



Village of
BELLPORT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
May 31, 2021

INCORPORATED VILLAGE OF BELLPORT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Bellport
Bellport, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Incorporated Village of Bellport (Village), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village'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 Village'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Incorporated Village of Bellport, as of May 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As described in Note 2 to the financial statements, “Changes in Accounting Principles”, the Village has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of May 31, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the Village’s proportionate share of the net pension liability, schedule of Village pension contributions and schedule of changes in the Village’s total OPEB liability and related ratios on pages 3 through 16 and 54 through 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Bellport’s basic financial statements. The other supplementary information on pages 60 through 61 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022 on our consideration of the Incorporated Village of Bellport’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 solely 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 the effectiveness of the Incorporated Village of Bellport’s 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 Incorporated Village of Bellport’s internal control over financial reporting and compliance.

Cullen & Danowski, LLP

March 21, 2022

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Incorporated Village of Bellport's (Village) discussion and analysis of financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2021 in comparison with the year ended May 31, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

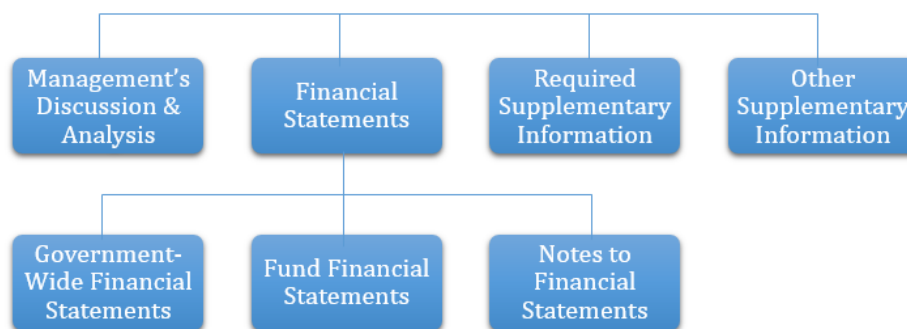
- The Village's total net position for its governmental activities, as reflected in the government-wide financial statements, increased by \$141,664. This was due to an excess of revenues, including an operating transfer in of \$210,000, over expenses based on the economic resources measurement focus and the accrual basis of accounting. The resulting total net position at May 31, 2021, was \$3,461,806.
- The Village's total net position for its business-type activities (golf fund), as reflected in the government-wide financial statements, increased by \$153,322. This was due to an excess of revenues over expenses, including an operating transfer out of \$210,000, based on the economic resources measurement focus and the accrual basis of accounting. The resulting total net position deficit at May 31, 2021, was \$76,303.
- The Village implemented GASB Statement No. 84, *Fiduciary Activities*, for the year ended May 31, 2021. As a result, the agency activities previously reported in the fiduciary fund are now reported within the governmental funds. This had no effect on the Village's net position or its fund balances.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$542,443. This was due to an excess of revenues and other financing sources over expenditures and other financing uses based on the current financial resources measurement focus and the modified accrual basis of accounting. The resulting fund balance at May 31, 2021, was \$1,530,757.
- On October 27, 2020, the Village entered into a lease purchase agreement for the purchase of a work boat and a freightliner sanitation truck valued at \$227,011. As of May 31, 2021, the Village has expended the full amount on the purchase of these vehicles.
- On November 11, 2020, the Village issued a bond anticipation note (BANs) in the amount of \$437,000 to redeem a portion of long-term BANs that matured on November 13, 2020. These BANs were issued to finance the cost of storm drainage improvements and related road improvements. The BANs were paid from proceeds of a State Aid Management (SAM) grant that the Village received for the project subsequent to year end.
- On November 23, 2020, the Village passed a bond resolution in the amount of \$500,000 for additional costs associated with improvements to the municipal dock. As of May 31, 2021, the Village has issued \$50,000 in bonds and \$450,000 in BANs related to this authorization.
- On December 17, 2020, the Village issued BANs in the amount of \$671,600 to redeem a portion of long-term BANs that matured on December 18, 2020, which were issued to finance the cost of improvements at the highway yard. These BANs were paid from bond proceeds in May 2021.
- On February 25, 2021, the Village issued BANs in the amount of \$2,246,400 to redeem a portion of short-term BANs that matured on February 25, 2021. These BANs were issued to temporarily finance improvements to the municipal dock until Federal Emergency Management Agency (FEMA) assistance grants are received and permanent financing is issued.

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

- On May 25, 2021, the Village issued \$1,971,200 in serial bonds. The bonds were issued to finance the DPW yard renovations and pay the BANs issued in December 2020; improvements to the municipal dock and to pay a portion of short-term BANs issued in February 2020; and, the Brown's Lane bulkhead and Rock dock repair projects.
- The Village's 2020-2021 property tax levy of \$2,607,066 was a 3.41% increase over the 2019-2020 tax levy. The Village's property tax cap was 2.56%. The Village's 3.41% increase was approved by the Board of Trustees in an override vote as provided by law.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the financial statements, required supplementary information and other supplementary information. The financial statements consist of government-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



A. Government-wide Financial Statements

The government-wide financial statements are organized to provide an understanding of the fiscal performance of the Village as a whole in a manner similar to a private sector business. There are two Government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the Village's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. To assess the overall health of the Village, one needs to consider additional nonfinancial factors such as changes in the Village's property tax base and the condition of the Village's infrastructure, equipment, buildings and other facilities.

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

Both of the government-wide financial statements distinguish between functions of the Village that are principally supported by taxes and those that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government support, public safety, transportation, culture and recreation, home and community services, debt service and depreciation. The business-type activities of the Village is the golf course operation.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the Village's funds, not the Village as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the Village are reported in the governmental and proprietary funds.

Governmental Funds

The governmental funds statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the Village incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs, and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the Village's operations and the services it provides.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains three individual governmental funds: general fund, water fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Proprietary Funds

The Village maintains one type of proprietary fund – enterprise fund. Enterprise funds report the same information as the business-type activities in the government-wide financial statements only in more detail. The proprietary fund utilizes the economic resources measurement focus and the accrual basis of accounting. The Village uses an enterprise fund to account for its golf fund, which is considered to be a major fund of the Village.

C. Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found following the financial statements.

D. Other Information

In addition to the financial statements and accompanying notes, this report presents supplementary information immediately following the notes to financial statements.

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The May 31, 2020 current and other assets, and current and other liabilities were increased by \$4,719, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*; however, there was no change in total net position.

The Village's total governmental activities net position increased \$141,664 and the business-type activities net position increased by \$153,322 between fiscal years 2021 and 2020, including the operating transfers in and out of \$210,000. The increases are due to revenues in excess of expenses based on the economic resources measurement focus and the accrual basis of accounting. A summary of the Village's Statements of Net Position follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$5,564,558	\$4,662,833	\$3,263,923	\$3,151,754	\$8,828,481	\$7,814,587
Capital Assets, Net	9,945,995	8,958,530	2,272,013	2,285,563	12,218,008	11,244,093
Total Assets	15,510,553	13,621,363	5,535,936	5,437,317	21,046,489	19,058,680
Deferred Outflows of Resources	2,220,110	1,842,724	814,159	764,496	3,034,269	2,607,220
Liabilities						
Current and Other Liabilities	3,234,066	3,321,703	1,288,098	1,180,727	4,522,164	4,502,430
Long-Term Liabilities	3,104,475	1,694,071	409,657	513,551	3,514,132	2,207,622
Net Pension Liability - Proportionate Share	3,628	918,118	640	162,021	4,268	1,080,139
Total OPEB Liability	6,469,555	6,058,431	2,683,294	2,638,537	9,152,849	8,696,968
Total Liabilities	12,811,724	11,992,323	4,381,689	4,494,836	17,193,413	16,487,159

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Deferred Inflows of Resources	<u>\$ 1,457,134</u>	<u>\$ 151,622</u>	<u>\$ 2,044,709</u>	<u>\$ 1,936,602</u>	<u>\$ 3,501,843</u>	<u>\$ 2,088,224</u>
Net Position (Deficit)						
Net Investment in						
Capital Assets	5,339,356	5,806,468	1,907,620	1,834,145	7,246,976	7,640,613
Restricted	437,000				437,000	
Unrestricted (deficit)	<u>(2,314,551)</u>	<u>(2,486,326)</u>	<u>(1,983,923)</u>	<u>(2,063,770)</u>	<u>(4,298,474)</u>	<u>(4,550,096)</u>
Total Net Position (Deficit)	<u>\$ 3,461,805</u>	<u>\$ 3,320,142</u>	<u>\$ (76,303)</u>	<u>\$ (229,625)</u>	<u>\$ 3,385,502</u>	<u>\$ 3,090,517</u>

Discussions on changes in each classification of the primary government are as follows:

Current and other assets increased, when compared to the prior year, and is primarily reflected by the increase in due from state and federal.

Capital assets, net increased, as compared to the prior year. This increase is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 9 "Capital Assets", provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

Current and other liabilities increased, primarily due to increases in retainage payable, BANs payable and collections in advance, offset by decreases in accounts payable and accrued liabilities.

Long-term liabilities increased, as compared to the prior year. This increase is primarily the result of the issuance of bonds and capital lease, net of the repayment of the current maturity of the bond indebtedness and capital lease.

Net pension liability – proportionate share represents the Village's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements Note 14 "Pension Plans – New York State", provides additional information.

Total other postemployment benefits (OPEB) liability increased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years, as well as amounts related to service concession agreements.

The net investment in capital assets reflects the Village's investment at cost in capital assets such as land, buildings, site improvements, machinery and equipment and infrastructure, net of accumulated depreciation and related debt.

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The restricted amount relates to the Village's reserves. This number increased over the prior year principally due to amounts restricted for the repayment of debt.

The unrestricted amount relates to the balance of the Village's net position. This balance does not include the Village's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the Village's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the Village is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended May 31, 2021 and 2020 is as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services,						
Fees, Permits & Fines	\$1,237,302	\$1,178,131	\$2,533,308	\$2,308,572	\$3,770,610	\$3,486,703
Capital Grants	969,013	1,973,642			969,013	1,973,642
General Revenues						
Property Taxes	2,605,168	2,489,494			2,605,168	2,489,494
State Sources	122,531	98,256			122,531	98,256
Other	318,637	602,389			318,637	602,389
Total Revenues	5,252,651	6,341,912	2,533,308	2,308,572	7,785,959	8,650,484
Expenses						
General Government Support	1,458,814	1,474,930			1,458,814	1,474,930
Public Safety	534,152	511,711			534,152	511,711
Transportation	85,607	188,151			85,607	188,151
Culture & Recreation	629,534	583,323			629,534	583,323
Home & Community Services	1,865,018	1,743,286			1,865,018	1,743,286
Debt Service - Interest	114,900	69,648			114,900	69,648
Depreciation - Unallocated	632,963	511,069			632,963	511,069
Golf Course			2,169,986	2,422,876	2,169,986	2,422,876
Total Expenses	5,320,988	5,082,118	2,169,986	2,422,876	7,490,974	7,504,994
Increase/(Decrease) in						
Net Position	(68,337)	1,259,794	363,322	(114,304)	294,985	1,145,490
Operating transfers	210,000		(210,000)			
Changes in Net Position	\$ 141,663	\$1,259,794	\$ 153,322	\$ (114,304)	\$ 294,985	\$1,145,490

Governmental Activities

The Village's governmental activities net position increased by \$141,664 and \$1,259,794 for the years ended May 31, 2021 and 2020, respectively.

The governmental activities' 2021 revenues decreased by \$1,089,261 or 17.18% compared to fiscal 2020. This decrease is primarily due to decreases in capital grants and other revenues, offset by increases in charges for services, fees, permits and fines, and property taxes. The decrease in capital grants is mainly due to the Village recognizing less in FEMA grant revenue for the municipal dock project than it had in prior years. The decrease in other revenues is due to the Village receiving less in miscellaneous revenues. The

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

increase in charges for services, fees, permits and fines is mostly due to the Village recognizing more revenue than the prior year in safety inspections and park recreational fees. The increase in property taxes was in accordance with the approved budget for 2020-2021.

