

PRELIMINARY OFFICIAL STATEMENT DATED MAY 25, 2022

RENEWALS

BOND ANTICIPATION NOTES

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See "Tax Matters" herein.

The Village will designate the Notes as "qualified tax-exempt obligations" pursuant to the provision of Section 265(b)(3) of the Code.

VILLAGE OF LAKE SUCCESS NASSAU COUNTY, NEW YORK (the "Village")

\$1,040,654

BOND ANTICIPATION NOTES – 2022 (the "Notes")

Dated Date: June 16, 2022

Maturity Date: June 16, 2023

Security and Sources of Payment: The Notes are general obligations of the Village of Lake Success, Nassau County, New York (the "Village"), and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"). (See "Tax Levy Limit Law," herein).

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

Form and Denomination: At the option of the purchaser, the Notes may be either (i) registered in the name of the purchaser or (ii) registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry notes. A single note certificate shall be delivered to the purchaser(s), for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Those Notes issued in book-entry form will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the Securities Depository for the Notes. Individual purchases of any Notes issued in book-entry form may be made only in book-entry form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination. Holders of book-entry Notes will not receive certificates representing their respective ownership interests in any Notes issued in book-entry form. (See "Book-Entry System" herein).

Payment: Payment of the principal of and interest on the Notes registered to the Purchaser will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Payment of the principal of and interest on any Notes issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC Participants or Indirect Participants and not of DTC or the Village, subject to any statutory and regulatory requirements as may be in effect from time to time. Principal and interest payments on any book-entry Notes shall be payable at the office of the Village Clerk. (See "Book-Entry System" herein).

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on June 2, 2022 at the offices of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is expected that delivery of the Notes will be made on or about June 16, 2022 in New York, New York, or as otherwise agreed to by the Village and the purchaser.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE VILLAGE FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE VILLAGE'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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NASSAU COUNTY, NEW YORK**

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* * *

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* * *

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No dealer, broker, salesman or other person has been authorized by the Village to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the Village. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Village from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Village since the date hereof.

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OFFICIAL STATEMENT

Relating to

VILLAGE OF LAKE SUCCESS NASSAU COUNTY, NEW YORK

\$1,040,654 BOND ANTICIPATION NOTES – 2022 (the “Notes”)

This Official Statement, including the cover page and appendices thereto, has been prepared by the Village of Lake Success (the “Village”) and presents certain information relating to the Village’s \$1,040,654 Bond Anticipation Notes – 2022 (the “Notes”). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the “State”) and acts and proceedings of the Village contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the Village relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the Village’s overall economic situation and outlook (and all of the specific Village-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See “*RISK FACTORS*” and “*IMPACT OF COVID-19*” herein.

THE NOTES

Description of the Notes

The Notes are general obligations of the Village. The Village has pledged its faith and credit for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the Village, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See “*Tax Levy Limit Law*” herein).

The Notes will be dated and will mature, without the option of prior redemption, as indicated on the cover page hereof.

The Village Clerk will act as Fiscal Agent for the Notes and the purchaser may act as paying agent for any Notes registered in the name of the purchaser. Paying agent fees, if any, will be paid by the purchaser(s). The Village’s contact information is as follows: Patrick E. Farrell, Village Clerk/Treasurer, Village of Lake Success, 318 Lakeville Road, Lake Success, NY 11020, Phone (516) 482-4411 and email: vlsadmin@optonline.net.

Optional Redemption

The Notes will not be subject to redemption prior to their maturity.

Book-Entry System

DTC will act as securities depository for any Notes issued as book-entry notes. Such Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each book-entry Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). Standard & Poor’s assigns a rating of “AA+” to DTC. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping accounts of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Village on the payable date, in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC (nor its nominee) or the Village, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Village, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Village. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered to the Noteowners. The Village may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In such event, note certificates will be printed and delivered to the Noteowners.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the Village takes no responsibility for the accuracy thereof. In addition, the Village will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, any participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to Noteowners.

Source: The Depository Trust Company, New York, New York.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Village Law and the Local Finance Law, and multiple bond resolutions duly adopted by the Board of Trustees of the Village as follows:

<u>Date</u> <u>Authorized</u>	<u>Purpose</u>	<u>Amount</u> <u>Outstanding</u>	<u>Amount</u> <u>to be Paid</u>	<u>Amount</u> <u>to be Issued</u>
10/17/2016	Purchase of Golf Equipment	\$ 35,600	\$ 17,800	\$ 17,800
03/19/2018	Purchase of Golf Mowers & Garage Doors	32,800	16,400	16,400
03/19/2018	Purchase of DPW Trucks	84,000	38,000	46,000
03/19/2018	Path/Roads Improvements	59,600	29,800	29,800
03/19/2018	Tax Certiorati - 560 NB & WA	69,200	69,200	-
03/11/2019	Golf Equipment/Mowers	69,240	23,080	46,160
03/11/2019	DPW Bathrooms & Drainage Project	134,544	41,849	92,695
12/09/2019	Mohawk Mechanical Lift	25,000	5,000	20,000
04/20/2020	Replacement of South Terrace	180,000	36,000	144,000
09/14/2020	Golf Equipment/Mowers	220,000	44,000	176,000
09/14/2020	DPW Equipment	60,000	12,000	48,000
04/13/2021	Police Car	45,000	15,000	30,000
04/13/2021	Police Radio Equipment	50,000	16,667	33,333
04/13/2021	Village Roads Repaving	150,250	30,050	120,200
04/13/2021	Village Parking Lot Repaving	22,000	1,734	20,266
03/14/2022	Golf Equipment and Machinery	-	-	200,000
TOTALS:		<u>\$1,237,234</u>	<u>\$396,580</u>	<u>\$1,040,654</u>

Security and Source of Payment

Each Note when duly issued and paid for will constitute a contract between the Village and the holder thereof.

