



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORT
May 31, 2025

INCORPORATED VILLAGE OF UPPER BROOKVILLE
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Required Supplementary Information	
Management's Discussion and Analysis (MD&A)	3
Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities	20
Notes to Financial Statements	21
Required Supplementary Information Other than MD&A:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	40
Schedule of the Village's Proportionate Share of the Net Pension Asset/(Liability)	43
Schedule of Village Pension Contributions	44



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Incorporated Village of Upper Brookville
Glen Head, New York

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Incorporated Village of Upper Brookville ("the Village"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Incorporated Village of Upper Brookville, as of May 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that 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 asset/(liability), and schedule of Village pension contributions on pages 3 through 14 and 40 through 44, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cullen & Danowski, LLP

Port Jefferson Station, New York
November 7, 2025

INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT’S DISCUSSION AND ANALYSIS

The Incorporated Village of Upper Brookville’s (“the Village”) discussion and analysis of the financial performance provides an overall review of the Village’s financial activities for the fiscal year ended May 31, 2025 in comparison with the year ended May 31, 2024, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- The Village’s total net position, as reflected in the government-wide financial statements is \$6,908,637, an increase of \$310,405 over the prior year due to revenues exceeding expenses.
- The Village’s expenses for the year, as reflected in the government-wide financial statements, totaled \$4,521,875. Of this amount, \$1,025,729 was offset by program charges for services, operating grants, and capital grants. General revenues of \$3,806,551 amount to 78.77% of total revenues, and were adequate to cover the balance of program expenses.
- The general fund’s total fund balance, as reflected in the fund financial statements, decreased by \$301,144 to \$2,851,035. This was largely due to an excess of expenditures and other financing uses over revenues.
- On the balance sheet, the general fund’s unassigned fund balance at year end was \$828,372. This represents an increase of 8.72% over the prior year.
- The Village received a one-time grant of \$250,000 from the Dormitory Authority of New York for the construction of the new Village Hall.
- The Village’s 2025 property tax levy of \$2,786,793 was a 10.13% increase compared to the 2024 tax levy and was more than the property tax cap of 3.61%.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (MD&A), the financial statements, and required supplementary information (RSI). 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:



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

A. Government-wide Financial Statements

The government-wide financial statements present the governmental activities of the Village and 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 capital assets.

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 flows in future fiscal periods.

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 funds.

Governmental Funds

These 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 and pension costs, which are recognized as expenditures to the extent the related liabilities mature each period.

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

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 four individual governmental funds: general fund, parkland fund, garbage district fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

The Village adopts an annual budget for the general fund. A budgetary comparison statement has been provided for the general fund within the RSI to demonstrate compliance with the budget.

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The Village's total net position increased by \$310,405 between fiscal year 2025 and 2024. The increase is due to revenues exceeding expenses. A summary of the Village's Statements of Net Position follows:

	2025	2024	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 4,227,552	\$ 4,112,275	\$ 115,277	2.80 %
Capital Assets, Net	4,696,421	4,306,063	390,358	9.07 %
Total Assets	8,923,973	8,418,338	505,635	6.01 %
Deferred Outflows of Resources	91,701	111,637	(19,936)	(17.86)%
Liabilities				
Current and Other Liabilities	837,112	487,179	349,933	71.83 %
Long-Term Liabilities	1,160,000	1,290,000	(130,000)	(10.08)%
Net Pension Liability - Proportionate Share	92,895	91,318	1,577	1.73 %
Total Liabilities	2,090,007	1,868,497	221,510	11.85 %
Deferred Inflows of Resources	17,030	63,246	(46,216)	(73.07)%

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

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Net Position				
Net Investment in Capital Assets	\$ 3,305,844	\$ 3,010,412	\$ 295,432	9.81 %
Restricted	117,113	108,600	8,513	7.84 %
Unrestricted	<u>3,485,680</u>	<u>3,479,220</u>	<u>6,460</u>	0.19 %
 Total Net Position	 <u>\$ 6,908,637</u>	 <u>\$ 6,598,232</u>	 <u>\$ 310,405</u>	 4.70 %

The increase in current and other assets mostly relates to increases in due from state and federal, and cash, offset by decreases in accounts receivable and taxes receivable.

The increase in capital assets, net is due to capital assets additions in excess of depreciation expense. The "Capital Assets" Note provides additional information.

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

The increase in current and other liabilities relates to increases in accounts payable and collections in advance, offset by a decrease in guaranty and bid deposits.

The decrease in long-term liabilities is the result of the repayment of the current maturity of the bond indebtedness.

Net pension liability – proportionate share represents the Village's share of the ERS' collective net pension liability at the measurement date. The net change in the net pension liability – proportionate share is the result of an increase in the proportionate share for the ERS, which was due to the net result of several factors, including increases in benefits earned by active employees, and cost-of-living adjustments. The "Pension Plan – New York State" Note provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension plan that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt.

The restricted amount is funds reserved for park and conservation projects.

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.

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

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended May 31, 2025 and 2024, is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 231,152	\$ 224,197	\$ 6,955	3.10 %
Operating Grants	544,577	-	544,577	N/A
Capital Grants	250,000	-	250,000	N/A
General Revenues				
Property Taxes	2,784,562	2,532,021	252,541	9.97 %
State Sources	123,962	154,563	(30,601)	(19.80)%
Other	898,027	639,492	258,535	40.43 %
Total Revenues	<u>4,832,280</u>	<u>3,550,273</u>	<u>1,282,007</u>	36.11 %
Expenses				
General government	617,749	572,101	45,648	7.98 %
Public safety	3,026,690	2,124,722	901,968	42.45 %
Transportation	614,418	588,777	25,641	4.35 %
Culture and recreation	1,688	2,556	(868)	(33.96)%
Home and community	230,745	193,164	37,581	19.46 %
Debt Service - Interest	30,585	33,780	(3,195)	(9.46)%
Total Expenses	<u>4,521,875</u>	<u>3,515,100</u>	<u>1,006,775</u>	28.64 %
Change in Net Position	<u>\$ 310,405</u>	<u>\$ 35,173</u>	<u>\$ 275,232</u>	782.51 %

The Village's net position increased by \$310,405 and \$35,173 for the years ended May 31, 2025 and 2024, respectively.