The governmental activities expenses for the year increased by \$238,869 or 4.70% compared to fiscal 2020, with the largest increases in home and community services and depreciation expense, offset by a decrease in transportation expenses.

Business-Type Activities

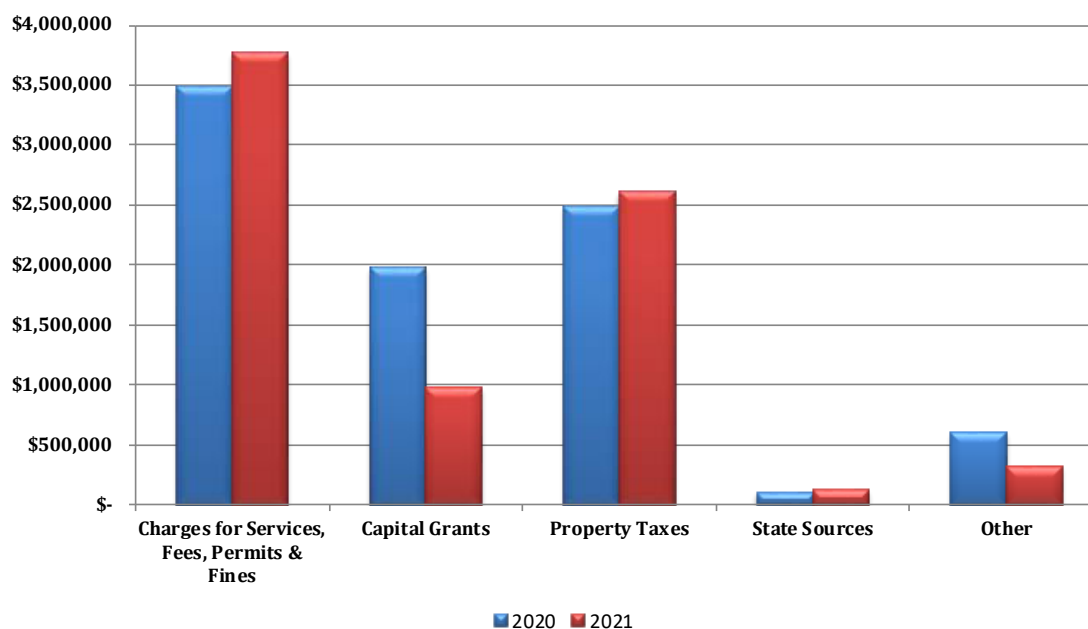
The business-type activities net position increased by \$153,322 and decreased by \$114,304 for the years ended May 31, 2021 and 2020, respectively.

The business-type activities' 2021 revenues increased by \$224,736 or 9.73% compared to fiscal year 2020. This increase was primarily due to an increase in golf membership, as a result of new members, golf cart rentals, greens fees and pro-shop sales.

The business-type activities' 2021 expenses and operating transfers out decreased by \$42,890 or 1.77% compared to fiscal year 2020. This decrease is primarily due to decreases in golf course and employee benefit expenses.

As indicated on the graphs that follow, charges for services, fees, permits and fines, and property taxes are the largest components of revenues recognized (i.e., 81.9% and 69.1% of the total for the years 2021 and 2020, respectively). Home and community services and the golf course are the largest categories of expenses incurred (i.e., 54.0% and 55.5% of the total for the years 2021 and 2020, respectively).

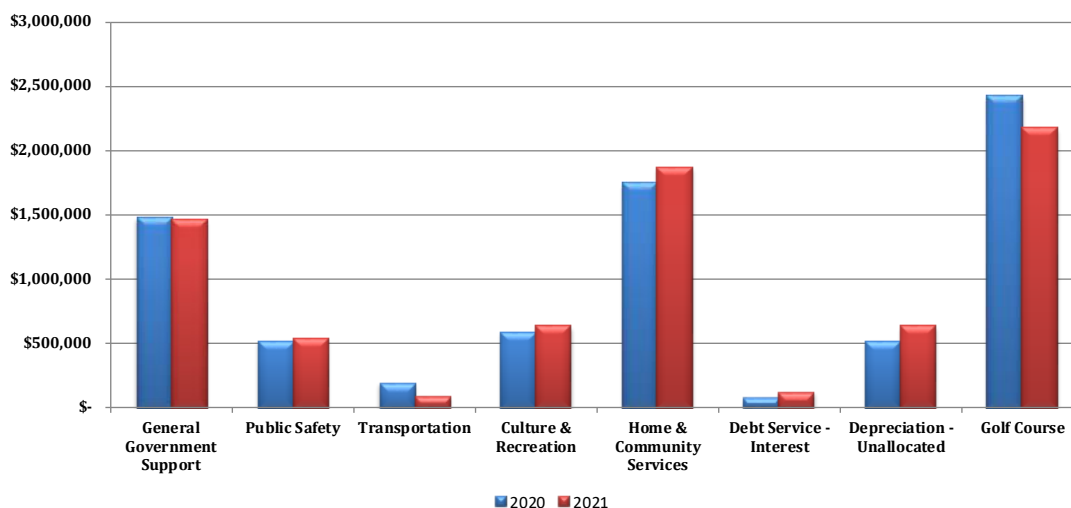
A graphic display of the distribution of revenues of the primary government for the two years follows:



	Charges for Services, Fees, Permits & Fines	Capital Grants	Property Taxes	State Sources	Other
2020	40.3%	22.8%	28.8%	1.1%	7.0%
2021	48.4%	12.4%	33.5%	1.6%	4.1%

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A graphic display of the distribution of expenses of the primary government for the two years follows:



	General Government Support	Public Safety	Transportation	Culture & Recreation	Home & Community Services	Debt Service - Interest	Depreciation - Unallocated	Golf Course
2020	19.7%	6.8%	2.5%	7.8%	23.2%	0.9%	6.8%	32.3%
2021	19.5%	7.1%	1.1%	8.4%	25.0%	1.5%	8.4%	29.0%

4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUND BALANCES

As noted earlier, the Village uses fund accounting to maintain control over resources and to ensure and demonstrate compliance with finance-related legal requirements. The Village's governmental funds utilize the current financial resources measurement focus and the modified accrual basis of accounting.

At May 31, 2021, the Village's governmental funds reported a combined fund balance deficit of \$136,467, which is an increase in fund balance of \$934,078 over the prior year. A summary of the change in fund balance by fund is as follows:

	2021	2020	Increase (Decrease)	Percentage
General Fund				
Nonspendable: Prepaids	\$ 146,084	\$ 2,000	\$ 144,084	7204.20 %
Restricted: Debt service	503,470	46,794	456,676	975.93 %
Assigned:				
Unappropriated				
Repair of docks	53,690	53,690	-	0.00 %
Employee liability	47,972	58,033	(10,061)	(17.34)%
Ferry hull painting	20,000	20,000	-	0.00 %
Encumbrances	10,787	900	9,887	1098.56 %
Appropriated fund balance	93,600	93,600	-	0.00 %
Unassigned: Fund balance	655,154	713,297	(58,143)	(8.15)%
Total General Fund	1,530,757	988,314	542,443	54.89 %
Water Fund				
Assigned: Unappropriated fund balance	1,553	2,085	(532)	(25.52)%

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage</u>
Capital Projects Fund				
Restricted: Unspent debt proceeds	\$ 833,800	\$	\$ 833,800	N/A
Unassigned: Fund balance	<u>(2,502,577)</u>	<u>(2,060,944)</u>	<u>(441,633)</u>	(21.43)%
Total Capital Projects Fund	<u>(1,668,777)</u>	<u>(2,060,944)</u>	<u>392,167</u>	19.03 %
Total Fund Balance (Deficit)	<u>\$ (136,467)</u>	<u>\$ (1,070,545)</u>	<u>\$ 934,078</u>	87.25 %

A. General Fund

The net change in the general fund – fund balance is an increase of \$542,443, as a result of revenues and other financing sources of \$5,303,771 in excess of expenditures and other financing uses of \$4,761,328. In the prior year, fund balance increased by \$164,057.

Revenues and other financing sources increased by \$856,895 or 19.27% over the prior year. This increase was primarily due to increases in property taxes, departmental income, state aid, and other financing sources. The increase in property taxes was in accordance with the approved budget for 2020-2021. The increase in departmental income was due to the Village recognizing more in revenue for safety inspections, park recreational fees, including marina and camp fees, as well as an increase in refuse and garbage fees, than it had recognized in the prior year. The increase in state aid is due to the Village recognizing more in mortgage tax revenues because of increased home sales and consolidated highway improvement aid as a result of completion of eligible road improvements within the Village. The increase in other financing sources is due to the Village receiving premiums from the current year's bond issuance and an increase in operating transfers in, which is primarily due to a transfer from the capital projects fund to the general fund. This transfer represents amounts received from a SAM grant that will be used in the subsequent year to pay the BANs that were issued to temporarily fund the project.

Expenditures and other financing uses increased by \$478,509 or 11.17% over the prior year. This increase was primarily due to increases in transportation, employee benefits, debt service, and other financing uses. The increase in transportation is the result of the Village completing road improvements within the Village that were eligible for consolidated highway improvement aid. The increase in employee benefits is due to increased retirement contributions, as well as increased health insurance premiums. The increase in debt service is due to increases in principal and interest payments on maturing debt. The increase in other financing sources is due to the Village transferring funds to the capital projects fund to provide financing on current capital projects.

B. Water Fund

The water fund is used to account for expenditures related to an agreement with the Suffolk County Water Authority to provide water service to residents and water for fire protection, including the construction of the water system to supply these services. The Village submits payment for these costs annually to the water authority in accordance with this agreement. The decrease in assigned fund balance of \$532 is due to expenditures of \$533 in excess of revenues of \$1.

C. Capital Projects Fund

The capital projects fund is used to account for financial resources earmarked for specific capital projects. The fund balance increased by \$392,167, as revenues and other financing sources of \$2,320,360 exceeded expenditures and other financing uses of \$1,928,193. The deficit fund balance in this fund will be funded

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

when additional federal disaster recovery funds are recognized and as BANs are turned into permanent financing.

D. Proprietary Fund

The Village's proprietary fund statements provide the same information found in the government-wide financial statements, but in more detail. The net change in the golf fund's net position is an increase of \$153,322, compared to a \$114,304 decrease in 2020, as revenues of \$2,533,308 exceeded expenses of \$2,379,986.

Operating revenues increased by \$224,736 or 9.73% over the prior fiscal year. The increases were primarily in golf memberships, greens fees and pro shop, offset by a decrease in golf tournament fees. Expenses decreased by \$42,890 or 1.77% from the prior fiscal year. The decreases were in golf course maintenance fees and renovations, and employee benefits, offset by an increase in pro shop expenses.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The Village's general fund adopted budget for the year ended May 31, 2021, was \$4,790,623. This amount was increased by encumbrances carried forward from the prior year in the amount of \$900 and budget revisions in the amount of \$20,482 for a total final budget of \$4,812,005.

The adopted budget was funded through estimated revenues. The majority of this funding source was \$2,607,066 in estimated real property taxes and \$1,180,299 in departmental income.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, amounts assigned for repair of docks, employee liability and ferry hull painting, encumbrances and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 713,297
Revenues Over Budget	643,121
Expenditures and Encumbrances Under Budget	39,890
Change in Nonspendable Fund Balance	(144,084)
Allocation to Reserves	(503,470)
Appropriated for the 2021-2022 Budget	<u>(93,600)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 655,154</u></u>

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Opening, Unassigned Fund Balance

The \$713,297 shown in the table is the portion of the Village's May 31, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was \$4,660,650. Actual revenues recognized for the year were \$5,303,771. The excess of actual revenues over estimated or budgeted revenues was \$643,121, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2020 to May 31, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures, including prior year open encumbrances as of May 31, 2020 and budget revisions was \$4,812,005. Actual expenditures were \$4,761,328 and outstanding encumbrances were \$10,787. Combined, the expenditures plus encumbrances for 2020-2021 were \$4,772,115. The final budget was under expended by \$39,890, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2020 to May 31, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Change in Nonspendable Fund Balance

The Village prepaid various items including workers' compensation insurance premiums and health insurance premiums at May 31, 2021. The resulting balance sheet asset (prepaids) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance decreases unassigned fund balance.