The Notes will be general obligations of the Village and will contain a pledge of the faith and credit of the Village for the payment of the principal thereof and the interest thereon. For the payment of such principal of and interest on the Notes, the Village has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the Village, subject to certain statutory limitations imposed by the Tax Levy Limit Law. (See "Tax Levy Limit Law," herein).

Under the Constitution of the State, the Village is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village's power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See "Tax Levy Limit Law," herein).

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The Village's credit rating could be affected by circumstances beyond the Village's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of Village property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the Village's credit rating could adversely affect the market value of the Notes.

If and when an owner of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Notes. The market value of the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Note is sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the Village to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The Village is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The availability of such monies and the timeliness of such payment may be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. State aid appropriated and apportioned to the Village can be paid only if the State has such monies available therefor. Should the Village fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys, the Village is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the Village will have market access for any such borrowing on a cost effective basis. (See also "*State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Village, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the Village, may affect the market price and/or marketability for the Notes. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the Village, could impair the financial condition of such entities, including the Village, and the ability of such entities, including the Village, to pay debt service on the Notes.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Village's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is affecting economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and nonessential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Village's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the Village. The Village is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "*Revenues - State Aid*" herein.)

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the Village default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. Each Note is a general obligation contract between the Village and the owners for which the faith and credit of the Village are pledged and while remedies for enforcement of payment are not expressly included in the Village's contract with such owners, any permanent repeal by statute or constitutional amendment of a bond or note holder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes, at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the Village. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such Notes 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. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the Village and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on a Note, the owner of such Note could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the Village to assess, levy and collect an *ad valorem* tax, upon all taxable property of the Village subject to taxation by the Village, sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of holders of bonds or notes of the Village, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the Village.

Pursuant to Article VIII, Section 2 of the State Constitution, the Village is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically, this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith and credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of holders of bonds or notes, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

MUNICIPAL BANKRUPTCY

The undertakings of the Village should be considered with reference, specifically, to Chapter IX of the Bankruptcy Act, 11 U.S.C. §401, et seq., as amended ("Chapter IX") and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Chapter IX permits any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts (i) to file a petition in a Court of Bankruptcy for the purpose of effecting a plan to adjust its debts provided such entity is authorized to do so by applicable state law; (ii) directs such a petitioner to file with the court a list of a petitioner's creditors; (iii) provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; (iv) grants priority to debt owed for services or material actually provided within three (3) months of the filing of the petition; (v) directs a petitioner to file a plan for the adjustment of its debts; and (vi) provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds (2/3) in amount or more than one-half (1/2) in number of the listed creditors.

Bankruptcy proceedings by the Village could have adverse effects on holders of bonds or notes including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the Village after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

Accordingly, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Village, may become subject to Chapter IX and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against public agencies in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion, interpretation and of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The State has consented (see Title 6-A of the Local Finance Law) that any municipality in the State may file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness. However, it is noted that there is no record of any recent filings by a New York municipality. Since the New York City fiscal crisis in 1975, the State has legislated a finance control or review board and assistance corporations to monitor and restructure finance matters in addition to New York City, for the Cities of Yonkers, Troy and Buffalo and for the Counties of Nassau and Erie. Similar active intervention pursuant to State legislation to relieve fiscal stress for the Village in the future cannot be assured.

No current state law purports to create any priority for holders of the Notes should the Village be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The above references to the Bankruptcy Act are not to be construed as an indication that the Village is currently considering or expects to resort to the provisions of the Bankruptcy Act.

Financial Control Boards

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any municipality in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the Cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and in certain cases approve or disapprove collective bargaining agreements. Implementation is generally left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, upon the issuance of a certificate of necessity of the Governor reciting facts which in the judgment of the Governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of a local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene in the finances and operations of entities such as the public benefit corporations established by special acts as described above.

Several municipalities in the State may be presently working with the FRB. The Village has not applied to the FRB and does not reasonably anticipate submission of a request to the FRB for a comprehensive review of its finances and operations. School districts and fire districts are not eligible for FRB assistance.

No Past Due Debt

No principal or interest payment on Village indebtedness is past due. The Village has never defaulted in the payment of the principal of and/or interest on any indebtedness.

THE VILLAGE

General Information

The Village of Lake Success was incorporated in December, 1926. It is one of 32 incorporated villages in the Town of North Hempstead, which constitutes the northwestern quarter of Nassau County. The Village borders New York City and is only 16 miles from the heart of Manhattan. Due to the Village’s close proximity, wage earners primarily commute to New York City for employment. In area it encompasses 1.8 square miles. Most of the area of Lake Success is developed with homes or golf courses, while the rest of the Village is commercial or industrial property. Banking facilities located in the Village include branch offices of Citibank and The First National Bank of Long Island.

Some of the benefits derived by residents living in the Village are zoning protection, a locally controlled police department, a village level court system, six-day a week garbage collection, a Village park system (including a golf course, 11 tennis courts, ball fields, playgrounds and swimming pools), snow removal, and year round street repair and drainage maintenance.