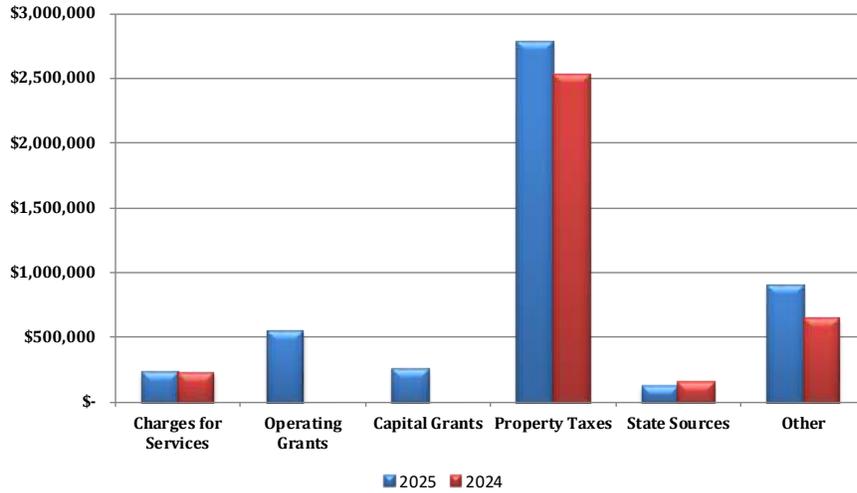
The major factor that contributed to the increase in revenue was a one-time \$250,000 capital grant from the Dormitory Authority of the State of New York (DASNY) for construction of the new Village Hall. The Village used the American Rescue Plan Act (ARPA) funding of \$178,871 towards police protection. In addition, the Village received a shared services grant of \$365,706.

The increase in expenses is primarily due to an increase in public safety related to the police contract and deferred payments to Village of Old Brookville for legacy health benefits to the police totaling \$662,954.

As indicated on the graphs that follow, real property taxes is the largest component of revenues recognized (i.e., 57.6% and 71.3% of the total for the years 2025 and 2024, respectively). Public safety is the largest category of expenses incurred (i.e., 66.9% and 60.4% of the total for the years 2025 and 2024, respectively).

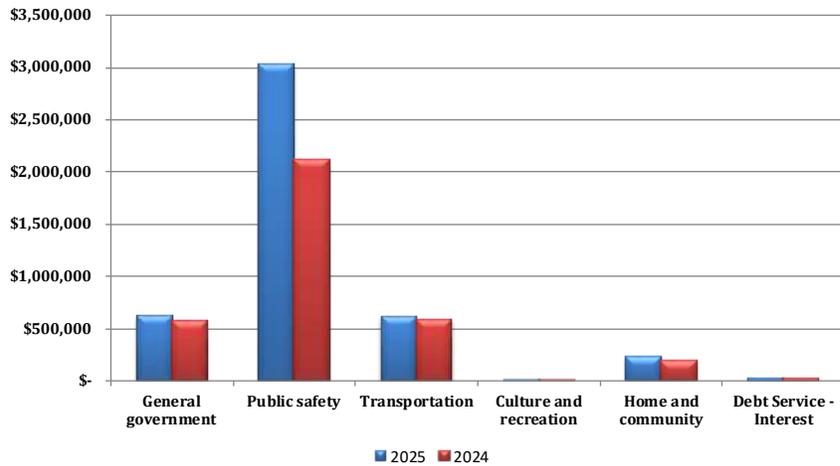
INCORPORATED VILLAGE OF UPPER BROOKVILLE
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes	State Sources	Other
2025	4.8%	11.3%	5.2%	57.6%	2.6%	18.5%
2024	6.3%	0.0%	0.0%	71.3%	4.4%	18.0%

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



	General government	Public safety	Transportation	Culture and recreation	Home and community	Debt Service - Interest
2025	13.7%	66.9%	13.6%	0.0%	5.1%	0.7%
2024	16.3%	60.4%	16.7%	0.1%	5.5%	1.0%

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

4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

At May 31, 2025, the Village's governmental funds reported a combined fund balance of \$3,342,128, which is a decrease of \$218,801 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2025	2024	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Prepaids	\$ 53,846	\$ 56,954	\$ (3,108)	(5.46)%
Assigned:				
Designated for litigation	200,000	200,000	-	0.00 %
Designated for Village Hall Renovation	255,000	705,000	(450,000)	(63.83)%
Designated for Mill River Road Repaving	640,000	640,000	-	0.00 %
Appropriated fund balance	873,817	788,283	85,534	10.85 %
Unassigned: Fund balance	828,372	761,942	66,430	8.72 %
	<u>2,851,035</u>	<u>3,152,179</u>	<u>(301,144)</u>	<u>(9.55)%</u>
Parkland Fund				
Restricted: Parkland	117,113	108,600	8,513	7.84 %
Garbage District Fund				
Assigned: Unappropriated fund balance	5,470	5,724	(254)	(4.44)%
Capital Projects Fund				
Assigned: Unappropriated fund balance	368,510	294,426	74,084	25.16 %
Total Fund Balance	<u>\$ 3,342,128</u>	<u>\$ 3,560,929</u>	<u>\$ (218,801)</u>	<u>(6.14)%</u>

A. General Fund

The net change in the general fund – fund balance is a decrease of \$301,144, compared to an increase of \$60,528 in 2024. This resulted from expenditures and other financing uses in excess of revenues.