Allocation to Reserves

Monies transferred into assignments do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the Village's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

The \$(503,470) shown in the previous table represents amounts restricted for debt service, which includes \$437,000 in SAM's grant revenues recognized during the year that will be used to repay BANs issued as well as \$66,470 in premiums from the issuance of bonds that will be used to repay the related bonds.

Appropriated Fund Balance

The Village has chosen to use \$93,600 of the available May 31, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the May 31, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary of changes shown on the previous table, the unassigned fund balance at May 31, 2021, was \$655,154.

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At May 31, 2021, the Village had invested in a broad range of capital assets, as indicated in the table below. The net increase in governmental activities capital assets is due to capital asset additions (\$1,620,428) in excess of depreciation expense (\$632,963). The net decrease in business-type activities capital assets is due to depreciation expense (\$142,000) in excess of capital asset additions (\$128,450). A summary of the Village's capital assets, net of accumulated depreciation at May 31, 2021 and 2020, is as follows:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
<u>Capital assets not being depreciated</u>						
Land	\$ 164,278	\$ 164,278	\$ 18,300	\$ 18,300	\$ 182,578	\$ 182,578
Construction work in progress	6,900	2,128,204	60,562	60,562	67,462	2,188,766
<u>Capital assets being depreciated</u>						
Buildings	3,186,244	3,320,974	998,704	1,023,763	4,184,948	4,344,737
Site improvements	3,406,705	392,544	309,114	246,786	3,715,819	639,330
Infrastructure	2,302,131	2,341,199	454,513	474,626	2,756,644	2,815,825
Machinery and equipment	879,737	611,331	430,820	461,526	1,310,557	1,072,857
	<u>\$ 9,945,995</u>	<u>\$ 8,958,530</u>	<u>\$ 2,272,013</u>	<u>\$ 2,285,563</u>	<u>\$ 12,218,008</u>	<u>\$ 11,244,093</u>

B. Debt Administration

Historically, the Village has issued serial bonds and other forms of debt to fund various capital projects and equipment acquisitions. The Village's long-term indebtedness at May 31st is summarized as follows:

Maturity	Interest Rate	Governmental Activities		Business-Type Activities		Total Primary Government	
		2021	2020	2021	2020	2021	2020
Bond Anticipation Notes							
2021	1.77%	\$ 437,000	\$ 1,156,800	\$	\$	\$ 437,000	\$ 1,156,800
Bonds							
2023	3.00-3.50%	\$ 62,900	\$ 93,500	\$	\$	\$ 62,900	\$ 93,500
2032	2.19%	154,639	167,010			154,639	167,010
2037	2.00%	1,971,200				1,971,200	-
2023	3.00-3.50%			122,100	181,500	122,100	181,500
2032	2.19%			220,361	237,990	220,361	237,990
		<u>\$ 2,188,739</u>	<u>\$ 260,510</u>	<u>\$ 342,461</u>	<u>\$ 419,490</u>	<u>\$ 2,531,200</u>	<u>\$ 680,000</u>
Capital Lease							
2025	2.45-9.04%	\$ 253,926	\$ 115,929	\$	\$	\$ 253,926	\$ 115,929
2023	4.31%			21,930	31,926	21,930	31,926
		<u>\$ 253,926</u>	<u>\$ 115,929</u>	<u>\$ 21,930</u>	<u>\$ 31,926</u>	<u>\$ 275,856</u>	<u>\$ 147,855</u>

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

On November 23, 2020, the Village authorized the issuance of \$500,000 in bonds for improvements to the municipal dock. As of May 31, 2021, the debt has been issued (\$50,000 in bonds and \$450,000 in BANs) to provide funding for the project.

On January 25, 2021, the Village authorized the issuance of \$600,000 in bonds for the Brown's Lane bulkhead project and \$500,000 for the Rock dock repair. As of May 31, 2021, debt in the amount of \$1,000,000 has been issued to provide funding for the projects and \$100,000 remains unissued.

On May 25, 2021, the Village issued \$1,971,200 in serial bonds. The bonds were issued to finance the DPW yard renovations and pay the related BANs issued in December 2020 (\$671,600); improvements to the municipal dock (\$50,000) and to pay a portion of short-term BANs (\$249,600) issued in February 2020; and, the Brown's Lane bulkhead (\$500,000) and Rock dock repair projects (\$500,000).

The Village's latest underlying, long-term credit rating from Standard and Poor's Global Ratings is AA+.

State statutes limit the amount of general obligations a government entity may issue to 7.00% of a 5-year average full valuation. The current debt limitation for the Village is \$34,759,203, of which the Village has exhausted 16.30%, including bond anticipation notes, of the maximum debt allowed by state statutes, therefore, the Village's outstanding general obligation debt is significantly less than the Village's current debt limitations.

C. Other Long-Term Liabilities

Included in the Village's long-term liabilities are the estimated amounts due for compensated absences, which are based on employee contracts or Village policies, and net pension liability – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Compensated absences payable	\$ 158,340	\$ 160,831	\$ 45,266	\$ 62,135	\$ 203,606	\$ 222,966
Net pension liability - proportionate share	3,628	918,118	640	162,021	4,268	1,080,139
Total OPEB liability	6,469,555	6,058,431	2,683,294	2,638,537	9,152,849	8,696,968
	<u>\$6,631,523</u>	<u>\$7,137,380</u>	<u>\$2,729,200</u>	<u>\$2,862,693</u>	<u>\$9,360,723</u>	<u>\$10,000,073</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board of Trustees, on April 5, 2021, approved a \$4,942,952 general fund budget for the year ending May 31, 2022, which is an increase of \$152,329 or 3.18% over the previous year's budget. The increase is principally in employee benefits (\$85,426) and debt service (\$71,041) areas of the budget. The Village estimated revenues other than property taxes at a \$27,003 decrease from the prior year's estimate. The assigned appropriated fund balance applied to the budget in the amount of \$93,600 remained the same as the prior year. The amount appropriated from restricted reserves decreased by \$46,794 from the prior year. The property tax levy of \$2,833,192 increased \$226,126 or 8.67% over the 2020-2021 tax levy.

INCORPORATED VILLAGE OF BELLPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Future Budgets

The property tax cap and uncertainty in other revenues, as well as continuing effect of the COVID-19 pandemic, will impact the Village's future budgets.

C. American Rescue Plan (ARPA) Act

The Village was awarded \$209,948 through the American Rescue Plan Act in July 2021. These funds may be used towards COVID-19 pandemic related expenditures and improvements to the Village's infrastructure, as well as government services to the extent of the reduction in revenues collected as a result of the pandemic.

D. Tax Cap

New York law limits the increase in the property tax levy of local governments to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Local governments may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded. The override vote requires a 60% vote of the total voting power of the governing board. Based on the law, the Village's tax levy cap for 2021-2022 is 2.28%. The Village's increase of 8.67% in the 2021-2022 levy exceeded the tax cap, which was approved by the Board of Trustees.

8. CONTACTING THE VILLAGE

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

Mr. John Kocay
Village Clerk
Incorporated Village of Bellport
29 Bellport Lane
Bellport, NY 11713

INCORPORATED VILLAGE OF BELLPORT
Statement of Net Position
May 31, 2021

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
Cash			
Unrestricted	\$ 953,814	\$ 1,274,355	\$ 2,228,169
Restricted	1,169,921		1,169,921
Receivables			
Taxes receivable	10,580		10,580
Accounts receivable	76,089	527,573	603,662
Accounts receivable, non-current		1,352,047	1,352,047
Due from state and federal	3,176,205	13,475	3,189,680
Due from other governments	31,865		31,865
Prepays	146,084	48,459	194,543
Inventory		48,014	48,014
Capital assets			
Not being depreciated	171,178	78,862	250,040
Being depreciated, net of accumulated depreciation	9,774,817	2,193,151	11,967,968
Total Assets	<u>15,510,553</u>	<u>5,535,936</u>	<u>21,046,489</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	808,630	142,698	951,328
Other postemployment benefits	1,411,480	671,461	2,082,941
Total Deferred Outflows of Resources	<u>2,220,110</u>	<u>814,159</u>	<u>3,034,269</u>
LIABILITIES			
Payables			
Accounts payable	160,368	28,656	189,024
Accrued liabilities	65,144	32,346	97,490
Retained percentages	134,025		134,025
Due to other governments	233	12,687	12,920
Due to employees' retirement system	32,719	5,773	38,492
Other liabilities	7,819		7,819
Notes Payable			
Bond anticipation	2,696,400		2,696,400
Unearned credits			
Collections in advance	137,358	1,208,636	1,345,994
Long-term liabilities			
Due and payable within one year			
Bond anticipation notes payable	437,000		437,000
Bonds payable, net	151,389	77,029	228,418
Capital lease payable	87,799	10,435	98,234
Compensated absences payable	44,352		44,352
Due and payable after one year			
Bonds payable, net	2,103,820	265,432	2,369,252
Capital lease payable	166,127	11,495	177,622
Compensated absences payable	113,988	45,266	159,254
Net pension liability - proportionate share	3,628	640	4,268
Total other postemployment benefits liability	6,469,555	2,683,294	9,152,849
Total Liabilities	<u>12,811,724</u>	<u>4,381,689</u>	<u>17,193,413</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred service concession arrangement		1,585,488	1,585,488
Pension	1,067,995	188,470	1,256,465
Other postemployment benefits	389,139	270,751	659,890
Total Deferred Inflows of Resources	<u>1,457,134</u>	<u>2,044,709</u>	<u>3,501,843</u>
NET POSITION (DEFICIT)			
Net investment in capital assets	5,339,356	1,907,620	7,246,976
Restricted: Debt	437,000		437,000
Unrestricted (deficit)	(2,314,551)	(1,983,923)	(4,298,474)
Total Net Position (Deficit)	<u>\$ 3,461,805</u>	<u>\$ (76,303)</u>	<u>\$ 3,385,502</u>

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for	Capital	Governmental	Business-type	Total
	Expenses	Services, Fees, Permits & Fines	Grants	Activities	Activities	Primary Government
FUNCTIONS/PROGRAMS						
Governmental Activities						
General government support	\$ 1,458,814	\$ 29,066	\$	\$ (1,429,748)	\$	\$ (1,429,748)
Public safety	534,152	194,763		(339,389)		(339,389)
Transportation	85,607		632,767	547,160		547,160
Culture and recreation	629,534	450,598	265,360	86,424		86,424
Home and community services	1,865,018	562,875	70,886	(1,231,257)		(1,231,257)
Debt service - interest	114,900			(114,900)		(114,900)
Depreciation - unallocated	632,963			(632,963)		(632,963)
Total Functions and Programs	<u>\$ 5,320,988</u>	<u>\$ 1,237,302</u>	<u>\$ 969,013</u>	<u>(3,114,673)</u>	<u>-</u>	<u>(3,114,673)</u>
Business-type Activities						
Golf course	<u>\$ 2,169,986</u>	<u>\$ 2,533,308</u>	<u>\$</u>		363,322	363,322
GENERAL REVENUES						
Real property taxes				2,605,168		2,605,168
Other real property tax items				10,412		10,412
Nonproperty taxes				117,956		117,956
Use of money and property				151,673		151,673
Minor sales and compensation for loss				21,936		21,936
Miscellaneous				16,660		16,660
State sources - unrestricted				122,531		122,531
Total General Revenues				<u>3,046,336</u>	<u>-</u>	<u>3,046,336</u>
Change in Net Position Before Other Items				(68,337)	363,322	294,985
OTHER ITEMS						
Operating transfers				210,000	(210,000)	-
Change in Net Position				141,663	153,322	294,985
Total Net Position (Deficit) - Beginning of year				<u>3,320,142</u>	<u>(229,625)</u>	<u>3,090,517</u>
Total Net Position (Deficit) - End of year				<u>\$ 3,461,805</u>	<u>\$ (76,303)</u>	<u>\$ 3,385,502</u>