Rail transportation is provided by Long Island Railroad. Bus service is available to all points in the County and also into New York City. Major highways serving the Village include the Lakeville Road (N-S), the Long Island Expressway (E-W) and the Northern State Parkway (E-W). The area is also covered by an extensive network of County, Town and Village roads.

Government

As prescribed by Village Law, the Chief Executive Officer of the Village is the Mayor who is elected for a term of two years and is eligible to succeed himself. He is also a member of the Board of Trustees. In addition to the Mayor there are six Trustees who are elected for two-year terms. The terms are staggered so that every year, three Trustees run for election. The Mayor runs every second year. The Mayor and Trustees are elected at large.

The Mayor, with the approval of the board of Trustees appoints a Village Administrator/Clerk/Treasurer to serve a two-year term. The Village Treasurer serves as the tax collector.

Financial Organization

The Village Treasurer is the Chief Fiscal Officer, the accounting officer, Village Auditor and the budget officer.

Employees

The Village provides services through approximately 71 full-time and part-time employees and 41 seasonal employees. The two collective bargaining units, approximate number of members and contract expiration dates and as follows:

<u>Bargaining Unit</u>	<u>Number of Members</u>	<u>Contract Expiration Date</u>
PBA	24	May 31, 2024
CSEA	26	May 31, 2026
Non-Union Employees	25	N/A

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Characteristics

The Village has had a population trend, as compared to the Town, the County and the State, as indicated below:

<u>Year</u>	<u>Village</u>	<u>Town of North Hempstead</u>	<u>Nassau County</u>	<u>New York State</u>
1990	2,484	211,393	1,287,348	17,990,455
2000	2,797	220,364	1,333,776	18,976,457
2010	2,934	226,322	1,339,532	19,378,102
2020	3,228	230,922	1,355,683	19,514,849

Source: U.S. Bureau of the Census.

Income Data

	Per Capita Income		
	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Village of Lake Success	\$58,002	\$74,555	\$78,257
Town of North Hempstead	41,621	49,426	66,055
County of Nassau	32,151	39,935	53,363
State of New York	23,389	30,011	40,898

	Median Household Income		
	<u>2000</u>	<u>2010</u>	<u>2020^a</u>
Village of Lake Success	\$107,710	\$212,708	\$206,964
Town of North Hempstead	81,039	95,221	130,551
County of Nassau	72,030	91,104	120,036
State of New York	43,393	54,148	71,117

Source: United States Bureau of the Census

a. Based on American Community Survey 5-Year Estimates (2016-2020)

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>Town of North Hempstead (%)</u>	<u>County of Nassau (%)</u>	<u>New York State (%)</u>
2017	3.8	4.1	4.7
2018	3.3	3.5	4.1
2019	3.2	3.4	4.0
2020	7.8	8.4	10.0
2021	4.4	4.8	7.2
2022 (3 Month Average)	3.0	3.3	5.0

Source: Department of Labor, State of New York

Largest Employers Located Within the Vicinity of the Village

The following major employers are located in the vicinity of the Village, but are not necessarily representative of the Village.

<u>Name of Employer</u>	<u>City</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Northwell Health	Lake Success	Healthcare	60,000
Pro Health ENT	New Hyde Park	Healthcare	5,000
North Shore University Hospital Lab	New Hyde Park	Laboratories	450
St. Mary's Home & Community Programs	New Hyde Park	Home Health Service	300
IBC/Shell Packaging	New Hyde Park	Package Design	270
Island Peer Review, Inc.	New Hyde Park	Healthcare Instruction	260
Kimco Realty Corp.	New Hyde Park	Real Estate	257
Canon Solutions America	New Hyde Park	Copying Machines & Supplies	220
I PRO	New Hyde Park	Hospitals	201

INDEBTEDNESS OF THE VILLAGE

Constitutional Requirements

The New York State Constitution limits the power of the Village (and other municipalities and school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the Village and the Notes.

Purpose and Pledge. The Village shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The Village may contract indebtedness only for a Village purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the Village has authorized the issuance of indebtedness having substantially level or declining annual debt service. The Village is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The Village is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the Village so as to prevent abuses in the exercise of such powers; however, as has been noted under "*Security and Source of Payment*", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the Village to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. However, the Tax Levy Limit Law imposes a statutory limitation on the Village's power to increase its annual tax levy, unless the Village complies with certain procedural requirements to permit the Village to levy certain year-to-year increases in real property taxes. (See "*Tax Levy Limit Law*," herein).

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the Village to borrow and incur indebtedness subject, of course, to the constitutional and statutory provisions set forth above. The power to spend money, however, generally derives from other law, including the Village Law and the General Municipal Law.

Pursuant to the Local Finance Law, the Village authorizes the incurrence of indebtedness by the adoption of a bond resolution approved by at least two-thirds of the members of the Board of Trustees, except in the event that the Village determines to subject the bond resolution to voter approval by mandatory referendum, in which case only a three-fifths vote is required.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution which, in effect, estops thereafter legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The Village has complied with this estoppel procedure with respect to the authorization of the Notes.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

Each bond resolution also authorizes the issuance of bond anticipation notes prior to the issuance of serial bonds. Statutory law in New York permits notes to be renewed each year provided that principal is amortized and provided that such renewals do not (with certain exceptions) extend more than five years beyond the original date of borrowing. However, notes issued in anticipation of the sale of serial bonds for assessable improvements are not subject to such five-year limit and may be renewed subject to annual reductions of principal for the entire period of probable usefulness of the purpose for which such notes were originally issued. (See "*Payment and Maturity*" under "*Constitutional Requirements*").