The Village's revenues increased when compared to the prior year, primarily due to the following changes:

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

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Real Property Taxes	\$ 2,801,626	\$ 2,521,045	\$ 280,581	11.13 %
Other Tax Items	18,249	8,608	9,641	112.00 %
Nonproperty Taxes	99,538	98,691	847	0.86 %
Other Local Revenue	825,937	591,592	234,345	39.61 %
State Sources	489,668	154,563	335,105	216.81 %
Federal Sources	178,871	-	178,871	N/A
	<u>\$ 4,413,889</u>	<u>\$ 3,374,499</u>	<u>\$ 1,039,390</u>	30.80 %

- Real property taxes had a budgeted increase of 10.13%.
- Other local revenue increased due to increases in permit revenue and insurance recoveries.
- State sources increased due to the NYS County-Wide Shared Services Initiative.
- Federal sources increased due to the recognition of ARPA funds.

The Village's expenses and other financing uses increased when compared to the prior year, primarily due to the following changes:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Support	\$ 531,198	\$ 488,340	\$ 42,858	8.78 %
Public Safety	2,991,375	2,089,206	902,169	43.18 %
Transportation	357,021	397,720	(40,699)	(10.23)%
Culture and Recreation	-	2,505	(2,505)	(100.00)%
Home and Community Services	49,201	26,649	22,552	84.63 %
Employee Benefits	174,444	144,785	29,659	20.48 %
Debt Service	161,794	159,943	1,851	1.16 %
Other Financing Uses	450,000	4,823	445,177	9230.29 %
	<u>\$ 4,715,033</u>	<u>\$ 3,313,971</u>	<u>\$ 1,401,062</u>	42.28 %

- Public safety increased due to the contracted amount paid for police protection and legacy health benefits.
- Employee benefits increased due to greater insurance premiums.
- Other financing uses increased due to the transfer to the capital projects fund for the construction of the new Village Hall.

B. Parkland Fund

The parkland fund - fund balance increased due to interest earned during the year in excess of expenditures incurred.

C. Garbage District Fund

The garbage fund - fund balance decreased due to garbage expenditures in excess of income and interest revenues.

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

D. Capital Projects Fund

The capital projects fund - fund balance increased, due to capital projects revenues in excess of expenses incurred during the year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Budget

The Village's general fund adopted budget for the year ended May 31, 2025, was \$4,391,299.

The final budget was funded through estimated revenues. The majority of this funding source was \$2,786,793 in estimated property taxes.

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, 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	\$ 761,942
Revenues Over Budget	810,873
Expenditures and Other Financing Uses Under Budget	126,266
Net Change in Nonspendable Fund Balance	3,108
Appropriated for the 2025-2026 Budget	<u>(873,817)</u>
Closing, Unassigned Fund Balance	<u>\$ 828,372</u>

Opening, Unassigned Fund Balance

The \$761,942 shown in the table is the portion of the Village's May 31, 2024 fund balance that was retained as unassigned.

Revenues Over Budget

The 2024-2025 final budget for revenues was \$3,603,016. Actual revenues recognized for the year were \$4,413,889. The excess of actual revenue over estimated or budgeted revenue was \$810,873, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2024 to May 31, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

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

Expenditures and Other Financing Uses Under Budget

The final 2024-2025 final budget for expenditures and other financing uses as of May 31, 2025, was \$4,841,299. Actual expenditures and other financing uses as of May 31, 2025 were \$4,715,033. The final budget variance was \$126,266, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2024 to May 31, 2025. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of prepaid fire protection and various insurance premiums. The resulting balance sheet assets 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 decrease in nonspendable fund balance increases unassigned fund balance.

Appropriated Fund Balance

The Village has chosen to use \$873,817 of the available May 31, 2025 unassigned fund balance to partially fund the 2025-2026 approved operating budget and offset police expenditures and accumulated legacy health benefits for the police. As such, the May 31, 2025 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at May 31, 2025, was \$828,372.

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

A. Capital Assets

At May 31, 2025, the Village had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$623,899, in excess of depreciation expense of \$233,541 recorded for the year ended May 31, 2024. A summary of the Village's capital assets, net of accumulated depreciation at May 31, 2025 and 2024 is as follows:

	2025	2024	Increase (Decrease)
Land	\$ 399,800	\$ 399,800	\$ -
Construction in progress	723,937	100,038	623,899
Buildings	1,445,230	1,480,546	(35,316)
Improvements	105,745	111,782	(6,037)
Equipment	31,790	34,906	(3,116)
Infrastructure	1,989,919	2,178,991	(189,072)
	<u>\$ 4,696,421</u>	<u>\$ 4,306,063</u>	<u>\$ 390,358</u>

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

B. Debt Administration

At May 31, 2025, the Village had total bonds payable of \$1,160,000. The bonds were issued to construct improvements to Friendly Road, Chapel Gate Lane, and other Village roads. The decrease in outstanding debt represents principal payments. A summary of the outstanding debt at May 31, 2025 and 2024 is as follows:

Issue Date	Interest Rate	2025	2024	Increase (Decrease)
1/30/2018	2.48%	\$ 1,160,000	\$ 1,290,000	\$ (130,000)

As of May 31, 2025, the Village has yet to issue \$1,000,000 of the \$3,000,000 approved bond authorization.

C. Other Long-Term Liabilities

Included in the Village's long-term liabilities is the net pension liability – proportionate share, which is based on an actuarial valuation. The following is a summary at May 31, 2025 and 2024:

	2025	2024	Increase (Decrease)
Net pension liability - proportionate share	\$ 92,895	\$ 91,318	\$ 1,577

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board of Trustees ("the Board") approved a \$4,682,512 general fund budget for the year ending May 31, 2026. This is a \$291,213 increase compared to the previous year's budget.

The Village budgeted revenues other than property taxes at a decrease of \$73,000 compared to the prior year's estimate, which is principally due to estimated decreases in state aid and interest earnings. Property taxes were budgeted at an increase of \$278,679 (10%), levy to levy.