INCORPORATED VILLAGE OF BELLPORT
Balance Sheet - Governmental Funds
May 31, 2021

	General	Water	Capital Projects	Total Governmental Funds
ASSETS				
Cash				
Unrestricted	\$ 893,799	\$ 2,520	\$ 57,495	\$ 953,814
Restricted	66,470		1,103,451	1,169,921
Receivables				
Taxes receivable	10,580			10,580
Accounts receivable	54,104	2,133	19,852	76,089
Due from other funds	577,084			577,084
Due from state and federal	76,663		3,099,542	3,176,205
Due from other governments	31,865			31,865
Prepays	146,084			146,084
Total Assets	<u>\$ 1,856,649</u>	<u>\$ 4,653</u>	<u>\$ 4,280,340</u>	<u>\$ 6,141,642</u>
LIABILITIES				
Payables				
Accounts payable	\$ 106,177	\$ 3,100	\$ 51,091	\$ 160,368
Accrued liabilities	41,586			41,586
Due to other funds			577,084	577,084
Due to other governments	233			233
Due to employees' retirement system	32,719			32,719
Other liabilities	7,819			7,819
Notes Payable				
Bond anticipation			2,696,400	2,696,400
Unearned credits				
Collections in advance	137,358			137,358
Total Liabilities	<u>325,892</u>	<u>3,100</u>	<u>3,324,575</u>	<u>3,653,567</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenues			2,624,542	2,624,542
FUND BALANCES (DEFICIT)				
Nonspendable: Prepays	146,084			146,084
Restricted:				
Debt service	503,470			503,470
Unspent debt proceeds			833,800	833,800
Assigned:				
Appropriated fund balance	93,600			93,600
Unappropriated fund balance				
Repair of docks	53,690			53,690
Employee liability	47,972			47,972
Ferry hull painting	20,000			20,000
Other purposes	10,787	1,553		12,340
Unassigned: Fund balance (deficit)	655,154		(2,502,577)	(1,847,423)
Total Fund Balances (Deficit)	<u>1,530,757</u>	<u>1,553</u>	<u>(1,668,777)</u>	<u>(136,467)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,856,649</u>	<u>\$ 4,653</u>	<u>\$ 4,280,340</u>	<u>\$ 6,141,642</u>

INCORPORATED VILLAGE OF BELLPORT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
May 31, 2021

Total Governmental Fund Balances	\$ (136,467)
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Original cost of capital assets	\$ 16,900,913	
Less: Accumulated depreciation	<u>(6,954,918)</u>	
		9,945,995

Proportionate share of long-term liability, as well as deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	808,630	
Net pension liability - employees' retirement system	(3,628)	
Deferred inflows of resources	<u>(1,067,995)</u>	
		(262,993)

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	1,411,480	
Total other postemployment benefits liability	(6,469,555)	
Deferred inflows of resources	<u>(389,139)</u>	
		(5,447,214)

Some of the Village's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.

2,624,542

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

Accrued interest on debt payable	(23,558)	
Retained percentages	(134,025)	
Bond anticipation notes payable	(437,000)	
Bonds payable, net	(2,255,209)	
Capital lease payable	(253,926)	
Compensated absences payable	<u>(158,340)</u>	
		<u>(3,262,058)</u>

Total Government-wide Net Position	<u><u>\$ 3,461,805</u></u>
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INCORPORATED VILLAGE OF BELLPORT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2021

	General	Water	Capital Projects	Total Governmental Funds
REVENUES				
Real property taxes	\$ 2,605,168	\$	\$	\$ 2,605,168
Other real property tax items	10,412			10,412
Nonproperty taxes	117,956			117,956
Departmental income	1,204,311			1,204,311
Use of money and property	151,672	1		151,673
Licenses and permits	21,801			21,801
Fines and forfeitures	11,190			11,190
Minor sales and compensation for loss	21,936			21,936
Miscellaneous	16,660		19,852	36,512
State aid	290,204		576,250	866,454
Federal aid	100,991		17,930	118,921
	<u>4,552,301</u>	<u>1</u>	<u>614,032</u>	<u>5,166,334</u>
Total Revenues				
	<u>4,552,301</u>	<u>1</u>	<u>614,032</u>	<u>5,166,334</u>
EXPENDITURES				
General support	1,070,541	533	10,265	1,081,339
Public safety	341,045			341,045
Transportation	255,194		3,600	258,794
Culture and recreation	429,850		1,281,817	1,711,667
Home and community services	1,287,970		157,511	1,445,481
Employee benefits	883,639			883,639
Debt service				
Principal	180,185			180,185
Interest	133,187			133,187
	<u>4,581,611</u>	<u>533</u>	<u>1,453,193</u>	<u>6,035,337</u>
Total Expenditures				
	<u>4,581,611</u>	<u>533</u>	<u>1,453,193</u>	<u>6,035,337</u>
Deficiency of Revenues over Expenditures	<u>(29,310)</u>	<u>(532)</u>	<u>(839,161)</u>	<u>(869,003)</u>
OTHER FINANCING SOURCES AND (USES)				
Proceeds of obligations			1,526,611	1,526,611
Premium on bonds	66,470			66,470
Operating transfers in	685,000		179,717	864,717
Operating transfers (out)	(179,717)		(475,000)	(654,717)
	<u>571,753</u>	<u>-</u>	<u>1,231,328</u>	<u>1,803,081</u>
Total Other Sources				
	<u>571,753</u>	<u>-</u>	<u>1,231,328</u>	<u>1,803,081</u>
Net Changes in Fund Balances	542,443	(532)	392,167	934,078
Fund Balances (Deficit) - Beginning of Year	<u>988,314</u>	<u>2,085</u>	<u>(2,060,944)</u>	<u>(1,070,545)</u>
End of Year	<u>\$ 1,530,757</u>	<u>\$ 1,553</u>	<u>\$ (1,668,777)</u>	<u>\$ (136,467)</u>

INCORPORATED VILLAGE OF BELLPORT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended May 31, 2021

Net Change in Fund Balances	\$	934,078
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).

	\$	86,317
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences payable	2,491	
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		88,808
--	--	--------

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation expense in the period.

Capital outlays and other additions	1,620,428	
Depreciation expense	(632,963)	
	987,465	

The increase in retainage payable is effectively an expense in the Statement of Activities; however, it does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

	(49,318)	
--	----------	--

		938,147
--	--	---------

Long-Term Debt Transaction Differences

Proceeds and premium from the issuance of debt are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

	(1,593,081)	
--	-------------	--

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Repayment of bond anticipation notes principal	48,200	
Repayment of bond principal	42,971	
Repayment of capital lease payable	89,014	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from May 31, 2020 to May 31, 2021.

	18,287	
--	--------	--

		(1,394,609)
--	--	-------------

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plan and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Employees' retirement system	85,462	
Other postemployment benefits	(510,223)	

		(424,761)
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Change in Net Position of Governmental Activities	\$	141,663
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INCORPORATED VILLAGE OF BELLPORT
Statement of Net Position - Proprietary Fund - Golf Fund
May 31, 2021

ASSETS

Cash: Unrestricted	\$ 1,274,355
Receivables	
Accounts receivable	527,573
Accounts receivable, non-current	1,352,047
Due from state and federal	13,475
Prepays	48,459
Inventory	48,014
Capital assets	
Not being depreciated	78,862
Being depreciated, net of accumulated depreciation	<u>2,193,151</u>
 Total Assets	 <u>5,535,936</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension	142,698
Other postemployment benefits	<u>671,461</u>
 Total Deferred Outflows of Resources	 <u>814,159</u>

LIABILITIES

Payables	
Accounts payable	28,656
Accrued liabilities	32,346
Due to other governments	12,687
Due to employees' retirement system	5,773
Unearned credits	
Collections in advance	1,208,636
Long-term liabilities	
Due and payable within one year	
Bonds payable	77,029
Capital lease payable	10,435
Due and payable after one year	
Bonds payable	265,432
Capital lease payable	11,495
Compensated absences payable	45,266
Net pension liability - proportionate share	640
Total other postemployment benefits liability	<u>2,683,294</u>
 Total Liabilities	 <u>4,381,689</u>

DEFERRED INFLOWS OF RESOURCES

Deferred service concession arrangement	1,585,488
Pension	188,470
Other postemployment benefits	<u>270,751</u>
 Total Deferred Inflows of Resources	 <u>2,044,709</u>

NET POSITION (DEFICIT)

Net investment in capital assets	1,907,620
Unrestricted (deficit)	<u>(1,983,923)</u>
 Total Net Position (Deficit)	 <u><u>\$ (76,303)</u></u>

INCORPORATED VILLAGE OF BELLPORT
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund - Golf Fund
For the Year Ended May 31, 2021

OPERATING REVENUES

Charges for Services:	
Golf memberships	\$ 1,407,317
Golf carts	339,990
Golf rental income	239,657
Greens fees	228,403
Golf tournaments	10,570
Pro shop	156,327
Other services	<u>151,044</u>
Total Operating Revenues	<u>2,533,308</u>

OPERATING EXPENSES

Golf course	1,216,568
Pro shop	486,570
Depreciation	142,000
Employee benefits	<u>314,574</u>
Total Operating Expenses	<u>2,159,712</u>
Income from Operations	373,596

NONOPERATING EXPENSES

Debt service, interest	10,274
Operating transfers out	<u>210,000</u>
Total Nonoperating Expenses	<u>220,274</u>
Change in Net Position	153,322
Total Net Position (Deficit) - Beginning of year	<u>(229,625)</u>
Total Net Position (Deficit) - End of year	<u><u>\$ (76,303)</u></u>

INCORPORATED VILLAGE OF BELLPORT
Statement of Cash Flows - Proprietary Fund - Golf Fund
For the Year Ended May 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 2,423,930
Payments to suppliers and service providers	(1,448,929)
Payments to employees for salaries and benefits	<u>(463,196)</u>

Net Cash Provided by Operating Activities 511,805

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers to other funds	<u>(210,000)</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(128,450)
Principal paid on debt	(87,025)
Interest paid on debt	<u>(10,274)</u>

Net Cash Used in Capital and Related Financing Activities (225,749)

Net Increase in Cash 76,056

Cash at Beginning of Year 1,198,299

Cash at End of Year \$ 1,274,355

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 373,596
Adjustments to reconcile operating income (loss)	
net cash provided by operating activities:	
Depreciation expense	142,000
(Increase) Decrease in:	
Accounts receivable	(224,639)
Accounts receivable, non-current	233,440
Prepays	(43,480)
Inventory	(1,433)
Deferred outflows of resources	(49,663)
Increase (Decrease) in:	
Accounts payable	(22,915)
Accrued liabilities	12,190
Due to other governments	8,574
Due to employees' retirement system	673
Collections in advance	108,848
Compensated absences payable	(16,869)
Total other postemployment benefits liability	44,757
Net pension liability - proportionate share	(161,381)
Deferred service concession arrangement receipt	(227,027)
Pension	180,843
Other postemployment benefits	<u>154,291</u>

Net Cash Provided by Operating Activities \$ 511,805

**INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Incorporated Village of Bellport (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Village are as follows:

A. Financial Reporting Entity

The Village was incorporated in 1910 as a municipal government by the State of New York. The Village is vested with such powers and responsibilities inherent in the operation of a municipal government including the adoption of rules and regulations to govern its affairs. The Village is governed by its rules and regulations, New York State Village law and other general laws of New York State and various local laws. The Board of Trustees (the "Board") is the legislative body responsible for overall operations. The Board consists of the Mayor and four trustees elected at large to serve a two-year term. Trustees may serve an unlimited number of terms. The Mayor serves as Chief Executive Officer and the Treasurer serves as Chief Fiscal Officer. The Mayor, with the approval of the Board of Trustees appoints a Village Clerk and Village Treasurer to serve a two year term. The Village Clerk serves as the tax collector. The Village provides the following basic services: Highway, Sanitation, Village Justice Court, Building and Zoning and other general services.