In addition, under each bond resolution, the Board of Trustees may delegate, and has delegated, power to issue and sell bonds and notes, to the Village Treasurer, the chief fiscal officer of the Village.

In general, the Local Finance Law contains similar provisions providing the Village with power to issue general obligation revenue anticipation notes, tax anticipation notes, deficiency notes and budget notes.

Debt Limit. The Village has the power to contract indebtedness for any Village purpose so long as the aggregate outstanding principal amount thereof shall not exceed seven per centum of the average full valuation of taxable real estate of the Village and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional and statutory method for determining the full valuation is by dividing the assessed valuation of taxable real estate by the respective equalization rates assigned to each assessment roll. Such equalization rates are the ratios which each of such assessed valuations bear to the respective full valuation of such year, as assigned by the New York State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratios shall be determined. Average full valuation is determined by adding the full valuations for the most recently completed assessment roll and the four immediately preceding assessments rolls and dividing the resulting sum of such addition by five.

There is no constitutional limitation on the amount that may be raised by the Village by tax on real estate in any fiscal year to pay principal and interest on all indebtedness. However, the Tax Levy Limit Law, imposes a statutory limitation on the power of the Village to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in the Tax Levy Limit Law. (See “*Tax Levy Limit Law*,” herein).

The following pages set forth certain details with respect to the indebtedness of the Village.

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of May 25, 2022)

<u>Fiscal Year Ending May 31:</u>	<u>Assessed Valuation</u>	<u>State Equal. Rate (%)</u>	<u>Full Valuation</u>
2019	\$1,446,188,245	100.00	\$1,446,188,245
2020	1,454,323,042	100.00	1,454,323,042
2021	1,459,730,573	100.00	1,459,730,573
2022	1,453,387,246	100.00	1,453,387,246
2023	1,530,314,218	100.00	<u>1,530,314,218</u>
Total Five Year Full Valuation			\$7,343,943,324
Average Five Year Full Valuation			1,468,788,665
Debt Limit - 7% of Average Full Valuation			102,815,207
Inclusions:			
General Purpose Bonds			1,685,000
Bond Anticipation Notes			<u>1,237,234</u>
Total Inclusions			<u>2,922,234</u>
Exclusions:			
Appropriations for the Bonds			0
Appropriations for the Notes			<u>396,580</u>
Total Exclusions			<u>396,580</u>
Total Net Indebtedness Before Issuing the Notes			<u>2,525,654</u>
The Notes			1,040,654
Less: BANs Being Redeemed by the Notes			<u>840,654</u>
Net Effect of Issuing the Notes			<u>200,000</u>
Total Net Indebtedness After Issuing the Notes			<u>2,725,654</u>
Net Debt Contracting Margin			<u>\$100,089,553</u>
Percent of Debt Contracting Margin Exhausted (%)			2.65

Trend of Outstanding Indebtedness
(Fiscal Year Ending May 31:)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$9,180,000	\$7,360,000	\$5,670,000	\$4,220,000	\$2,365,000
BANs	1,434,333	886,717	1,475,523	1,174,036	1,029,313
Total Debt Outstanding	<u>\$10,614,333</u>	<u>\$8,246,717</u>	<u>\$7,145,523</u>	<u>\$5,394,036</u>	<u>\$3,394,313</u>

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year Ending <u>May 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$680,000	\$50,007	\$730,007
2023	565,000	36,650	601,650
2024	405,000	24,569	429,569
2025	390,000	13,701	403,701
2026	95,000	7,232	102,232
2027	100,000	5,313	105,313
2028	100,000	3,081	103,081
2029	15,000	638	15,638
2030	15,000	319	15,319
	<u>\$2,365,000</u>	<u>\$141,510</u>	<u>\$2,506,510</u>

a. Does not include payments made to date.

Details of Short-Term Indebtedness Outstanding

As of the date of this Statement, the Village has bond anticipation notes for various purposes outstanding in the amount of \$1,237,234 which mature on June 17, 2022 and will be redeemed with a portion of the proceeds of the Notes and \$396,580 of other funds.

Authorized but Unissued Indebtedness

As of the date of this Statement, the Village has authorized but unissued indebtedness outstanding in amount not to exceed \$1,000,000 for a deficiency note to help manage the potential shortfall in the golf course revenues. As of the date of this Statement, it has not been determined if the issuance of such note will be necessary. See also "IMPACT OF COVID-19" herein. The Village also has \$200,000 in authorized and unissued indebtedness for the acquisition of golf equipment which will be financed with a portion of the proceeds of the Notes.