B. Future Budgets

Factors to consider that could influence future budgets:

- Uncertainty with state aid complicates long-range planning.
- Rise in employee cost centers of employee salaries and health benefits, as well as contributions to pension programs.
- Changing circumstances of unforeseen events and risks including natural disasters and global pandemics.
- Impact of external factors such as market trends, economic conditions, and regulatory changes.
- High inflation, interest rates and retiree payments can have an impact on the budget.
- Social and demographic changes with population, age distribution, and personal income can have significant and lasting effects.
- Legal and intergovernmental factors constraining tax increases, forbidding particular revenue sources, and mandating some services.

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

C. Tax Cap

New York State law limits the annual increase in the property tax levy of Villages to the lesser of 2% or the rate of inflation plus additional statutory adjustments to the tax levy limit. Villages may override the tax levy limit (tax cap) by first passing a local law that allows for the tax levy to be exceeded; however, the override vote requires a 60% vote of the total voting power of the governing board. Based on the law, the Village's tax cap for 2025-2026 is 2.0%. The Village's 2025-2026 property tax increase of 10% exceeded the tax cap and was unanimously approved by the Board.

8. CONTACTING THE VILLAGE

This financial report is designed to provide the reader with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. Requests for additional information can be directed to:

Elliot S. Conway, Mayor
Incorporated Village of Upper Brookville
24 Wolver Hollow Road
Glen Head, New York 11545

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Statement of Net Position
May 31, 2025

ASSETS

Cash	
Unrestricted	\$ 3,938,380
Restricted	117,113
Receivables	
Accounts receivable	23,663
Taxes receivable	71,422
Due from state and federal	23,128
Prepays	53,846
Capital assets not being depreciated	1,123,737
Capital assets being depreciated, net of accumulated depreciation	<u>3,572,684</u>
 Total Assets	 <u>8,923,973</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>91,701</u>
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LIABILITIES

Payables	
Accounts payable	463,304
Accrued liabilities	10,788
Guaranty and bid deposits	160,967
Due to employees' retirement system	9,560
Unearned credits: Collections in advance	192,493
Long-term liabilities	
Due and payable within one year	
Bonds payable	130,000
Due and payable after one year	
Bonds payable	1,030,000
Net pension liability - proportionate share	<u>92,895</u>
 Total Liabilities	 <u>2,090,007</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	<u>17,030</u>
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NET POSITION

Net investment in capital assets	3,305,844
Restricted	117,113
Unrestricted	<u>3,485,680</u>
 Total Net Position	 <u><u>\$ 6,908,637</u></u>

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Statement of Activities
For the Year Ended May 31, 2025

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General government	\$ 617,749	\$ 56,606	\$	\$ 250,000	\$ (311,143)
Public safety	3,026,690		544,577		(2,482,113)
Transportation	614,418				(614,418)
Culture and recreation	1,688				(1,688)
Home and community	230,745	174,546			(56,199)
Debt service - interest	30,585				(30,585)
	<u>\$ 4,521,875</u>	<u>\$ 231,152</u>	<u>\$ 544,577</u>	<u>\$ 250,000</u>	<u>(3,496,146)</u>
GENERAL REVENUES					
Real property taxes					2,784,562
Other tax items					18,249
Non-property taxes					99,538
Use of money and property					219,586
Licenses and permits					433,313
Miscellaneous					127,341
State sources					123,962
					<u>3,806,551</u>
Total General Revenues					3,806,551
Change in Net Position					310,405
Total Net Position - Beginning of Year					<u>6,598,232</u>
Total Net Position - End of Year					<u>\$ 6,908,637</u>

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Balance Sheet - Governmental Funds
 May 31, 2025

	General	Parkland	Garbage District	Capital Projects	Total Governmental Funds
ASSETS					
Cash					
Unrestricted	\$ 3,149,121	\$	\$ 188,422	\$ 600,837	\$ 3,938,380
Restricted		117,113			117,113
Receivables					
Accounts receivable	23,663				23,663
Taxes receivable	71,422				71,422
Due from other funds	1,750				1,750
Due from state and federal	23,128				23,128
Prepays	53,846				53,846
Total Assets	\$ 3,322,930	\$ 117,113	\$ 188,422	\$ 600,837	\$ 4,229,302
LIABILITIES					
Payables					
Accounts payable	\$ 232,727	\$	\$	\$ 230,577	\$ 463,304
Guaranty and bid deposits	160,967				160,967
Due to other funds				1,750	1,750
Due to employees' retirement system	9,560				9,560
Unearned credits					
Collections in advance	9,541		182,952		192,493
Total Liabilities	412,795	-	182,952	232,327	828,074
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	59,100				59,100
FUND BALANCES					
Nonspendable: Prepays	53,846				53,846
Restricted: Parkland		117,113			117,113
Assigned:					
Appropriated Fund Balance	873,817				873,817
Designated for litigation	200,000				200,000
Designated for Village Hall	255,000				255,000
Designated for Mill River Road Repaving	640,000				640,000
Unappropriated fund balance			5,470	368,510	373,980
Unassigned: Fund balance	828,372				828,372
Total Fund Balances	2,851,035	117,113	5,470	368,510	3,342,128
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,322,930	\$ 117,113	\$ 188,422	\$ 600,837	\$ 4,229,302

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Reconciliation of the Governmental Funds Balance Sheet
to the Government-wide Statement of Net Position
May 31, 2025

Total Governmental Fund Balances \$ 3,342,128

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

The costs of building and acquiring capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position 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	\$ 7,004,541	
Less: Accumulated depreciation	<u>(2,308,120)</u>	4,696,421

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	91,701	
Net pension liability - employees' retirement system	(92,895)	
Deferred inflows of resources	<u>(17,030)</u>	(18,224)