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

The reporting entity is the primary government, the Village, as well as component units and other organizational entities determined to be includable in the Village's financial reporting entity, based on the nature and significance of their relationship with the Village and criteria set forth by GASB. These criteria include legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities which would be included in the Village's reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall financial activities of the Village. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, and other exchange and nonexchange transactions, while capital grants reflect capital specific grants. Business activities reflect exchange and nonexchange transactions of the golf fund.

The Statement of Net Position presents the financial position of the Village at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Employee benefits are generally allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, fees, permits and fines, and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes, payments in lieu of taxes, utilities gross receipts tax, franchise fees, State aid revenue sharing and mortgage tax, are presented as general revenues.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

The fund financial statements provide information about the Village's funds. Separate statements for each fund type (governmental and proprietary) are presented. The Village's financial statements present the following fund types:

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 emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the Village's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Water Fund - is used to account for and report specific revenues and expenditures related to providing water service to certain areas within the Village.

Capital Projects Fund - is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets, such as equipment, other than those financed by proprietary funds.

Proprietary Funds - are used to account for the business-type operations of a government. Proprietary funds are supported primarily with fees and charges for services. The following is the Village's proprietary fund:

Golf Fund - the golf fund is an enterprise fund of the Village. This fund is self-supporting through membership fees and user charges.

C. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the Village would not expect to liquidate currently with expendable available resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The government-wide and proprietary 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 when a liability is incurred, regardless of the timing of related cash flows. Nonexchange

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants and donations. On the accrual basis, revenue from real property taxes is recognized in the fiscal year for which they are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donation is recognized in the fiscal year in which all eligibility requirements has been satisfied.

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues 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, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

D. Real Property Taxes

The Village's real property taxes and special assessments are levied on May 15 of each fiscal year. Taxes are levied based upon the taxable value of all real property located within the Village. Taxes are recorded as a receivable, and are due in an annual installment on June 1. Payments must be received on or before July 1. Penalties are imposed, thereafter, at the rate of 5% for the first month and 1% per subsequent month. Unpaid taxes become a lien during March of the ensuing year. Current year delinquent property taxes not collected by the second Wednesday of March of the ensuing year could be placed on tax sale.

E. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the Village's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

F. Interfund Transactions

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations.

In the government-wide statements, eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the proprietary fund.

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

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out is provided subsequently in these Notes to Financial Statements.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, other postemployment benefits, pension costs, potential contingent liabilities and useful lives of capital assets.

H. Cash and Cash Equivalents/Investments

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less.

Investments are recorded at fair value based on quoted market prices.

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

I. Receivables

Receivables are shown net of allowance for uncollectible amounts, if any. However, no allowance for uncollectible amounts has been provided since it is believed that such allowance would not be material.

J. Inventory and Prepaids

Proprietary fund inventory consists, principally, of athletic apparel and equipment to be sold by the golf course pro shop. Inventory is valued at the lower-of-cost or market, utilizing the first-in, first-out method, and is expensed when sold.

Purchases of inventoriable items in the governmental funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaids represent payments made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. These items are reported as assets on the Statement of Net Position and the 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 fund balance has been classified as nonspendable to indicate that prepaids do not constitute available spendable resources.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

K. Capital Assets

Capital assets are reflected in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the government-wide and proprietary fund statements are as follows:

	Capital Threshold	Estimated Useful Life
Buildings	\$ 1,000	15-50 years
Site improvements	1,000	15-50 years
Infrastructure	1,000	20-30 years
Machinery and equipment	1,000	5-30 years

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The Village has two items that qualify for reporting in this category. The first is related to pensions and consists of the Village's proportionate share of changes in the collective net pension liability not included in collective pension expense and the Village's contributions to the pension system subsequent to the measurement date. The second item is related to OPEB and represents the change in total other postemployment benefits liability not included in OPEB expense.

M. Short-Term Debt

The Village may issue bond anticipation notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. These notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

BANs that are replaced with long-term financing, or renewed subsequent to the year end, are treated as long-term liabilities, as these notes will not require the use of working capital during that period.

N. Collections in Advance

Collections in advance arise when resources are received by the Village before it has a legal claim to them, as when charges for services monies are received in advance from payers prior to the services being rendered by the Village, such as summer tennis fees and golf memberships. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the Village has legal claim to the resources.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

O. Employee Benefits - Compensated Absences

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

Vacation eligibility and accumulation is specified in the Village's labor contracts or Village policies. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

Sick leave eligibility and accumulation is specified in the Village's labor contracts or Village policies. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the government-wide and proprietary fund financial statements. The compensated absences liability is calculated based on the pay rates in effect at the end of the year.

In the governmental fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the Village by May 31st.

P. Employee Benefits - Other Benefits

Eligible Village employees participate in the New York State and Local Employees' Retirement System.

Village employees may choose to participate in the Village's elective deferred compensation plan established under Internal Revenue Code Section 457.

The Village provides health insurance coverage for active employees pursuant to the Village's labor contracts and policies.

In addition to providing pension benefits, the Village provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. The Village's personnel manual, individual employment agreements and collective bargaining agreements determine if Village employees are eligible for these benefits if they reach normal retirement age while working for the Village. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the Village and the retired employee. The Village recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund as the liabilities for premiums mature (come due for payment). In the government-wide statements and proprietary statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources are acquisitions of resources by the Village that are applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The Village has four items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain federal and state grants. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the government-wide financial statements, unavailable revenues are treated as revenues. The second is related to deferred service concession arrangement receipts, in the proprietary fund, which will be amortized over the life of the underlying agreements. The third item is related to the ERS reported in the Statement of Net Position and consists of the Village's proportionate share of changes in the collective net pension liability not included in collective pension expense. The fourth item is related to OPEB reported in the government-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

R. Equity Classifications

Government-Wide Statements

In the government-wide statements there are three classes of net position:

Net investment capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

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

Unrestricted – Reports all other amounts that do not meet the definition of the above two classifications and are deemed to be available for general use by the Village.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaids, which is recorded in the general fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The Village has established the following restricted fund balances:

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted for Debt Service

Restricted fund balance includes resources that are restricted for debt service. These resources include unused debt proceeds, as well as interest earnings from the temporary investment of debt proceeds. Fund balance restricted for debt service is accounted for in the general fund.

Restricted – Unspent Debt Proceeds

Unspent long-term debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Board of Trustees. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Appropriated fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. Assigned fund balance also includes the following assignments:

Repair of Docks

The Village has established a repair of docks assignment. This is used to pay the cost of repairs of capital improvements or equipment and is accounted for in the general fund. At May 31, 2021, the balance was \$53,690, which remained the same as the prior year.

Employee Liability

The Village has established an employee liability assignment. This is used to for the payment of accrued employee benefits primarily based in unused and unpaid sick leave, personal leave and vacation time, which is accounted for in the general fund. A summary of activity for the year ended May 31, 2021, is as follows:

Balance at beginning of year	\$ 58,033
Appropriation from assigned for termination payouts	<u>(10,061)</u>
Balance at end of year	<u><u>\$ 47,972</u></u>

Ferry Hull Painting

The Village has established a ferry hull painting assignment. This is used to pay the cost of repairs of capital improvements or equipment and is accounted for in the general fund. At May 31, 2021, the balance was \$20,000, which remained the same as the prior year.

Unassigned – Represents the residual classification for the Village's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from the overspending of available resources.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose either by voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

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

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended May 31, 2021, the Village implemented GASB Statement No. 84, *Fiduciary Activities*. The statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency activities previously reported within the fiduciary fund are now reported within the governmental funds.

3. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but the statement that the Village feels may have a future impact on these financial statements. The Village will evaluate the impact of this pronouncement and implement it, as applicable, if material.

Effective for the Year Ending	Statement
May 31, 2023	GASB No. 87 - <i>Leases</i>

GASB Statement No. 87 will change the reporting of leases in the government-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

4. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the government-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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 long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund 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 statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Village’s proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Village's management submits a proposed budget for approval by the Board of Trustees for the general fund, the only fund with a legally adopted budget. Budgets are adopted annually on a basis consistent with GAAP. The tentative budget includes proposed expenditures and the proposed means of financing for the general fund. A public hearing is held on the tentative budget by April 15th. After completion of the budget hearing, the Board of Trustees may further change the tentative budget. Such budget, as so revised, shall be adopted by resolution no later than May 1st. All subsequent modifications of the budget must be approved by the Board of Trustees.

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

General Fund

Road improvements funded by state aid	\$ 10,421
Retiree payouts funded by assigned fund balance	<u>10,061</u>
	<u><u>\$ 20,482</u></u>

Golf Fund

Special orders funded by additional revenues	\$ 16,517
Depreciation expense funded by additional revenues	<u>66,266</u>
	<u><u>\$ 82,783</u></u>

B. Encumbrances

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

C. Capital Projects Fund

The capital projects fund has an unassigned fund balance deficit of \$2,502,577. This will be funded when the Village recognizes revenue from federal and state disaster recovery grants and obtains permanent financing for its current construction projects.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Village's investment policies are governed by state statutes and Village policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. 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 and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure the Village may be unable to recover deposits or collateral securities that are in possession of an outside agency. 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:

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

The Village's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities and letters of credit pledged on the Village's behalf at year end in the Village's name.

The Village did not have any investments at year end or during the year. Consequently, the Village was not exposed to any material credit risk, interest rate risk or concentration of credit risk.

7. DUE FROM STATE AND FEDERAL

Due from state and federal at May 31, 2021 consisted of:

Governmental Activities

General Fund

NYS Emergency Management	\$ 69,345
Town of Brookhaven - paving	5,767
Community Development Block grant	<u>1,551</u>
	<u>76,663</u>

Capital Projects Fund

FEMA - 2017	14,236
FEMA - municipal dock	2,547,314
SAM grant - DPW renovations	475,000
NYS - multimodal resurfacing	50,000
NYS - Bellport Lane road repaving	1,742
NYS Office of Parks - playground grant	<u>11,250</u>
	<u>3,099,542</u>

Business Activities

Golf Fund

<u>13,475</u>
<u>\$ 3,189,680</u>

Village management expects these amounts to be fully collectible.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

8. DUE FROM OTHER GOVERNMENTS

Due from other governments at May 31, 2021 consisted of:

Governmental Activities

General Fund

Suffolk County - mortgage tax \$ 31,865

Village management expects these amounts to be fully collectible.

9. CAPITAL ASSETS

Capital assets and accumulated depreciation of the governmental activities and business-type activities for the year ended May 31, 2021, were as follows:

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 164,278	\$	\$	\$ 164,278
Construction work in progress	2,128,204	6,900	(2,128,204)	6,900
Total capital assets not being depreciated	<u>2,292,482</u>	<u>6,900</u>	<u>(2,128,204)</u>	<u>171,178</u>
Capital assets being depreciated				
Buildings	4,384,803			4,384,803
Site improvements	645,036	3,168,049		3,813,085
Infrastructure	5,489,770	164,378		5,654,148
Machinery and equipment	2,468,394	409,305		2,877,699
Total capital assets being depreciated	<u>12,988,003</u>	<u>3,741,732</u>	<u>-</u>	<u>16,729,735</u>
Less accumulated depreciation for:				
Buildings	1,063,829	134,730		1,198,559
Site improvements	252,492	153,888		406,380
Infrastructure	3,148,571	203,446		3,352,017
Machinery and equipment	1,857,063	140,899		1,997,962
Total accumulated depreciation	<u>6,321,955</u>	<u>632,963</u>	<u>-</u>	<u>6,954,918</u>
Total capital assets being depreciated, net	<u>6,666,048</u>	<u>3,108,769</u>	<u>-</u>	<u>9,774,817</u>
Capital assets, net	<u>\$ 8,958,530</u>	<u>\$ 3,115,669</u>	<u>\$ (2,128,204)</u>	<u>\$ 9,945,995</u>

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 18,300	\$	\$	\$ 18,300
Construction work in progress	60,562			60,562
Total capital assets not being depreciated	78,862	-	-	78,862
Capital assets being depreciated				
Buildings	2,228,733	18,000		2,246,733
Site improvements	505,077	88,950		594,027
Infrastructure	603,033			603,033
Machinery and equipment	914,169	21,500		935,669
Total capital assets being depreciated	4,251,012	128,450	-	4,379,462
Less accumulated depreciation for:				
Buildings	1,204,970	43,059		1,248,029
Site improvements	258,291	26,622		284,913
Infrastructure	128,407	20,113		148,520
Machinery and equipment	452,643	52,206		504,849
Total accumulated depreciation	2,044,311	142,000	-	2,186,311
Total capital assets being depreciated, net	2,206,701	(13,550)	-	2,193,151
Capital assets, net	\$ 2,285,563	\$ (13,550)	\$ -	\$ 2,272,013

Depreciation is recorded on the straight-line basis over the estimated useful lives, in years, of the respective assets.

10. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2021, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 577,084	\$	\$ 685,000	\$ 179,717
Capital Projects Fund		577,084	179,717	475,000
Total Governmental Funds	577,084	577,084	864,717	654,717
Golf Fund				210,000
Total	\$ 577,084	\$ 577,084	\$ 864,717	\$ 864,717

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

All interfund balances are expected to be repaid within one year. The Village transfers from the golf fund to the general fund in accordance with the annual budget for administrative costs. The transfer from the general fund to the capital projects fund was to provide funding for capital improvement projects. The transfer from the capital projects fund to the general fund represents funds received from a SAM grant for the storm drainage and road improvement project that was temporarily funded by BANs. The general fund paid the debt service payments on the temporary financing.

11. COLLECTIONS IN ADVANCE

As of May 31, 2021, collections in advance in the general fund consisted of property tax liens of \$10,580, tennis fees of \$69,590 and kid's camp fees of \$57,188, while collections in advance in the proprietary fund consisted of prorated annual membership fees of \$1,208,636.

12. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Issue Date	Maturity	Interest Rate	Balance May 31, 2020	Issued	Redeemed	Balance May 31, 2021
Governmental Activities							
Improvements to Municipal Dock - 2020	2/25/20	2/25/21	3.15%	\$ 2,340,000	\$	\$ (2,340,000)	\$ -
Improvements to Municipal Dock - 2020	2/25/20	2/25/21	3.15%	260,000		(260,000)	-
Improvements to Municipal Dock - 2020	2/25/21	2/24/22	1.75%		2,246,400		2,246,400
Improvements to Municipal Dock - 2021	3/31/21	2/24/22	1.75%		450,000		450,000
				<u>\$ 2,600,000</u>	<u>\$ 2,696,400</u>	<u>\$ (2,600,000)</u>	<u>\$ 2,696,400</u>

Interest on short-term debt for the governmental activities was composed of:

Interest paid	\$ 83,265
Less interest accrued in the prior year	-
Plus interest accrued in the current year	<u>12,256</u>
Total interest expense on short-term debt	<u>\$ 95,521</u>

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

13. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activities for the governmental and business-type activities, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	Balance			Balance	Amounts
	May 31, 2020	Additions	Reductions	May 31, 2021	Due Within
Governmental Activities:					One Year
Long-term debt:					
Bond anticipation notes	\$ 1,156,800	\$	\$ (719,800)	\$ 437,000	\$ 437,000
Bonds payable	260,510	1,971,200	(42,971)	2,188,739	144,171
Premium on obligation	-	66,470		66,470	7,218
Capital leases payable	115,929	227,011	(89,014)	253,926	87,799
	1,533,239	2,264,681	(851,785)	2,946,135	676,188
Other long-term liabilities:					
Compensated absences	160,831	7,570	(10,061)	158,340	44,352
	<u>\$ 1,694,070</u>	<u>\$ 2,272,251</u>	<u>\$ (861,846)</u>	<u>\$ 3,104,475</u>	<u>\$ 720,540</u>
Business-Type Activities:	Balance	Additions	Reductions	Balance	Amounts
	May 31, 2020			May 31, 2021	Due Within
Long-term debt:					One Year
Bonds payable	\$ 419,490	\$	\$ (77,029)	\$ 342,461	\$ 77,029
Capital leases payable	31,926		(9,996)	21,930	10,435
	451,416	-	(87,025)	364,391	87,464
Other long-term liabilities:					
Compensated absences	62,135		(16,869)	45,266	-
	<u>\$ 513,551</u>	<u>\$</u>	<u>\$ (103,894)</u>	<u>\$ 409,657</u>	<u>\$ 87,464</u>

The general fund has typically been used to liquidate long-term liabilities for the governmental activities. The proprietary fund (golf fund) has typically been used to liquidate long-term liabilities for the business-type activities.

B. Bond Anticipation Notes Payable

Bond anticipation notes payable is comprised of the following:

	Issue		Interest	Balance
	Date	Maturity	Rate	May 31, 2021
Governmental Activities				
Storm Drainage and Road Improvements	11/13/20	11/12/21	1.77%	<u>\$ 437,000</u>

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Serial Bonds

Serial bonds are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2021
Governmental Activities:				
Public improvement				
Serial bond	2009	2023	3.00-3.50%	\$ 62,900
Garbage truck	2016	2032	2.19%	154,639
Village Improvements	2021	2037	2.00%	1,971,200
				<u>\$ 2,188,739</u>
Business-type Activities:				
Golf course renovation				
Serial bond	2009	2023	3.00-3.50%	\$ 122,100
Serial bond - bulk head	2016	2032	2.190%	220,361
				<u>\$ 342,461</u>

The following is a summary of debt service requirements for serial bonds:

Year Ending May 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 144,171	\$ 39,446	\$ 77,029	\$ 8,832
2023	144,671	40,511	80,329	6,442
2024	112,371	37,109	17,629	3,861
2025	119,433	34,766	20,567	3,442
2026	119,433	32,350	20,567	2,992
2027-2031	642,165	123,757	102,835	8,204
2032-2036	636,495	58,680	23,505	257
2037-2038	270,000	5,400		
	<u>\$ 2,188,739</u>	<u>\$ 372,019</u>	<u>\$ 342,461</u>	<u>\$ 34,030</u>

D. Deferred Premium on Obligation

On May 25, 2021, the Village issued serial bonds in the amount of \$1,971,200 and, as part of the issuance, the Village received \$66,470 in premiums. The bond issuance premiums are being amortized as a component of interest expense over the remaining life of the bonds, as follows:

Year Ending May 31,	Deferred Premium
2022	\$ 7,218
2023	6,840
2024	6,464
2025	6,079
2026	5,685
2027-2031	22,175
2032-2036	10,994
2037-2038	1,015
	<u>\$ 66,470</u>

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Capital Lease Payable

Governmental Activities

On November 16, 2017, the Village entered into a lease agreement as lessee for financing the acquisition of a dump truck valued at \$77,474. The liability for this obligation is payable annually and matures in January 2022, with an interest rate of 5.95%. This year, \$15,495 was included in depreciation expense related to this lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of future minimum lease payments as of the inception date.

On December 28, 2017, the Village entered into a lease agreement as lessee for financing the acquisition of a Caterpillar payloader valued at \$135,454. The liability for this obligation is payable annually and matures in December 2022, with an interest rate of 4.20%. This year, \$7,304 was included in depreciation expense related to this lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of future minimum lease payments as of the inception date.

On July 1, 2018, the Village entered into a lease agreement as lessee for financing the acquisition of computer equipment valued at \$19,256. The liability for this obligation is payable annually and matures in July 2022, with an interest rate of 9.036%. This year, \$2,751 was included in depreciation expense related to this lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of future minimum lease payments as of the inception date.

On October 27, 2020, the Village entered into a lease agreement as lessee for financing the acquisition of a work boat and a freightliner sanitation truck valued at \$227,834. The liability for this obligation is payable annually and matures in January 2025, with an interest rate of 2.45%. This year, \$6,563 was included in depreciation expense related to this lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of future minimum lease payments as of the inception date.

Business-Type Activities

On June 30, 2017, the Village entered into a lease agreement as lessee for financing the acquisition of a mower valued at \$62,072. The liability for this obligation is payable annually and matures in June 2022, with an interest rate of 4.31%. This year, \$13,799 was included in depreciation expense related to this lease. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of May 31, 2021, were as follows:

<u>Year Ending May 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 95,984	\$ 11,399
2023	78,648	12,000
2024	47,834	
2025	47,834	
Total minimum lease payments	270,300	23,399
Less: amounts representing interest	(16,374)	(1,469)
Total	<u>\$ 253,926</u>	<u>\$ 21,930</u>

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Interest Expense

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

	Governmental Activities	Business-Type Activities
Interest paid	\$ 49,922	\$ 11,149
Less interest accrued in the prior year	(41,845)	(4,211)
Plus interest accrued in the current year	<u>11,302</u>	<u>3,336</u>
Total interest expense on long-term debt	<u>\$ 19,379</u>	<u>\$ 10,274</u>

G. Unissued Debt

On January 25, 2021, the Village authorized the issuance of \$600,000 in bonds for the Brown's Lane bulkhead project and \$500,000 for the Rock dock repair. As of May 31, 2021, debt in the amount of \$1,000,000 has been issued to provide funding for the projects and \$100,000 remains unissued.

14. PENSION PLANS – NEW YORK STATE

A. General Information

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The ERS provides retirement, disability, and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and administrative head of the ERS. Once a public employer elects to participate in the ERS, 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 ERS is included in the State's financial report as a pension trust fund. The report, including information with regard to benefits provided may be found on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policy

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The Village paid 100% of the required contributions as billed by the ERS for the current year. The Village's average contribution rate was 13.52% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The Village's share of the required contributions, based on covered payroll for the Village's year ended May 31, 2021 was \$208,131 at an average contribution rate of 12.92%.

D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2021, the Village reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. 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 system relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS in reports provided to the Village.

Measurement date	March 31, 2021
Village's proportionate share of the net pension liability	\$ 4,268
Village's portion of the Plan's total net pension liability	0.0042865%
Change in proportion since the prior measurement date	0.0002075

For the year ended May 31, 2021, the Village recognized pension expense of \$107,350 for ERS. At May 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,308	\$	\$ 7,819	\$
Changes of assumptions	667,071	12,580	117,720	2,221
Net difference between projected and actual earnings on pension plan investments		1,042,176		183,913
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	64,532	13,239	11,386	2,336
Village contributions subsequent to the measurement date	32,719		5,773	
Total	<u>\$ 808,630</u>	<u>\$ 1,067,995</u>	<u>\$ 142,698</u>	<u>\$ 188,470</u>

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ending May 31,	Governmental	Business-Type
2022	\$ (47,917)	\$ (8,456)
2023	(9,049)	(1,597)
2024	(42,939)	(7,578)
2025	(192,179)	(33,914)
	<u>\$ (292,084)</u>	<u>\$ (51,545)</u>

Actuarial Assumptions

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

Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Inflation	2.70%
Salary increases	4.40%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of living adjustments	1.40%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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

	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 31, 2021
Asset type		
Domestic equity	32.0%	4.05%
International equity	15.0%	6.30%
Real estate	9.0%	4.95%
Private equities	10.0%	6.75%
Alternative investments	10.0%	3.63-5.95%
Bonds and mortgages	23.0%	0.00%
Cash	1.0%	0.50%
	<u>100.0%</u>	

Real rates of return are net of a long-term inflation assumption of 2.0%.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% (the discount rate used at the prior year's measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the ERS' 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 Asset/(Liability) to the Discount Rate Assumption

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

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Village's proportionate share of the net pension asset / (liability)	<u>\$ (1,184,698)</u>	<u>\$ (4,268)</u>	<u>\$ 1,084,364</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the measurement date is as follows:

Measurement date	March 31, 2021
	(Dollars in thousands)
Employers' total pension liability	\$ (220,680,157)
Plan fiduciary net position	<u>220,580,583</u>
Employers' net pension liability	<u>\$ (99,574)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	99.95%

Payables to the Pension Plan

Employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of May 31, 2021, represent the projected employer contribution for the period of April 1, 2021 through May 31, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2021 amounted to \$38,492 of employer contributions. Employee contributions are remitted monthly.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

15. PENSION PLANS – OTHER

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions into this Plan. The amount deferred by eligible employees for the year ended May 31, 2021 totaled \$26,840.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description - The Village provides OPEB for eligible retired employees of the Village. The benefits provided to employees upon retirement are based on provisions in the Village's labor contracts or Village policies. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The Village provides healthcare benefits and Medicare Part B reimbursements for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the Village offices and are available upon request.