Capital Project Plans

The Village is generally responsible for providing services as required to the citizens on a Village-wide basis. The Village maintains a road system necessitating road resurfacing and improvements and the acquisition of machinery and, from time to time, equipment. Additionally, although not a capital expense, such road system and repairs to such facilities requires annual expenditures for snow removal as well as regular general operating maintenance expenses. In addition, the Village owns, operates and maintains certain public works facilities that house the Village's Public Works equipment, vehicles and machinery and provide space for maintenance and repair work for such equipment, vehicles and machinery. Improvements, maintenance and repairs to such facilities are authorized to be funded from time to time as the Board deems necessary. The Village expects to continue to finance projects in similar amounts that have prevailed in the past.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Nassau	02/17/21	0.61	\$23,002,411	\$18,477,168
Town of North Hempstead	02/28/22	2.46	11,381,696	8,252,744
Great Neck UFSD	06/30/21	8.81	4,659,169	4,659,169
Totals			\$39,043,276	\$31,389,081

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios (As of May 25, 2022)

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage of Full Value (%)^b</u>
Total Direct Debt	\$ 2,922,234	\$ 905	0.191
Net Direct Debt	2,525,654	782	0.165
Total Direct & Applicable Total Overlapping Debt	41,965,510	13,000	2.742
Net Direct & Applicable Net Overlapping Debt	33,914,735	10,506	2.216

a. The current estimated population of the Village is 3,228.

b. The full valuation of taxable real property in the Village for 2021-22 is \$1,530,314,218.

FINANCIAL MATTERS

Financial Statements and Accounting Procedures

The Village maintains its financial records in accordance with the Uniform System of Accounts for Villages prescribed by the State Comptroller. The financial affairs of the Village are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Village has complied with the requirements of various State and Federal statutes. As required by law, the Village also prepares and Annual Financial Report Update Document (unaudited) for submission to the State Comptroller. The financial statements are audited each year by an independent public accountant. The last such audited annual report made available for public inspection covers the fiscal year ended May 31, 2021, which is attached as Appendix B. A summary of the operating results for the past five fiscal years is attached as Appendix A hereto.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the audited financial statements for the fiscal years 2017 through 2021.

Fund Structure and Accounts

The Village utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are two basic fund types: (1) governmental funds that are used to account for basic services and capital projects; and (2) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Village presently maintains the following governmental funds: General Fund and a Parkland Reserve Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The government-wide financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related case transaction takes place. Non-exchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

The fund financial statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases and installment debt are reported as other financing sources.

Investment Policy

Pursuant to the statutes of the State of New York, the Village is generally permitted to invest only in the following investments: (1) special time deposit accounts in or certificates of deposits issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, in tax anticipation notes and revenue anticipation notes issued by any New York municipality, school district, or district corporation, other than the Village; (6) obligations of New York public benefit corporations which are made lawful investments by the Village pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of Village moneys held in certain reserve funds established pursuant to law, in obligations issued by the Village. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

The Village's investments are governed by a formal investment policy. The Village's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and school districts.

Financial Organization and Budgetary Procedures

The Village Treasurer functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Village Treasurer is responsible for the Village's accounting and financial reporting activities. In addition, the Village Treasurer is also the Village's budget officer and prepares the annual tentative budget for submission to the Village Board. Budgetary control during the year is the responsibility of the Village Treasurer. Pursuant to Section 30 of the Local Finance Law, the Village Treasurer has been authorized to issue or renew bonds and notes. As required by law, the Village Treasurer must execute an authorizing certificate which then becomes a matter of public record.

The Board of Trustees, as a whole, serves as the finance board of the Village and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Village finances are operated primarily through the General Fund. All real property taxes and most of the other Village revenues are credited to this fund. Current operating expenditures are paid from this fund subject to available appropriations. Capital projects and selected equipment purchases are accounted for in special capital projects funds. The Village observes a June 1 - May 31 fiscal year for operating and reporting purposes.

Revenues

The Village receives most of its revenues from a real property tax on all non-exempt real property situated within the Village, Non-Property Taxes, Intergovernmental Charges, Departmental Income and State aid. A summary of such revenues for the five most recently completed fiscal years and estimated revenues for the current fiscal year may be found in Appendix A. (See also “*Tax Levy Limit Law*” herein).

Real Property Taxes

See "*Real Property Tax Information*", herein.

State Aid

The Village receives financial assistance from the State. If the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Village, may be affected by a delay in the payment of State aid. Additionally, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Village, in this year or future years, the Village may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. Currently, due to the outbreak of COVID-19, the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or the delay, elimination or substantial reduction in payments to municipalities, school districts or other recipients of State aid in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also “*IMPACT OF COVID*” herein.)

Should the Village fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the Village is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth the percentage of the Village’s General Fund revenue (including transfers) comprised of State aid for each of the fiscal years 2017 through 2021, and as budgeted for 2022 and 2023.

Fiscal Year Ending May 31:	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2017	\$13,935,738	\$375,109	2.69
2018	14,744,680	524,904	3.56
2019	14,751,658	584,882	3.96
2020	15,334,873	353,629	2.31
2021	15,961,317	400,953	2.51
2022 (Budgeted)	16,036,050	260,000	1.62

Sources: Audited Financial Statements (2017-2021) and the Adopted Budgets for the fiscal years ended May 31, 2022 and 2023.

Expenditures

The major categories of expenditure for the Village are General Government Support, Public Safety, Transportation, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years and the estimated expenditures for the current fiscal year may be found in Appendix A - Financial Statements.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Village as "No Designation". (Fiscal Score: 13.3%; Environmental Score: 16.7%).

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. There are no audits available for the previous five years.