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. 59,100

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

Accrued interest on bonds payable	(10,788)	
Bonds payable	<u>(1,160,000)</u>	<u>(1,170,788)</u>

Total Net Position \$ 6,908,637

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2025

	General	Parkland	Garbage District	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	\$ 2,801,626	\$	\$	\$	\$ 2,801,626
Real property tax items	18,249				18,249
Non-property taxes	99,538				99,538
Departmental income	15,000		174,546		189,546
Use of money and property	213,677	5,201	708		219,586
Licenses and permits	433,313				433,313
Fines and forfeited bail	41,606				41,606
Miscellaneous	122,341	5,000			127,341
State sources	489,668			250,000	739,668
Federal sources	178,871				178,871
Total Revenues	4,413,889	10,201	175,254	250,000	4,849,344
EXPENDITURES					
General government	531,198			625,916	1,157,114
Public safety	2,991,375				2,991,375
Transportation	357,021				357,021
Culture and recreation		1,688			1,688
Home and community	49,201		175,508		224,709
Employee benefits	174,444				174,444
Debt service					
Principal	130,000				130,000
Interest	31,794				31,794
Total Expenditures	4,265,033	1,688	175,508	625,916	5,068,145
Excess (Deficiency) of Revenues Over Expenditures	148,856	8,513	(254)	(375,916)	(218,801)
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in				450,000	450,000
Operating transfers (out)	(450,000)				(450,000)
Total Other Financing Sources and (Uses)	(450,000)	-	-	450,000	-
Net Change in Fund Balances	(301,144)	8,513	(254)	74,084	(218,801)
Fund Balances					
Beginning of Year	3,152,179	108,600	5,724	294,426	3,560,929
End of Year	\$ 2,851,035	\$ 117,113	\$ 5,470	\$ 368,510	\$ 3,342,128

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-wide Statement of Activities
For the Year Ended May 31, 2025

Net Change in Fund Balances \$ (218,801)

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

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues are recognized in the Statement of Activities in prior years when they are earned. (17,064)

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 in the period.

Capital outlays and other additions	\$ 623,899	
Depreciation expense	(233,541)	
		390,358

Long-Term Debt Transactions Differences

Repayment of long-term debt 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.

Bond payable	130,000	
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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, 2024 to May 31, 2025.

	1,209	131,209
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Pension Differences

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

Employees' retirement system		24,703
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Change in Net Position of Governmental Activities	\$	310,405
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INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Incorporated Village of Upper Brookville (“the 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. Reporting Entity

The Village, which was incorporated in 1932, is governed by the Charter of the State of New York, Village law and other general Laws of the State of New York and various local laws and ordinances. The Village is governed by the Mayor and the Board, which is the legislative body responsible for the overall operation of the Village (collectively five members). The Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer of the Village.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The following basic services are provided: general support, public safety including contracted police and fire protection, sanitation, recreation, street maintenance and lighting.

The accompanying financial statements present the activities of the Village. The Village is not a component unit of another reporting entity. The decision to include a potential component unit in the Village’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village’s reporting entity.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the Village. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities are generally financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the Village at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are 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 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 and state aid, are presented as general revenues.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
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 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.

Special Revenue Funds - are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

Parkland Fund - is used to account for special assessments from subdivisions that are specifically assigned for the improvement and conservation of parklands within the Village.

Garbage District Fund - is used to account for garbage collection and disposal services provided by a private carter contracted with the Village. The major source of revenue is collections from residents to pay for the services provided by the private carter.

Capital Projects Fund - is used to account for the financial resources used for the acquisition, construction, renovation, or major repair of capital facilities and other capital assets.

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 financial resources 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 fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants, and donations. On an accrual basis,

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within 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 and pension costs. Capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. Real Property Taxes

Real property taxes are levied no later than May 15th and become a lien on June 1st. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax lien sales.

E. Payments in Lieu of Taxes (PILOT)

The Village reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the Village. These amounts are diminimous.

The Village's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q ("the LIPA Reform Act") enacted by the state in 2013. These LIPA payments are not the result of tax abatement agreements as defined by GASB, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments.

F. 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.

G. 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 transfers 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.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

In the government-wide statements, eliminations have been made for all interfund receivables and payables among the funds.

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.

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

H. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts 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, pension costs, potential contingent liabilities, and useful lives of capital assets.

I. Cash

Cash consists of cash on hand, bank deposits, and investments with an original maturity date of 90 days or less from date of acquisition.

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

J. Receivables

Receivables are recorded when the transaction takes place, and the respective revenues are recognized as earned in the government-wide financial statements, and when available in the fund financial statements.

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

K. Prepaid Items

Prepaid items represent payments made by the Village for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method. Under the consumption method, a current asset for the prepaid item is recorded at the time of purchase and an 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.

L. Capital Assets

The government-wide financial statements report capital assets, which are reported at actual cost, when the information is available, or at estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	50 years
Improvements	5,000	5-50 years
Vehicles Equipment	5,000	5-15 years
Infrastructure - Bridges	5,000	20-50 years
Infrastructure - Roads	5,000	20-50 years
Infrastructure - Water & Sewer	5,000	50-100 years

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The balance is related to pensions and consists of the Village's proportionate share of changes in the collective net pension liability not included in the collective pension expense, and the Village's contributions to the pension system (ERS) subsequent to the measurement date.

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 monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the Village. 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.

O. Short-Term Debt

No short-term debt was issued during the year ended May 31, 2025.

P. Employee Benefits

Eligible Village employees participate in the ERS.

The Village provides individual or family health insurance coverage for active employees pursuant to Village policy.

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

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacation must be used in the year earned and cannot be accumulated. Unused vacation days will not be paid at year-end. Sick days unused at the end of the year may be carried over into the next year, to a maximum of 30 days. Employees will not be paid for unused sick days upon separation from the Village.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Q. Long-Term Debt

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

R. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The Village has two 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. 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 item is related to pensions reported in the government-wide Statement of Net Position and consists of the Village's proportionate share of changes in the collective net pension liability not included in the collective pension expense.