Employees Covered by Benefit Terms – At June 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	8
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>19</u>
	<u><u>27</u></u>

B. Total OPEB Liability

The Village's total OPEB liability of \$9,152,849 was measured as of May 31, 2021, and was determined by an actuarial valuation as of June 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%	
Salary increases	3.50%	average, including inflation
Discount rate	2.20%	
Healthcare cost trend rates	7.00%	for 2021, decreasing to an ultimate rate of 5.00% by 2025
Retirees' share of benefit-related costs	0.00%	of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer's 20 Bond Index.

Unisex pre-retirement mortality rates (combined accidental and all other death rates) and post-retirement mortality rates for healthy participants (sex distinct for non-police employees and retirees) using projection scale MP 2020.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the following demographic (mortality, retirement, disability, and other termination of employment) assumptions, the rates developed in the report, "Development of Recommended Actuarial Assumptions" were utilized for the New York/SUNY GASB 75 Valuation prepared by the AON Hewitt dated June 2019.

C. Changes in the Total OPEB Liability

	Governmental Activities	Business-Type Activities	Total Primary Government
Balance at May 31, 2020	\$ 6,058,431	\$ 2,638,537	\$ 8,696,968
Changes for the year			
Service cost	312,522	96,183	408,705
Interest	139,177	57,642	196,819
Differences between expected and actual experience	445,438	130,858	576,296
Changes in assumptions or other inputs	(345,995)	(197,043)	(543,038)
Benefit payments	(140,018)	(42,883)	(182,901)
	<u>411,124</u>	<u>44,757</u>	<u>455,881</u>
Balance at May 31, 2021	<u>\$ 6,469,555</u>	<u>\$ 2,683,294</u>	<u>\$ 9,152,849</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2020 to 2.20% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.20%) or 1 percentage point higher (3.20%) than the current discount rate:

	1% Decrease 1.20 %	Discount Rate 2.20 %	1% Increase 3.20 %
OPEB			
Total OPEB liability	<u>\$ (10,959,129)</u>	<u>\$ (9,152,849)</u>	<u>\$ (7,735,793)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.00% to 4.00%) or 1 percentage point higher (8.00% to 6.00%) than the current healthcare cost trend rate:

	1% Decrease 6.00% decreasing to 4.00%	Healthcare Cost Trend Rates 7.00% decreasing to 5.00%	1% Increase 8.00% decreasing to 6.00%
OPEB			
Total OPEB liability	<u>\$ (7,510,642)</u>	<u>\$ (9,152,849)</u>	<u>\$ (11,325,520)</u>

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2021, the Village recognized OPEB expense of \$650,239 and \$226,811 for the governmental activities and business-type activities, respectively. At May 31, 2021, the Village reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Differences between expected and actual experience	\$ 384,082	\$ 113,774	497,856	\$ 90,802	\$ 99,432	\$ 190,234
Changes of assumptions	1,027,398	557,687	1,585,085	298,337	171,319	469,656
	<u>\$ 1,411,480</u>	<u>\$ 671,461</u>	<u>2,082,941</u>	<u>\$ 389,139</u>	<u>\$ 270,751</u>	<u>\$ 659,890</u>

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

Year Ending June 30,	Governmental Activities	Business-Type Activities	Total Primary Government
2022	\$ 198,540	\$ 72,986	\$ 271,526
2023	198,540	72,986	271,526
2024	198,540	72,986	271,526
2025	198,540	72,986	271,526
2026	186,637	68,625	255,262
Thereafter	<u>41,544</u>	<u>40,141</u>	<u>81,685</u>
	<u>\$ 1,022,341</u>	<u>\$ 400,710</u>	<u>\$ 1,423,051</u>

17. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources consisted of the following:

Capital Projects Fund:

FEMA - 2017 project	\$ 14,236
FEMA - municipal dock	2,547,314
NYS - Multimodal grant	50,000
NYS - Playground grant	11,250
NYS - DOT grant	<u>1,742</u>
Total	<u>\$ 2,624,542</u>

18. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$93,600 has been appropriated to reduce taxes for the year ending May 31, 2022.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

19. COMMITMENTS AND CONTINGENCIES

A. Risk Management

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

B. Certiorari Proceedings

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

C. Litigation

Certain legal actions are pending against the Village and are being handled by the Village's insurance carrier. The Village believes any exposure to the Village outside its insurance protection would not be material.

D. Lease Commitments and Leased Assets

Operating Leases

The Village is committed under various non-cancelable operating leases, primarily for equipment. The leases expire on various dates through May 2024 unless renewed. Total rental expenditures were \$1,286 in the governmental funds and \$130,727 in the proprietary fund for the year ended May 31, 2021.

Future minimum operating lease commitments are as follows:

<u>Year Ending May 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2022	\$ 4,236	\$ 130,727
2023	3,946	130,727
2024	<u>2,950</u>	<u></u>
	<u>\$ 11,132</u>	<u>\$ 261,454</u>

E. Lessor Agreements

The Village derives revenues from several lease agreements to lease certain land to the Bellport Country Club, the Bellport Bay Yacht Club, and the Bellport Fire District. In addition, the Village has entered into a lease to lease certain land for installation of a cell phone tower, for which rental fees are based on a percentage of usage. The leases expire on various dates through May 2021, unless renewed. Total rentals received were \$143,758 in the governmental funds for the year ended May 31, 2021.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Service Concession Arrangements

The Village has a concessionaire agreement with South Country Caters, Inc. to operate the facilities located at the Bellport Country Club. The concessionaire agreement is for 25 years and expires May 31, 2027. South Country Caters, Inc. will pay the Village installment payments over the course of the arrangement. The present value of these installment payments is estimated to be \$1,464,641 at May 31, 2021. Total installment payments recognized under this agreement were \$213,027 for the business-type activities for the year ended May 31, 2021.

The Village has a concessionaire agreement with Peter's on the Green to operate the Grill Room located at the Bellport Country Club. The concessionaire agreement is for 10 years and expires December 2027. Peter's on the Green will pay the Village installment payments over the course of the arrangement. The present value of these installment payments is estimated to be \$102,000 at May 31, 2021. Total installment payments received under this agreement were \$14,000 for the business-type activities for the year ended May 31, 2021.

The Village reports a receivable and deferred inflow of resources in the amount of \$1,566,641 at May 31, 2021, pursuant to these service concession arrangements. Of the \$1,566,641 accounts receivable, \$214,594 is presented as a current asset and the remaining amount of \$1,352,047 is shown as a non-current asset in the Statement of Net Position of the business-type activities.

Future minimum installments to be received under these service concession arrangements are as follows:

<u>Year Ending May 31,</u>	<u>Business-Type Activities</u>
2022	\$ 214,594
2023	256,987
2024	263,676
2025	270,506
2026	277,086
2027	<u>283,792</u>
	<u><u>\$ 1,566,641</u></u>

G. Grants

The Village has received 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. Based on prior audits, the Village's administration believes disallowances, if any, would be immaterial.

INCORPORATED VILLAGE OF BELLPORT
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Encumbrances

All encumbrances are classified as assigned fund balance. At May 31, 2021, the Village encumbered the following funds:

Assigned, Unappropriated Fund Balance

General Fund

General government support	\$ 5,229
Culture and recreation	3,908
Home and community services	<u>1,650</u>
	10,787

Enterprise Fund

Golf Fund

Golf course	<u>818</u>
	<u><u>\$ 11,605</u></u>

I. Other Commitments

In March 2015, the Village entered into an agreement with Parkland Golf Management, Inc. ("Parkland") to maintain and repair the Bellport Golf Club and its curtilage at the Bellport Country Club. Parkland shall be responsible for all appropriate and necessary costs and expenses in connection with the maintenance and repair of the golf course including mowing, aerification, fertilization, interseeding, bunker maintenance, irrigation, pest management, trash and debris removal, tree maintenance and grounds maintenance. The terms of the initial agreement was for the period March 1, 2015 through February 29, 2016 with the option to extend the term for either an additional 5 years or an additional 10 years. In March 2016, the Village extended the agreement an additional 5 years expiring February 2021. In October 2020, the Village extended the agreement an additional 10 years. The annual fee for the first year will be \$901,937 increasing 1% each year through 2031 minus credits each year as agreed upon by the two parties. Total expenses under this agreement were \$870,826 for the year ended May 31, 2021, and are included within the golf course operating expenses of the proprietary fund.

20. SUBSEQUENT EVENT

The Village has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment or disclosure in the financial statements, except for the following:

American Rescue Plan (ARPA) Act

The Village was awarded of \$209,948 through the American Rescue Plan Act in July 2021. These funds may be used towards COVID-19 pandemic related expenditures and improvement to the Village's infrastructure, as well as government services to the extent of the reduction in revenues collected as a result of the pandemic.

INCORPORATED VILLAGE OF BELLPORT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Real Property Taxes	\$ 2,607,066	\$ 2,607,066	\$ 2,605,168	\$ (1,898)
Other Real Property Tax Items				
Interest and penalties on real property tax items	10,000	10,000	10,412	412
Non-Property Tax Items				
Utilities gross receipts tax	60,000	60,000	52,138	(7,862)
Franchise fees	60,000	60,000	65,818	5,818
Total Non-Property Tax Items	120,000	120,000	117,956	(2,044)
Departmental Income				
Treasurer	4,000	4,000	7,265	3,265
Fire inspection	250	250		(250)
Safety inspection	181,600	181,600	183,573	1,973
Ferry	72,500	72,500	59,725	(12,775)
Park recreational	56,000	56,000	80,066	24,066
Marina	229,500	229,500	242,590	13,090
Camp	81,000	81,000	68,217	(12,783)
Refuse and garbage	555,449	555,449	562,875	7,426
Total Departmental Income	1,180,299	1,180,299	1,204,311	24,012
Use of Money and Property				
Interest and earnings	7,000	7,000	7,914	914
Rental of property	117,350	117,350	143,758	26,408
Total Use of Money & Property	124,350	124,350	151,672	27,322
Licenses and Permits				
License fees	15,000	15,000	21,801	6,801
Fines and Forfeitures				
Fines and forfeitures	16,500	16,500	11,190	(5,310)
Sales and Compensation for Loss				
Minor sales	27,000	27,000	18,547	(8,453)
Insurance recoveries	17,000	17,000	3,389	(13,611)
Total Minor Sales and Compensation for Loss	44,000	44,000	21,936	(22,064)
Miscellaneous				
Gifts & donations			3,500	3,500
Other unclassified revenue	134,512	134,512	13,160	(121,352)
Total Miscellaneous	134,512	134,512	16,660	(117,852)
State Aid				
Revenue sharing			16,336	16,336
Mortgage tax	60,000	60,000	106,195	46,195
Emergency disaster assistance	-	-	9,906	9,906
Grants - general	50,000	50,000		(50,000)
Consolidated highway aid	150,000	160,421	157,767	(2,654)
Total State Aid	260,000	270,421	290,204	19,783
Federal Aid				
Emergency disaster assistance	36,678	36,678	100,991	64,313
Total Revenues	4,548,405	4,558,826	4,552,301	(6,525)
OTHER FINANCING SOURCES				
Premium on obligation			66,470	66,470
Operating transfer in	101,824	101,824	685,000	583,176
Total Other Financing Sources	101,824	101,824	751,470	649,646
Total Revenues and Other Sources	4,650,229	4,660,650	5,303,771	\$ 643,121
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	93,600	93,600		
Prior Year's Encumbrances	900	900		
Appropriated Fund Balance	46,794	56,855		
Total Appropriated Fund Balance	141,294	151,355		
Total Revenues, Other Financing Sources and Appropriated Fund Balance	\$ 4,791,523	\$ 4,812,005		