Pension Systems

Substantially all employees of the Village are members of the New York State and Local Employees' Retirement System (the "Retirement System" or "ERS") or the New York State and Local Police and Fire Retirement System (PFRS). The Retirement System is a cost-sharing multiple public employee retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for "Tier 6" employees, as discussed below, whose benefits vest after ten years or credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary. On December 10, 2009, then Governor Paterson signed into law the creation of a new Tier 5, which is effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Village. Under the previous method, the Village was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Village is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Village that municipalities can elect to make employer contribution payments in the December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

As a result of significant capital market declines at certain times in the recent past, in certain years the State’s Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, it is anticipated that the employer contribution rate for the State’s Retirement System in future years may be higher than the minimum contribution rate established under applicable law. Since 2010, various forms of legislation have been enacted to allow local governments and school districts the option of amortizing required contributions to the Retirement System. However, although these options reduce near term payments, it will require higher than normal contributions in later years.

The Village has not found it necessary to amortize any payments to the retirement system.

Payments to the Retirement Systems

The amount of payments by the Village to the respective Retirement Systems for the past five years and the budgeted amount for 2021 and 2022 is presented below:

Fiscal Year	
<u>Ending May 31:</u>	<u>ERS & PFRS</u>
2017	\$1,111,404
2018	1,180,728
2019	1,282,128
2020	1,380,550
2021	1,463,436
2022 (Budgeted)	1,977,000
2023 (Budgeted)	1,575,000

Source: Village Officials.

Other Post-Employment Benefits

The Village provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. Accounting rules now require governmental entities, such as the Village, to account for post-retirement health care benefits as its accounts for vested pension benefits. GASB Statement No. 75 (“GASB 75”) described below requires such accounting.

GASB Statement No. 75 of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 75 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

As of May 31, 2019, the Village adopted GASB 75, which supersedes and eliminates GASB 45. Under GASB 75, based on actuarial valuation, an annual required contribution (“ARC”) will be determined for each state or local government. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures to provide more transparent reporting and useful information about the liability and cost of benefits. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. It is measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the employer’s current fiscal year. The discount rate is based on 20-year, tax exempt general obligation municipal bonds. There is no amortization of prior service cost.

Those that have more than 200 participants are required to have a full actuarial valuation annually. Plans with fewer than 200 participants are required to have a full valuation every two years.

The following table shows the components of the Village’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Village’s net OPEB obligation:

<u>Changes in the Total OPEB Liability</u>	<u>Fiscal Year Ending May 31, 2021:</u>
Total OPEB liability as of May 31, 2020:	\$25,389,513
Changes for the year:	
Service Cost	879,642
Interest	909,956
Differences Between Expected and Actual Experience	(1,687,385)
Change in Assumptions or Other Inputs	6,516,103
Benefit Payments	<u>(688,940)</u>
Total Changes	<u>\$5,929,376</u>
Total OPEB liability as of May 31, 2021:	<u>\$31,318,889</u>

Source: Audited Financials (2021)

Should the Village be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the Village’s finances and could force the Village to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the Village to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the Village has decided to continue funding the expenditure on a pay-as-you-go basis.

Actuarial Valuation is required every two years for OPEB plans with more than two hundred members, or every three years if there are less than two hundred members. Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

TAX INFORMATION

Real Property Taxes

The Village derives its power to levy an ad valorem real property tax from the Constitution of the State. The Village's power to levy real property taxes, other than for debt service and certain other purposes, is limited by the State Constitution to two percent of the five-year average full valuation of taxable property of the Village. The State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. (See “*Tax Limit*” herein.)

One June 24, 2011, the Tax Levy Limit Law was enacted, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the Village, without providing an exclusion for debt service on obligations issued by municipalities and fire districts, including the Village. (See “*Tax Levy Limit Law*,” herein).

The following table sets forth the percentage of the Village’s General Fund revenue comprised of real property taxes for each of the fiscal years 2017 through 2021 and budgeted amounts for 2022.

<u>Fiscal Year Ended May 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2017	\$13,935,738	\$9,093,973	65.26
2018	14,744,680	9,672,846	65.60
2019	14,751,658	9,958,829	67.51
2020	15,334,873	10,265,382	66.94
2021	15,961,317	10,770,693	67.48
2022 (Budgeted)	16,036,050	10,950,000	68.28

Source: Audited Financial Statements (2017-2021), and the Adopted Budgets for the fiscal years ended May 31, 2022.

Tax Collection Procedure

The collection and enforcement of real property taxes is governed by the Real Property Tax Law of the State.

The Village is responsible for levying its own real property taxes pursuant to resolution and such taxes become a lien of the first day of June in each year. Taxes may be paid without penalty at any time during the month of June. Late payments are assessed a 5% penalty for the first month or fraction thereof and 1% each month thereafter up to a maximum of 11%.

Pursuant to an agreement between the Village and County, unpaid Village taxes are enforced by the County. The Village transmits to the County a list of taxes unpaid at the expiration of the tax warrant on February 1. The County pays the Village the full amount of unpaid taxes including accrued interest by March 25. Thus, the full amount of the Village’s real property tax levy is recorded as revenue in the fiscal year of levy.