S. Equity Classifications

Government-Wide Statements

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

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, and 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 the balance of net position that does not meet the definition of the above two classifications.

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 are 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 UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Reserve for Parkland

Represents fees received from landowners that have received approval for land subdivision and future development. These fees will be used for future park, playground and recreation purposes.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village’s Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as special designations.

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 overspending of available resources.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board 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.

The Board 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 either approved budget or Board approved budget revision and then from the assigned fund balance to the extent that there is an appropriation and then from the unassigned fund balance.

2. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the Village feels may have a future impact on these financial statements. The Village will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
May 31, 2026	GASB No. 102 – <i>Certain Risk Disclosures</i>
May 31, 2027	GASB No. 103 – <i>Financial Reporting Model Improvements</i>

GASB Statement No. 102 was issued to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

GASB Statement No. 103 was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. 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 funds Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

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.

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 acquisition 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 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.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets

The Village's administration submits a tentative budget to the Board. 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 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.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the current year may be increased by the amount of the 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 as a result of selected new revenue sources not included in the original budget (when permitted by law) and by the appropriation of fund balance. 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. During the year, there was a supplemental appropriation of \$450,000 to construct the new Village Hall, which utilized assigned funds.

Budgets are adopted annually on a basis consistent with GAAP, and budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Over Expenditure of Appropriation

Certain general fund appropriations were over expended. These were in the following appropriation categories of the budget: general government support, public safety, transportation, home and community services, and employee benefits. The general fund budget in total was not over expended.

5. 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. Investments are stated at fair value.

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 as follows:

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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 pledged on the Village's behalf at year end.

The Village did not have any investments at year end. Consequently, the Village was not exposed to any material interest rate risk or foreign currency risk.

6. TAXES RECEIVABLE

Taxes receivable at June 30, 2025, consisted of:

General Fund	
Nassau County - Real Property Taxes	<u>\$ 71,422</u>

Village management expects these amounts to be fully collectible.

7. DUE FROM STATE AND FEDERAL

Due from state and federal at May 31, 2025 consisted of:

General Fund	
Nassau County mortgage tax	<u>\$ 23,128</u>

Village management expects these amounts to be fully collectible.

8. PREPAIDS

Prepays at May 31, 2025 consisted of:

General Fund	
Fire protection	\$ 33,391
Health insurance	11,583
Workers' compensation	6,604
Software subscription	1,512
Garbage	756
	<u>\$ 53,846</u>

9. INTERFUND TRANSACTIONS

Interfund balances and activities at May 31, 2025 are as follows:

	Interfund			
	Receivable	Payable	Transfer In	Transfer Out
General Fund	\$ 1,750	\$	\$	\$ 450,000
Capital Projects Fund	<u> </u>	<u>1,750</u>	<u>450,000</u>	<u> </u>
	<u>\$ 1,750</u>	<u>\$ 1,750</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>

The transfer to the capital projects fund was to provide funding for capital improvement projects.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. CAPITAL ASSETS

A. Changes

Capital assets balances and activity for the year ended May 31, 2025, were as follows:

	Balance May 31, 2024	Additions	Reductions	Balance May 31, 2025
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 399,800	\$	\$	\$ 399,800
Construction in progress	100,038	623,899		723,937
Total capital assets not being depreciated	499,838	623,899	-	1,123,737
Capital assets being depreciated:				
Buildings	1,767,621			1,767,621
Improvements	120,727			120,727
Equipment	49,428			49,428
Infrastructure	3,943,028			3,943,028
Total capital assets being depreciated	5,880,804	-	-	5,880,804
Less accumulated depreciation for:				
Buildings	287,075	35,316		322,391
Improvements	8,945	6,037		14,982
Equipment	14,522	3,116		17,638
Infrastructure	1,764,037	189,072		1,953,109
Total accumulated depreciation	2,074,579	233,541	-	2,308,120
Total capital assets being depreciated, net	3,806,225	233,541		3,572,684
Capital assets, net	\$ 4,306,063	\$ 390,358	\$ -	\$ 4,696,421

Depreciation expense was charged to governmental functions as follows:

General support	\$ 3,116
Public safety	35,316
Transportation	189,072
Home & community	6,037
	<u>233,541</u>
	<u>\$ 233,541</u>

B. Impairment Losses

The Village evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Village's policy is to record an impairment loss in the period when the Village determines that the carrying amount of the asset will not be recoverable. At May 31, 2025, the Village has not recorded any such impairment losses.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

11. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension costs, for the year are summarized below:

	Balance May 31, 2024	Additions	Reductions	Balance May 31, 2025	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 1,290,000	\$ _____	\$ (130,000)	\$ 1,160,000	\$ 130,000

The general fund has typically been used to liquidate long-term liabilities.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2025
Serial bonds	1/30/2018	1/15/2033	2.48%	\$ 1,160,000

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

Year Ending May,	Principal	Interest	Total
2026	\$ 130,000	\$ 28,768	\$ 158,768
2027	135,000	25,544	160,544
2028	140,000	22,196	162,196
2029	145,000	18,724	163,724
2030	145,000	15,128	160,128
2031 - 2033	465,000	23,312	488,312
Total	\$ 1,160,000	\$ 133,672	\$ 1,293,672

C. Remedies Upon Default In Bond Payments

The bonds are general obligation contracts between the Village and the owners for which the faith and credit of the Village are pledged and remedies for enforcement of payment are not expressly included in the Villages' contract with such owners. Upon default in the payment of principal of or interest on the bonds at the suit of the owner, a court has the power, in proper and appropriate proceedings, to render judgment against the Village. A court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds from funds lawfully available therefor or, in the absence thereof, to order the Village to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Section 99-b of the State Finance Law provides for a covenant between New York State and the purchasers and the holders and owners from time to time of the bonds issued by villages in New York State. In the event a holder or owner of any bond issued by a village for village purposes shall file with the Office of the New York State Comptroller (OSC), a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both. The OSC shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such state aid or assistance due to such village such amount thereof as may be required to pay the principal of and interest on such bonds of such village then in default. In the event such state aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the OSC shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such state aid or assistance due such village such amount or amounts thereof as may be required to cure such default.

