salary scale	4.20%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.50%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return strategies	2.00%	3.25%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Domestic equity	36.00%	4.05%
Inflation-indexed bonds	4.00%	0.50%
International equity	14.00%	6.15%
Opportunistic portfolio	3.00%	4.65%
Private equity	10.00%	6.75%
Real assets	3.00%	5.95%
Real estate	10.00%	4.95%
	<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension liability was 6.80%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

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 liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current assumption (6.80%)</u>	<u>1% Increase (7.80%)</u>
Employer's proportionate share of the net pension liability	\$ 2,649,067	\$ 1,443,411	\$ 332,997

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	<u>(Dollars in Thousands)</u>
Employers' total pension liability	\$ 194,596,261
Plan net position	<u>168,115,682</u>
Employers' net pension liability	<u><u>\$ (26,480,579)</u></u>
Ratio of plan net position to the Employers' total pension liability	86.39%

(9) Length of Service Awards Program ("LOSAP" or "program")

The Village's financial statements are presented for the year ended May 31, 2020. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on June 30, 2019, which is the most recent plan year for which complete information is available.

Program description

The Village established a defined benefit LOSAP for the active volunteer firefighters of the Bayville Fire Company #1, Inc. The program took effect on July 1, 1994. The program was established pursuant to Article 11A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village is the Sponsor of the program.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Funding policy

The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program is non-contributory. The Village is required to contribute the total amount sufficient to cover the normal cost of the plan.

Participation, vesting and service credit

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

Benefits

A Participant's Service Award benefit is paid as a continuous monthly payment life annuity. The amount payable each month equals \$20 for each year of service credit. The maximum number of years of Service Credit a Participant may earn under the Program is 20 years. Currently, there are no 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 are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Program credit and to thereby increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the participant was an active volunteer firefighter at the time of death, the minimum death benefit is the lump sum equal to the present value of the accrued benefit. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are self-insured and are paid from the Program Trust Fund.

Participants covered by the benefit terms

At the June 30, 2019 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	4
Inactive participants entitled to but not yet receiving benefit payments	6
Active participants	<u>76</u>
Total	<u><u>86</u></u>

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

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 73.

Measurement of Total Pension Liability

The total pension liability at the June 30, 2019 measurement date was determined using an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	3.13%
Inflation:	2.25%
Salary Scale:	N/A

Mortality rates were based on the RP-2018 Mortality Table without projection for mortality improvement.

Discount rate

The discount rate used to measure the total pension liability was 3.13%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2019. 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.

Changes in the Total Pension Discount Rate

The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was 3.62% for the June 30, 2018 measurement date, and 3.13% for the June 30, 2019 measurement date.

INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)

Changes in the Total Pension Liability

Balance as of June 30, 2018 measurement date	\$ 3,568,477
Service cost	133,369
Interest	111,266
Changes of assumptions or other inputs	322,416
Differences between expected and actual experience	(21,734)
Benefit payments	<u>(42,684)</u>
Net changes	<u>502,633</u>
Balance as of June 30, 2019 measurement date	<u><u>\$ 4,071,110</u></u>

Sensitivity of the total LOSAP pension liability to changes in the discount rate

The following presents the total LOSAP pension liability of the Village as of the June 30, 2019 measurement date, calculated using the discount rate of 3.13 percent, as well as what the Village's total LOSAP pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.13 percent) or 1-percentage point higher (4.13 percent) than the current rate:

	1% decrease <u>(2.13%)</u>	Current discount rate <u>(3.13%)</u>	1% increase <u>(4.13%)</u>
Total LOSAP pension liability	\$ 4,356,230	\$ 4,071,110	\$ 3,779,631

Pension expense, deferred outflows of resources and deferred inflows of resources related to LOSAP pensions

For the year ended May 31, 2020, the Village recognized pension expense of \$228,750. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,064	\$ 19,562
Changes of assumptions or other inputs	<u>290,174</u>	<u>329,809</u>
Totals	<u><u>\$ 295,238</u></u>	<u><u>\$ 349,371</u></u>

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

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

<u>Year ended May 31:</u>	
2021	\$ (15,885)
2022	(15,885)
2023	(15,885)
2024	(15,885)
2025	(15,885)
Thereafter	25,292

(10) Post-employment benefits

A. General information about the OPEB plan

Plan description

The Village's defined benefit OPEB plan provides OPEB for all permanent full-time employees of the Village. The plan is a single employer defined benefit OPEB plan administered by the Village. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the Village Board of Trustees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 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

As of June 1, 2018, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	12
Active plan members	<u>24</u>
Total plan members	<u><u>36</u></u>

B. Total OPEB liability

The Village's total OPEB liability of \$11,206,435 was measured as of May 31, 2020 and was determined by an actuarial valuation as of June 1, 2018.

INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)

Actuarial assumptions and other inputs

The total OPEB liability in the June 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.50% average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	7.5% through 2020, decreasing .5% per year to an ultimate rate of 5.0% in 2024
Retirees' share of benefit-related costs	Rates based on percentage of premiums for retirees

The discount rate was based on the May 31, 2020 Bond Buyer's 20 Bond Index.

Mortality rates were based on the RP-2014 Healthy Male and Female Tables projected to the valuation date with Scale MP-2018.

C. Changes in the Total OPEB liability

Balance as of May 31, 2019	<u>\$ 8,796,283</u>
<u>Changes for the year -</u>	
Service cost	355,280
Interest	321,844
Differences between expected and actual experience	(437,256)
Change in assumptions and other inputs	2,394,248
Benefit payments	<u>(223,964)</u>
Net changes	<u>2,410,152</u>
Balance as of May 31, 2020	<u><u>\$ 11,206,435</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current assumption (2.16%)	1% Increase (3.16%)
Total OPEB liability as of May 31, 2020	<u>\$ 13,541,449</u>	<u>\$ 11,206,435</u>	<u>\$ 9,412,225</u>

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

Sensitivity of the total OPEB liability to changes in 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 one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50% decreasing to 4.00%)	Current assumption (7.50% decreasing to 5.00%)	1% Increase (8.50% decreasing to 6.00%)
Total OPEB liability as of May 31, 2020	<u>\$ 9,095,438</u>	<u>\$ 11,206,435</u>	<u>\$ 14,100,389</u>

D. OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended May 31, 2020, the Village recognized OPEB expense of \$997,406. At May 31, 2020, the Village reported deferred outflows of resources related to OPEB from changes in assumptions and other inputs of \$2,425,925. The Village reported deferred inflows of resources related to OPEB from changes in assumptions and other inputs of \$379,264.

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

For the year ended May 31:

2021	\$ 320,282
2022	320,282
2023	320,282
2024	320,282
2025	320,282
Thereafter	445,251

(11) Commitments and contingencies

A. Government grants

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

B. Litigation

On an ongoing basis, the Village is a party to litigation including tax certiorari proceedings. Such proceedings will occasionally result in settlements, whereby the Village will be required to rebate certain real property taxes. Such rebates are recognized when realized. Based on past experience, the Village administration believes the ultimate resolution of current legal actions, if any, would be immaterial.

**INCORPORATED VILLAGE OF BAYVILLE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2020 (CONTINUED)**

The Village is involved in a pending claim for allegedly violating the American Disabilities Act ("ADA"). The Village has retained outside counsel to take necessary actions against the plaintiff on this claim. The outcome of this claim may result in the Village paying the plaintiff \$25,000 and making certain improvements to Village facilities to comply with ADA.

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 beginning in 2012-2013 through at least June 15, 2020, growth 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, whichever is less, with some exceptions. The New York State Comptroller recently set the allowable levy growth factor for local governments for fiscal years beginning June 1, 2019, at 1.02 (before exemptions). Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.

D. COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the Village's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

(12) Future accounting standards

The Village will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 84	Fiduciary Activities	May 31, 2021
Statement No. 87	Leases	May 31, 2022
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	May 31, 2022
Statement No. 90	Construction Period Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61	May 31, 2022
Statement No. 91	Conduit Debt Obligations	May 31, 2023

(13) Subsequent events

The Village has evaluated subsequent events occurring after the Statement of Net Position through the date of October 5, 2020 which is the date the financial statements were available to be issued. Based upon the evaluation, the Village has determined that no subsequent events have occurred, which require disclosure in the financial statements.

INCORPORATED VILLAGE OF BAYVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2020