Tax Levy Limitation Law

Prior to the enactment of Chapter 97 of the New York Laws of 2011 (the “Tax Levy Limit Law”) on June 24, 2011, all the taxable real property within the Village had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Village and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law, as amended, imposes a tax levy limitation upon the Village for any fiscal year commencing after January 1, 2012 without providing an exclusion for debt service on obligations issued by the Village. As a result, the power of the Village to levy real estate taxes on all the taxable real property within the Village to pay the bonds and notes of the Village and interest thereon is subject to statutory limitations set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof. The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Village, subject to certain exceptions. The Tax Levy Limit Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the “Allowable Levy Growth Factor”, which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Village Board is authorized to adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Village Board first enacts, by a vote of at least sixty percent of the total voting power of the governing board of the Village, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Village or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

Tax Limit

The Constitution limits the amount that may be raised by the Village ad valorem tax levy on real estate in any fiscal year to two per centum (2%) of the five-year average full valuation of taxable real estate of the Village plus (1) the amounts required for principal and interest on all capital indebtedness, and (2) current appropriations for certain purposes. The tax limit for the Village for the 2021-2022 fiscal year (based on the 2021 assessment roll) is as follows:

Five-year Average Full Valuation	\$1,442,085,470
Tax Limit - 2% thereof	28,841,709
Add: Exclusions	890,700
Total Taxing Power	29,732,409
Tax Levy Subject to Tax Limit	\$11,065,000
Constitutional Tax Margin	\$18,667,409

Tax Levy and Rates

	2018	2019	2020	2021	2022
Total Tax Levy	\$9,958,829	\$10,370,716	\$10,743,606	\$10,950,000	\$11,065,000
Taxes Rate per \$1,000 of Assessed Valuation					
Homestead	\$4.99	\$5.26	\$5.49	\$5.77	N/A
Non-Homestead	15.72	16.11	16.37	16.30	N/A

Selected Listing of Large Taxable Properties 2021-2022 Assessment Roll

Name	Type	Assessed Valuation
We're Developing Corp.	Real Estate	\$51,700,000
We're Associates, Inc.	Office Building	46,300,000
1111 Marcus Ave	Real Estate	25,416,330
LI Medical Center	Medical Building	23,159,281
M. Parisi & Sons	Office Building	17,841,073
Northwell Health	Medical Building	16,710,685
600 Company	Medical Building	14,800,000
Northwell Health	Medical Building	14,600,000
Marcus Park, LLC	Commercial	13,500,000
Eli Goldberg	Real Estate	12,226,500
Total ^a		\$236,253,869

a. Represents 15.44% of the most recently available Total Taxable Assessed Valuation.

CYBERSECURITY

The Village, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Village faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the Village invests in various forms of cybersecurity and operational controls, including cybersecurity insurance and an outside company monitoring the Village for risks; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Village digital networks and systems and the costs of remedying any such damage could be substantial.

LITIGATION

In common with other villages, the Village from time to time receives notices of claim and is party to litigation.

Furthermore, there is a potential lawsuit against a former Village employee arising from suspected fraud against the Village. Following a review of invoices from a vendor, the Village conducted an internal investigation and questioned the legitimacy of mechanical repairs done on Village vehicles. Based on the findings of that investigation, the Village requested that the Nassau County District Attorney's office further investigate and take appropriate action. The District Attorney's office, after reviewing the Village's records, determined there was enough evidence to prosecute the case. The case is still pending at the District Attorney's office. The Village has not yet commenced a civil action against the former employee.

The Village Attorney confirms that there are no other significant claims or actions pending in which the Village has not asserted a substantial and adequate defense, nor which, if determined against the Village, would have an adverse material effect on the financial condition of the Village.

IMPACT OF COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the Village's financial condition and operating results. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the Village's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a adverse effect on the State and municipalities and school districts located in the State, including the Village. The Village is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Village, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. The Tax Certificate of the Village (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Village in connection with the Notes, and Bond Counsel has assumed compliance by the Village with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the Village, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Village, in executing the Tax Certificate, will certify to the effect that the Village will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a note with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Note accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Note even though there will not be a corresponding cash payment.

Owners of Discount Notes should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Note Premium

In general, if an owner acquires a note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the note after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “note premium” on that note (a “Premium Note”). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner’s yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Note should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the Village with respect to the Notes, which will be available at the time of delivery of the Notes, substantially in the form set forth in Appendix C.

DISCLOSURE UNDERTAKING

This Official Statement is in a form “deemed final” by the Village for the purposes of Securities and Exchange Commission Rule 15c2-12 (the “Rule”). At the time of the delivery of the Notes, the Village will provide an executed copy of its “Undertaking to Provide Notices of Events” (the “Undertaking”) substantially in the form appearing in Appendix D.

Compliance History

The Village failed to file its Audited Financial Statements for the fiscal year ending May 31, 2018 in a timely manner. The audited report was filed June 28, 2019 and a material event notice was filed June 10, 2019.

On June 3, 2020, the Village filed a material event notice for the failure to file its Audited Financial Statements for the fiscal year ending May 31, 2019.

RATING

The Notes are not rated. Moody’s Investors Service (“Moody’s”), 7 WTC at Greenwich Street, New York, NY, Phone: (212) 553-4055 and Fax: (212) 298-6761, has assigned a rating of “Aaa” to the outstanding bonds of the Village. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigation, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Notes or the availability of a secondary market for such Notes.

MUNICIPAL ADVISOR

Munistat Services, Inc. (the “Municipal Advisor”), is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the Village on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the Village and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Village or the information set forth in this Official Statement or any other information available to the Village with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

ADDITIONAL INFORMATION

Additional information may be obtained from the office of: Patrick E. Farrell, Village Administrator/Clerk/Treasurer, Village of Lake Success, 318 Lakeville Road, Lake Success, NY 11020, Phone (516) 482-4411 and email: vlsadmin@optonline.net, or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888 and website: <http://www.munistat.com>.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District’s management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District’s files with the repositories. When used in District’s documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the Village nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. and the Village disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Munistat Services, Inc. and the Village also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be, in fact, realized. This Official Statement is not to be construed as a contract or agreement between the Village and the original purchasers or owners of any of the Notes.