D. Interest Expense

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

Interest paid	\$ 31,794
Less interest accrued in the prior year	(11,997)
Plus interest accrued in the current year	<u>10,788</u>
Total interest expense on long-term debt	<u>\$ 30,585</u>

E. Unissued Debt

On August 12, 2016, the Board adopted a \$3,000,000 bond resolution (\$500,000 to construct improvements to Friendly Road and Chapel Gate Lane and \$2,500,000 to construct improvements to other roads in the Village determined by the Board). The Village has issued \$2,000,000 in bonds for Friendly Road, Chapel Gate Lane, and other roads in the Village; therefore, \$1,000,000 remains authorized and unissued.

12. 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, defined benefit, public employee retirement system. The system provides retirement, disability, withdrawal, 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 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 is the 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. That report, including information with

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

C. Funding Policies

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 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 15.35% of covered payroll for the ERS' fiscal year ended March 31, 2025.

The Village's share of the required contributions, based on covered payroll for the Village's year ended May 31, 2025 was \$55,254 for ERS at an average contribution rate of 15.35%.

D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At May 31, 2025, the Village reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for the system. The net pension asset/(liability) was measured as of March 31, 2025. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Village's proportion of the net pension asset 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, 2025
Village's proportionate share of the net pension liability	\$ (92,895)
Village's portion of the Plan's net pension liability	0.0005418%
Change in proportion since the prior measurement date	(0.0000784)

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the year ended May 31, 2025, the Village recognized a pension expense of \$31,115 for ERS. At May 31, 2025, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,057	\$ 1,088
Changes of assumptions	3,896	
Net difference between projected and actual earnings on pension plan investments	7,288	
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	47,900	15,942
Village contributions subsequent to the measurement date	<u>9,560</u>	
Total	<u>\$ 91,701</u>	<u>\$ 17,030</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, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending May 31,</u>	
2026	\$ 26,672
2027	34,553
2028	(1,060)
2029	<u>4,946</u>
	<u>\$ 65,111</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, 2025
Actuarial valuation date	April 1, 2024
Inflation	2.90%
Salary increases	4.30%
Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of living adjustments	1.50%

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

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 below:

	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		March 31, 2025
Asset class		
Domestic equity	25.0%	3.54%
International equity	14.0%	6.57%
Real estate equity	12.0%	4.95%
Private equities	15.0%	7.25%
Alternatives investments	11.0%	5.25-5.55%
Fixed income	22.0%	2.00%
Cash	1.0%	0.25%
	100.0%	

The real rate of return is net of a long-term inflation assumption of 2.9%.

Discount Rate

The discount rate used to measure the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumed 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 system’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Village's proportionate share of the net pension asset/(liability)	<u>\$ (268,849)</u>	<u>\$ (92,895)</u>	<u>\$ 54,027</u>

Pension Plan Fiduciary Net Position

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

	<i>(Dollars in Thousands)</i>
Measurement date	March 31, 2025
Employers' total pension liability	\$ (247,600,239)
Plan fiduciary net position	<u>230,454,512</u>
Employers' net pension liability	<u>\$ (17,145,727)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	93.08%

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, 2025, represent the projected employer contribution for the period of April 1, 2025 through May 31, 2025 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2025 amounted to \$9,560 of employer contributions. Employee contributions are remitted monthly.

13. PENSION PLANS - OTHER

Deferred Compensation Plan

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions into this Plan. The amount deferred by eligible employees for the year ended May 31, 2025 totaled \$57,786.

14. JOINT ACTIVITY CONTRACT

The Village entered into a joint police protection agreement (JPPA) with the Incorporated Village of Muttontown on February 23, 2022. The contract has a five-year term commencing June 1, 2022 and ending May 31, 2027. The transactions of the Joint Police Activity Fund are excluded from the financial statements of all participating municipalities. Separate financial statements are issued for the joint activity.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Significant provisions of the contract are as follows:

- A. The Village and the Incorporated Village of Muttontown (VM) signed a 5-year agreement to have the former Muttontown Police Department service the two villages. The protection commenced on June 1, 2022. The department is now known as the Muttontown & Upper Brookville Police Department (MUBPD).
- B. The parties allocate costs by a formula based 50% on population and 50% on the number of housing units as reported by the U.S. Census Bureau. For the 5-year term of the agreement, the costs are allocated 67.7% to VM and 32.3% to the Village.
- C. Under the JPPA, one police officer and one police car will be assigned per police tour to Upper Brookville, 24 hours a day, 7 days a week.
- D. The VM signed a new collective bargaining agreement with the police that commenced on January 1, 2024 and will run through December 31, 2028.

15. 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. These risks are covered by a commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

16. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$873,817 has been appropriated to reduce taxes for the year ending May 31, 2026.

17. COMMITMENTS AND CONTINGENCIES

A. 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.

B. Litigation

The Village is involved in lawsuits arising from the normal conduct of its affairs. The Village believes that the existing lawsuits are without merit and in any case, the outcome of any matters will not have a material effect on these financial statements.

C. Certiorari Proceedings

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2025, which could affect future operating budgets of the Village.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Related Party Transaction

The Village leases its street maintenance equipment from a company whose principal is a Village employee. Lease expenses for the year were \$85,680. The lease expires on May 31, 2026.

18. SUBSEQUENT EVENTS

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

The Road Commissioner is retiring effective December 31, 2025, and the Village has decided not to replace the position. The Road Commissioner leases street maintenance equipment to the Village. As a result, the Village is in the process of reviewing and transitioning its street maintenance operations, including the use and sourcing of necessary equipment.