	Special Revenue Funds								
	General			Water			Recreation		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<u>Revenues and Other Sources</u>									
Real property taxes	\$ 4,949,976	\$ 4,948,460	\$ (1,516)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other real property tax items	28,500	40,594	12,094	-	-	-	-	-	-
Non-property tax items	263,500	291,592	28,092	-	-	-	-	-	-
Departmental income	16,800	27,768	10,968	1,276,500	1,126,175	(150,325)	228,000	205,076	(22,924)
Use of money and property	389,000	393,278	4,278	-	-	-	-	-	-
Licenses and permits	140,000	146,914	6,914	-	-	-	-	-	-
Fines and forfeitures	40,000	39,351	(649)	-	-	-	-	-	-
Sale of property and compensation for loss	2,500	14,153	11,653	-	-	-	-	-	-
Miscellaneous	-	18,273	18,273	-	-	-	-	-	-
State sources	98,300	186,538	88,238	-	-	-	-	-	-
Total revenues	5,928,576	6,106,921	178,345	1,276,500	1,126,175	(150,325)	228,000	205,076	(22,924)
Other sources:									
Interfund transfers	-	84,490	84,490	-	-	-	-	-	-
Total revenues and other sources	5,928,576	6,191,411	262,835	1,276,500	1,126,175	(150,325)	228,000	205,076	(22,924)
<u>Expenditures and Other Uses</u>									
General government support	1,485,772	1,332,991	152,781	34,393	31,287	3,106	-	-	-
Public safety	767,422	768,479	(1,057)	-	-	-	-	-	-
Transportation	874,790	705,972	168,818	-	-	-	-	-	-
Culture and recreation	753,830	723,509	30,321	-	-	-	220,410	111,852	108,558
Home and community services	825,413	752,589	72,824	841,290	657,072	184,218	-	-	-
Employee benefits	1,312,072	956,997	355,075	162,814	155,941	6,873	-	-	-
Debt service -									
Principal	262,085	221,835	40,250	207,770	188,618	19,152	59,582	59,582	-
Interest	17,936	17,936	-	17,795	16,520	1,275	6,157	6,157	-
Total expenditures	6,299,320	5,480,308	819,012	1,264,062	1,049,438	214,624	286,149	177,591	108,558
Other uses:									
Interfund transfers	273,234	123,804	149,430	-	9,576	(9,576)	-	-	-
Total expenditures and other uses	6,572,554	5,604,112	968,442	1,264,062	1,059,014	205,048	286,149	177,591	108,558
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$ (643,978)</u>	587,299	<u>\$ 1,231,277</u>	<u>\$ 12,438</u>	67,161	<u>\$ 54,723</u>	<u>\$ (58,149)</u>	27,485	<u>\$ 85,634</u>
Fund balance, beginning of year		5,379,180			27,091			432,614	
Fund balance, end of year		<u>\$ 5,966,479</u>			<u>\$ 94,252</u>			<u>\$ 460,099</u>	

REQUIRED
SUPPLEMENTARY
INFORMATION

**INCORPORATED VILLAGE OF BAYVILLE
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL PENSION LIABILITY
FIRE SERVICE AWARD PROGRAM
LAST THREE FISCAL YEARS***

Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Total pension liability:			
Service cost	\$ 133,369	\$ 115,455	\$ 121,107
Interest	111,266	122,458	131,781
Changes in assumptions or other inputs	322,416	(37,031)	(428,836)
Differences between expected and actual experience	(21,734)	6,330	(1)
Benefit payments	(42,684)	(28,375)	(256,954)
Net change in total pension liability	502,633	178,837	(432,903)
Total pension liability, beginning of year	3,568,477	3,389,640	3,822,543
Total pension liability, end of year	<u>\$ 4,071,110</u>	<u>\$ 3,568,477</u>	<u>\$ 3,389,640</u>
Covered employee payroll	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

Notes to Required Supplementary Information

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

June 30, 2017: 3.56%
June 30, 2018: 3.62%
June 30, 2019: 3.13%

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

*Ten years of historical information was not available upon implementation of GASB Statement No. 73. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**REQUIRED
SUPPLEMENTARY
SCHEDULE**

**INCORPORATED VILLAGE OF BAYVILLE
SCHEDULE OF CHANGES IN THE VILLAGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS***

Measurement date	May 31, 2020	May 31, 2019
Total OPEB Liability		
Service cost	\$ 355,280	\$ 311,797
Interest	321,844	316,127
Differences between expected and actual experience in the measurement of the total OPEB liability	(437,256)	-
Change in assumptions and other inputs	2,394,248	470,685
Benefit payments	<u>(223,964)</u>	<u>(190,856)</u>
Net change in total OPEB liability	2,410,152	907,753
Total OPEB liability - beginning of year	<u>8,796,283</u>	<u>7,888,530</u>
Total OPEB liability - end of year	<u>\$ 11,206,435</u>	<u>\$ 8,796,283</u>
Covered payroll	\$ 1,367,660	\$ 1,334,303
Total OPEB liability as a percentage of covered payroll	819.39%	659.24%

Notes to Required Supplementary Information

*Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

Trust assets: The Village has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow villages to establish this type of trust. The Village currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

INCORPORATED VILLAGE OF BAYVILLE
SCHEDULE OF VILLAGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - NYSERS
LAST TEN FISCAL YEARS*
(Dollar amounts in thousands)