INCORPORATED VILLAGE OF BELLPORT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)

For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Legislative	\$ 21,800	\$ 15,508	\$ 15,300	\$	\$ 208
Village Court	17,900	16,586	14,492		2,094
Executive	9,000	9,000	9,000		-
Auditor	62,000	62,000	56,650	4,750	600
Treasurer	208,250	200,250	200,064		186
Assessment	10,000	11,188	11,187		1
Tax advertising		50	50		-
Fiscal Agent	20,200	20,265	20,249		16
Clerk	284,301	338,827	337,997		830
Law	65,000	85,500	85,209		291
Election	3,450	3,566	2,526		1,040
Operation of buildings	162,047	136,307	132,393	479	3,435
Unallocated insurance	167,000	167,028	167,028		-
Municipal association dues	4,000	4,000	2,979		1,021
Judgments & claims		9,656	9,656		-
MTA tax	6,500	6,470	5,761		709
Total General Support	1,041,448	1,086,201	1,070,541	5,229	10,431
Public Safety					
Safety inspections	140,462	140,462	139,778		684
Other	173,296	201,425	201,267		158
Total Public Safety	313,758	341,887	341,045	-	842
Transportation					
Street maintenance		13,242	13,205		37
CHIPs	150,000	160,660	160,660		-
Street lighting	86,000	82,980	81,329		1,651
Total Transportation	236,000	256,882	255,194	-	1,688
Culture and Recreation					
Parks	6,500	1,241	1,241		-
Community Center	30,450	39,112	36,404	1,434	1,274
Special recreation	335,660	345,261	336,966	2,474	5,821
Youth	55,300	47,450	47,143		307
Celebrations	17,000	9,861	8,096		1,765
Total Culture and Recreation	444,910	442,925	429,850	3,908	9,167
Home and Community Services					
Refuse collection and disposal	524,309	475,239	472,727	1,650	862
Street cleaning	797,825	780,917	770,230		10,687
Shade trees	5,000	3,991	2,450		1,541
Senior program	36,678	44,693	42,563		2,130
Total Home and Community Services	1,363,812	1,304,840	1,287,970	1,650	15,220

INCORPORATED VILLAGE OF BELLPORT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES (Continued)					
Employee Benefits					
State retirement	\$ 180,000	\$ 176,988	\$ 176,949	\$	\$ 39
Social security and Medicare	145,290	137,687	137,687		-
Workers' compensation	140,000	97,959	97,463		496
Unemployment	5,000	8,320	8,318		2
Disability	3,000	1,511	1,151		360
Hospital and medical insurance	500,812	446,716	445,871		845
Other benefits	20,000	17,000	16,200		800
Total Employee Benefits	994,102	886,181	883,639	-	2,542
Debt Service					
Principal	272,580	180,185	180,185		-
Interest	124,913	133,187	133,187		-
Total Debt Service	397,493	313,372	313,372	-	-
Total Expenditures	4,791,523	4,632,288	4,581,611	10,787	39,890
OTHER FINANCING USES					
Operating transfers out		179,717	179,717		-
Total Expenditures and Other Uses	\$ 4,791,523	\$ 4,812,005	4,761,328	\$ 10,787	\$ 39,890
Net Change in Fund Balance			542,443		
Fund Balance - Beginning of Year			988,314		
Fund Balance - End of Year			\$ 1,530,757		

Note to Required Supplementary Information

Budget Basis of Accounting

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

INCORPORATED VILLAGE OF BELLPORT
Schedule of the Village's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years

	<i>Employees' Retirement System</i>						
	2021	2020	2019	2018	2017	2016	2015
Village's proportion of the net pension liability	0.0042865%	0.0040790%	0.0040935%	0.0047682%	0.0047972%	0.0058078%	0.0055426%
Village's proportionate share of the net pension liability	\$ 4,268	\$ 1,080,139	\$ 290,034	\$ 153,891	\$ 450,756	\$ 932,173	\$ 187,245
Village's covered payroll	\$ 1,510,734	\$ 1,454,660	\$ 1,423,769	\$ 1,344,517	\$ 1,378,222	\$ 1,433,003	\$ 1,331,544
Village's proportionate share of the net pension liability as a percentage of its covered payroll	0.28 %	74.25 %	20.37 %	11.45 %	32.71 %	65.05 %	14.06 %
Plan fiduciary net position as a percentage of the total pension liability	100%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%

An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

INCORPORATED VILLAGE OF BELLPORT
Schedule of Village Pension Contributions
Last Ten Fiscal Years

	<i>Employees' Retirement System</i>									
	<u>2021</u>	<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>
Contractually required contribution	\$ 208,131	\$ 192,508	\$ 190,326	\$ 186,375	\$ 195,689	\$ 259,398	\$ 235,571	\$ 214,886	\$ 251,817	\$ 234,153
Contributions in relation to the contractually required contribution	<u>208,131</u>	<u>192,508</u>	<u>190,326</u>	<u>186,375</u>	<u>195,689</u>	<u>259,398</u>	<u>235,571</u>	<u>214,886</u>	<u>251,817</u>	<u>234,153</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	\$ 1,610,486	\$ 1,566,184	\$ 1,441,510	\$ 1,492,967	\$ 1,289,887	\$ 1,433,003	\$ 1,331,544	\$ 1,372,905	\$ 1,489,552	\$ 1,527,003
Contributions as a percentage of covered payroll	13%	12%	13%	12%	15%	18%	18%	16%	17%	15%

INCORPORATED VILLAGE OF BELLPORT
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios
Last Three Fiscal Years

	2021	2020	2019
Total OPEB liability			
Service cost	\$ 408,705	\$ 282,165	\$ 248,491
Interest	196,819	243,306	238,334
Changes in benefit terms	-	-	-
Differences between expected and actual experience	576,296	(259,484)	-
Changes of assumptions or other inputs	(543,038)	1,854,865	382,216
Benefit payments	(182,901)	(145,750)	(113,254)
Net change in total OPEB liability	455,881	1,975,102	755,787
Total OPEB liability, beginning	8,696,968	6,721,866	5,966,079
Total OPEB liability, ending	<u>\$ 9,152,849</u>	<u>\$ 8,696,968</u>	<u>\$ 6,721,866</u>
Covered employee payroll	\$ 1,340,661	\$ 1,270,884	\$ 1,239,887
Total OPEB liability as a percentage of covered employee payroll	682.71%	684.32%	542.14%
Discount rate	2.20%	2.16%	3.51%
Healthcare trend rates	7.00% to 5.00% by 2025	7.50 to 5.00% by 2024	8.00% to 5.00% by 2024

An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Note to Required Supplementary Information

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

INCORPORATED VILLAGE OF BELLPORT
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual - Proprietary Fund - Golf Fund
For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual		Final Budget Variance with Actual
OPERATING REVENUES					
Charges for Services:					
Golf memberships	\$ 1,319,761	\$ 1,386,027	\$ 1,407,317		\$ 21,290
Golf carts	264,000	264,000	339,990		75,990
Golf rental income	268,002	242,477	239,657		(2,820)
Greens fees	165,000	165,000	228,403		63,403
Golf tournaments	60,000	60,000	10,570		(49,430)
Pro shop	104,700	121,217	156,327		35,110
Other services	120,440	145,965	151,044		5,079
Total Operating Revenues	2,301,903	2,384,686	2,533,308		148,622
APPROPRIATED FUND BALANCE					
Prior Year's Encumbrances	10,686	10,686			(10,686)
Total Operating Revenues and Appropriated Fund Balance	<u>\$ 2,312,589</u>	<u>\$ 2,395,372</u>	<u>2,533,308</u>		<u>\$ 137,936</u>
				Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
OPERATING EXPENSES					
Golf course	1,498,562	1,222,432	1,216,568	\$ 818	5,046
Pro shop	456,076	486,801	486,570		231
Depreciation		145,000	142,000		3,000
Employee benefits	167,950	319,867	314,574		5,293
Total Operating Expenses	<u>2,122,588</u>	<u>2,174,100</u>	<u>2,159,712</u>	<u>818</u>	<u>13,570</u>
NON-OPERATING EXPENSES					
Debt service, principal	77,029	29			29
Debt service, interest	11,148	11,148	10,274		874
Operating transfers out	101,824	210,095	210,000		95
Total Non-operating Expenses	<u>190,001</u>	<u>221,272</u>	<u>220,274</u>	<u>-</u>	<u>998</u>
Total Expenses	<u>\$ 2,312,589</u>	<u>\$ 2,395,372</u>	<u>2,379,986</u>	<u>\$ 818</u>	<u>\$ 14,568</u>
Change in Net Position			153,322		
Total Net Position (Deficit) - Beginning of year			<u>(229,625)</u>		
Total Net Position (Deficit) - End of year			<u>\$ (76,303)</u>		

INCORPORATED VILLAGE OF BELLPORT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
May 31, 2021

PROJECT TITLE	Budget May 31, 2020	Budget May 31, 2021	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance May 31, 2021
			Prior Years	Current Year	Total			Federal & State Aid	Local Sources	Total	
Improvements to highway yard	\$ 730,000	\$ 763,328	\$ 763,328	\$	\$ 763,328	\$ -	\$ 730,000	\$	\$ 33,328	\$ 763,328	\$ -
Main pier bulkhead replacement - FEMA	2,600,793	3,100,793	1,934,123	896,226	2,830,349	270,444	299,600	2,790,714	10,479	3,100,793	270,444
Multimodal-Woodland Park resurfacing	50,000	50,000	50,000		50,000	-		50,000		50,000	-
Repaving and sidewalks - Station Road Bellport Lane	460,000	460,000	1,742		1,742	458,258		460,000		460,000	458,258
Drainage improvement grant	480,500	20,654	20,654		20,654	-			20,654	20,654	-
Brown's Lane sidewalks	93,694	93,694	93,694		93,694	-			93,694	93,694	-
Server	19,256	19,256	19,256		19,256	-	19,256			19,256	-
Road resurfacing	59,251	59,251	59,251		59,251	-			59,251	59,251	-
Village Hall ADA compliant ramp	35,000	2,985	2,985		2,985	-			2,985	2,985	-
Community Center ADA compliant ramp	33,400	17,930	3,876	14,054	17,930	-		17,930		17,930	-
Main "Rock" dock project		500,000		149,035	149,035	350,965	500,000			500,000	350,965
Brown's Lane bulkhead, related road work		500,000		17,165	17,165	482,835	500,000			500,000	482,835
Playground		151,102		149,702	149,702	1,400		112,500	38,602	151,102	1,400
Work boat		69,500		69,500	69,500	-	69,500			69,500	-
Refuse truck		157,511		157,511	157,511	-	157,511			157,511	-
Totals	<u>\$ 4,561,894</u>	<u>\$ 5,966,004</u>	<u>\$ 2,948,909</u>	<u>\$ 1,453,193</u>	<u>\$ 4,402,102</u>	<u>\$ 1,563,902</u>	<u>\$ 2,275,867</u>	<u>\$ 3,431,144</u>	<u>\$ 258,993</u>	<u>\$ 5,966,004</u>	1,563,902
Less:											
Federal and state aid revenues not yet realized										(3,232,679)	
											<u>\$ (1,668,777)</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
Incorporated Village of Bellport
Bellport, New York

We have audited, in accordance with the 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 and each major fund of the Incorporated Village of Bellport (Village), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Incorporated Village of Bellport'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Incorporated Village of Bellport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Incorporated Village of Bellport'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Incorporated Village of Bellport'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 direct and 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*.

We noted certain matters that we have reported to the Board of Trustees and management of the Incorporated Village of Bellport in a separate letter dated March 21, 2022.

Purpose of this Report

The purpose of this report is 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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Danowski, LLP

March 21, 2022