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real Property Taxes	\$ 2,786,793	\$ 2,786,793	\$ 2,801,626	\$ 14,833
Other Real Property Tax Items	8,000	8,000	18,249	10,249
Non-Property Taxes	106,718	106,718	99,538	(7,180)
Departmental Income	9,000	9,000	15,000	6,000
Use of Money and Property	175,000	175,000	213,677	38,677
Licenses and Permits	298,000	298,000	433,313	135,313
Fines and Forfeited Bail	30,000	30,000	41,606	11,606
Miscellaneous	23,600	23,600	122,341	98,741
	<u>3,437,111</u>	<u>3,437,111</u>	<u>3,745,350</u>	<u>308,239</u>
State Sources	165,905	165,905	489,668	323,763
Federal Sources	-	-	178,871	178,871
	<u>-</u>	<u>-</u>	<u>178,871</u>	<u>178,871</u>
Total Revenues	3,603,016	3,603,016	<u>4,413,889</u>	<u>\$ 810,873</u>
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	<u>788,283</u>	<u>1,238,283</u>		
Total Revenues and Appropriated Fund Balance	<u>\$ 4,391,299</u>	<u>\$ 4,841,299</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance
EXPENDITURES				
General Government Support				
Municipal Court	\$ 25,700	\$ 25,700	\$ 20,781	\$ 4,919
Legislative Board	2,500	2,500	3,651	(1,151)
Auditor	13,000	13,000	14,000	(1,000)
Clerk	264,261	264,261	261,201	3,060
Attorney	81,200	81,200	63,527	17,673
Engineer	25,000	25,000	3,565	21,435
Buildings	115,000	115,000	102,529	12,471 *
Unallocated insurance	57,000	57,000	55,056	1,944
Municipal association dues	4,000	4,000	3,577	423
Judgements and claims	10,000	10,000	3,311	6,689
Total General Government Support	597,661	597,661	531,198	66,463
Public Safety				
Police	2,425,554	2,425,554	2,451,716	(26,162)
Fire Protection	438,000	438,000	435,836	2,164
Safety Inspection	101,500	101,500	103,823	(2,323)
Total Public Safety	2,965,054	2,965,054	2,991,375	(26,321)
Transportation				
Street Maintenance	437,084	437,084	344,818	92,266
Snow Removal	7,000	7,000	10,190	(3,190)
Street Lighting	2,500	2,500	2,013	487
Total Transportation	446,584	446,584	357,021	89,563
Culture & Recreation				
Celebrations	3,500	3,500	-	3,500
Home & Community				
Zoning Board of Appeals	22,000	22,000	40,223	(18,223)
Planning Board	3,000	3,000	753	2,247
Flood	6,000	6,000	8,225	(2,225)
Total Home & Community	31,000	31,000	49,201	(18,201)
Employee Benefits				
State Retirement	54,000	54,000	50,844	3,156
Social Security & Medicare	30,000	30,000	30,561	(561)
Workers' Compensation	11,000	11,000	12,296	(1,296)
Unemployment Insurance	2,500	2,500	1,888	612
Hospital & Medical Insurance	88,000	88,000	78,855	9,145
Total Employee Benefits	185,500	185,500	174,444	11,056

* Delay in Village Hall renovation start date

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended May 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance
EXPENDITURES				
Debt Service				
Principal	\$ 130,000	\$ 130,000	\$ 130,000	\$ -
Interest	32,000	32,000	31,794	206
Total Debt Service	<u>162,000</u>	<u>162,000</u>	<u>161,794</u>	<u>206</u>
Total Expenditures	4,391,299	4,391,299	4,265,033	126,266
OTHER FINANCING USES				
Operating Transfers Out		450,000	450,000	-
Total Expenditures and Other Uses	<u>\$ 4,391,299</u>	<u>\$ 4,841,299</u>	<u>4,715,033</u>	<u>\$ 126,266</u>
Net Change in Fund Balance			(301,144)	
Fund Balance - Beginning of Year			<u>3,152,179</u>	
Fund Balance - End of Year			<u>\$ 2,851,035</u>	

Note to Required Supplementary Information

Budget Basis of Accounting

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

INCORPORATED VILLAGE OF UPPER BROOKVILLE
Schedule of the Village's Proportionate Share of the Net Pension Asset/(Liability)
 Last Seven Fiscal Years

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019
Village's proportion of the net pension asset/(liability)	0.0005418%	0.0006202%	0.0006954%	0.0005392%	0.0007537%	0.0008517%	0.0006730%
Village's proportionate share of the net pension asset/(liability)	\$ (92,895)	\$ (91,318)	\$ (149,112)	\$ 44,078	\$ (750)	\$ (225,537)	\$ (47,681)
Village's covered payroll	\$ 359,945	\$ 361,139	\$ 346,233	\$ 281,878	\$ 308,879	\$ 289,183	\$ 238,541
Village's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	25.81 %	25.29 %	43.07 %	15.64 %	0.24 %	77.99 %	19.99 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%
Discount Rate	5.90 %	5.90 %	5.90 %	5.90 %	5.90 %	6.80 %	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 UPPER BROOKVILLE
Schedule of Village Pension Contributions
 Last Seven Fiscal Years

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019
Contractually required contribution	\$ 55,254	\$ 44,453	\$ 34,548	\$ 42,703	\$ 42,874	\$ 39,766	\$ 35,137
Contributions in relation to the contractually required contribution	55,254	44,453	34,548	42,703	42,874	39,766	35,137
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 359,945	\$ 361,139	\$ 346,233	\$ 281,878	\$ 308,879	\$ 289,183	\$ 238,541
Contributions as a percentage of covered payroll	15%	12%	10%	15%	14%	14%	15%

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.