	(A) 2020	2019	2018	2017	(B) 2016	2015	**2014	**2013	**2012	**2011
Village's proportionate share of the net pension liability	0.0054508%	0.0045152%	0.0039607%	0.0041425%	0.0044057%	0.0046055%	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability	\$ 1,443	\$ 320	\$ 128	\$ 389	\$ 707	\$ 156	N/A	N/A	N/A	N/A
Village's covered payroll	\$ 1,480	\$ 1,429	\$ 1,666	\$ 1,307	\$ 1,295	\$ 1,496	N/A	N/A	N/A	N/A
Village's proportionate share of the net pension liability as a percentage of covered payroll	97.50%	22.39%	7.68%	29.76%	54.59%	10.43%	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.15%	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined (bi-annually) as of March 31st.

(A) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective for te March 31, 2020 measurement date.

(B) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective for te March 31, 2026 measurement date.

Not Available = N/A

****Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**INCORPORATED VILLAGE OF BAYVILLE
SCHEDULE OF VILLAGE PENSION CONTRIBUTIONS - NYSERS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>*2013</u>	<u>*2012</u>	<u>*2011</u>
Contractually required contribution	\$ 220	\$ 203	\$ 191	\$ 195	\$ 202	\$ 260	\$ 299	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	<u>220</u>	<u>203</u>	<u>191</u>	<u>195</u>	<u>202</u>	<u>260</u>	<u>299</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Village's covered-employee payroll	\$ 1,821	\$ 1,429	\$ 1,683	\$ 1,307	\$ 1,295	\$ 1,496	\$ 1,495	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	12.08%	14.21%	11.35%	14.92%	15.60%	17.38%	20.00%	N/A	N/A	N/A

Not Available = N/A

***Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**OTHER
SUPPLEMENTARY
SCHEDULE**

**INCORPORATED VILLAGE OF BAYVILLE
SCHEDULE OF APPROPRIATIONS, ONGOING PROJECTS
AND CUMULATIVE EXPENDITURES
CAPITAL PROJECTS FUND
MAY 31, 2020**

<u>Project Title</u>	<u>Project Number</u>	<u>Budgeted Appropriations</u>	<u>Cumulative Expenditures</u>	<u>Variance</u>
Water Supply SCADA System	18-01	\$ 33,500	\$ 18,500	\$ 15,000
DPW Vehicle Purchase	18-02	36,755	35,789	966
Resurface Village Roads	19-01	551,000	30,190	520,810
Sanitation Truck	19-02	201,427	-	201,427
Water Department Vehicle Purchase	19-03	47,879	9,576	38,303
Merritt Lane	19-04	100,000	-	100,000
		<u>\$ 970,561</u>	<u>\$ 94,055</u>	<u>\$ 876,506</u>

**OTHER
SUPPLEMENTARY
SCHEDULE**

**INCORPORATED VILLAGE OF BAYVILLE
SCHEDULE OF NON-CURRENT GOVERNMENTAL LIABILITIES
FOR THE YEAR ENDED MAY 31, 2020**

	<u>Date of Original Issue</u>	<u>Outstanding June 1, 2019</u>	<u>Interest Rate</u>	<u>Issued</u>	<u>Paid</u>	<u>Outstanding May 31, 2020</u>	<u>Interest Paid 2019-2020</u>
Refunding bonds:							
Public improvement	Apr-15	\$ 1,810,000	2.00	\$ -	\$ 380,000	\$ 1,430,000	\$ 33,525
Public improvement	Jun-17	430,000	1.50	-	85,000	345,000	7,088
		<u>\$ 2,240,000</u>		<u>\$ -</u>	<u>\$ 465,000</u>	<u>\$ 1,775,000</u>	<u>\$ 40,613</u>
Installment purchase debt:							
Phone system	Oct-18	\$ 9,255		\$ -	\$ 1,794	\$ 7,461	\$ -
Copier	Jan-19	8,200		-	3,241	4,959	-
Truck	May-20	-		43,753	9,576	34,177	-
Truck	May-20	-		183,524	-	183,524	-
		<u>\$ 17,455</u>		<u>\$ 227,277</u>	<u>\$ 14,611</u>	<u>\$ 230,121</u>	<u>\$ -</u>



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

To the Board of Trustees of
the Incorporated Village of Bayville:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the fiduciary funds of the Incorporated Village of Bayville (the "Village"), as of and for the year ended May 31, 2020, and the related notes to financial statements, which collectively comprise the Village's financial statements and have issued our report thereon dated October 5, 2020.

Internal Control Over Financial Reporting

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

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

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

NawrockiSmith

Compliance and Other Matters

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

Purpose of this Report

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

Melville, New York
October 5, 2020

Nawrocki Smith LLP