The preparation and distribution of this Official Statement has been authorized by various resolutions of the Village which delegates to the Village Treasurer the power to sell and issue the Notes.

By: s/s PATRICK E. FARRELL
Village Administrator/Clerk/Treasurer
Village of Lake Success
Lake Success, New York

June , 2022

APPENDIX A

FINANCIAL INFORMATION

Balance Sheets
General Funds

	Fiscal Year Ending May 31:	
	2020	2021
Assets:		
Cash and Cash Equivalents	\$ 3,061,983	\$ 3,845,042
Taxes Receivable	39,729	29,151
Account Receivables	166,120	141,247
Due from Other Funds	1,355,170	1,161,997
Due from Other Governments	218,845	122,723
Due from State & Federal Sources		
Restricted Assets	98,900	99,177
Total Assets	\$ 4,940,747	\$ 5,399,337
Liabilities:		
Accounts Payable	\$ 259,094	\$ 161,974
Accrued Liabilities	185,046	333,145
Due to Other Funds	87,296	8,865
Due to Other Governments	24,287	38,649
Due to Retirement Systems	264,388	330,277
Guranty & Bid Reposits		390,024
Other Liabilities	53,597	185,987
Unearned Revenues		95,029
Deferred Inflows	223,007	13,294
Total Liabilities	1,096,715	1,557,244
Fund Equity:		
Nonspendable	\$ 459,869	\$ 756,341
Restricted	98,900	99,177
Assigned	1,365,881	1,179,733
Unassigned	1,919,382	1,806,842
Total Fund Equity	3,844,032	3,842,093
Total Liabilities & Fund Equity	\$ 4,940,747	\$ 5,399,337

Source: Audited Financials Report (2020-2021)

NOTE: This Schedule NOT audited

Statement of Revenues, Expenditures and Fund Balances
General Fund

	Fiscal Year Ending May 31:				
	2017	2018	2019	2020	2021
Revenues:					
Real Property Taxes	\$ 9,093,973	\$ 9,672,846	\$ 9,958,829	\$ 10,265,382	\$ 10,770,693
Other Real Property Tax Items	2,006,191	1,999,188	1,974,609	2,286,983	2,223,846
Non-Property Taxes	227,991	221,844	208,225	226,653	214,372
Departmental Income	1,466,024	1,402,466	1,095,419	1,104,238	1,266,939
Use of Money and Property	59,730	149,605	151,118	144,356	50,507
Licenses and Permits	18,176	192,235	358,537	337,559	462,857
Fines and Forfeitures	296,100	402,152	299,275	453,633	354,246
Sale of Property & Compensation for Loss	280,290	51,938	20,337	60,157	67,294
Miscellaneous	112,154	127,502	100,427	102,283	149,610
State Aid	375,109	524,904	584,882	353,629	400,953
	<u>\$ 13,935,738</u>	<u>\$ 14,744,680</u>	<u>\$ 14,751,658</u>	<u>\$ 15,334,873</u>	<u>\$ 15,961,317</u>
Expenditures:					
General Government Support	2,218,031	2,091,355	2,402,320	2,348,160	2,229,058
Public Safety	4,542,563	4,861,621	5,513,776	5,304,184	5,717,552
Transportation	867,648	1,129,248	1,200,857	981,762	947,619
Culture and Recreation	380,210	453,830	409,018	422,722	440,294
Home and Community Services	396,310	404,625	423,064	495,597	522,522
Employee Benefits	3,249,065	3,556,078	3,699,277	3,727,654	3,885,695
Debt Service	2,912,031	2,439,946	2,034,778	2,027,946	2,088,956
	<u>\$ 14,565,858</u>	<u>\$ 14,936,703</u>	<u>\$ 15,683,090</u>	<u>\$ 15,308,025</u>	<u>\$ 15,831,696</u>
Other Financing Sources (Uses):					
Proceeds From:					
Proceeds of Obligations	165,000		318,000		
Premiums on Obligations				15,866	4,483
Operating Transfers - In	55,000	422,959	55,000	55,000	55,000
Operating Transfers - Out				(162,528)	(191,043)
	<u>220,000</u>	<u>422,959</u>	<u>373,000</u>	<u>(91,662)</u>	<u>(131,560)</u>
Total Other Financing Sources (Uses)					
	<u>220,000</u>	<u>422,959</u>	<u>373,000</u>	<u>(91,662)</u>	<u>(131,560)</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	(410,120)	230,936	(558,432)	(64,814)	(1,939)
Fund Balance Beginning of Year	4,646,462	4,236,342	4,467,278	3,908,846	3,844,032
Prior Period Adjustments	_____	_____	_____	_____	_____
Fund Balance End of Year	<u>\$ 4,236,342</u>	<u>\$ 4,467,278</u>	<u>\$ 3,908,846</u>	<u>\$ 3,844,032</u>	<u>\$ 3,842,093</u>

Sources: Audited Financial Statements of the Village (2017-2021)

NOTE: This Schedule NOT audited

Budget Summaries
General Fund

	Fiscal Year Ending May 31:	
	2021	2022
Revenues:		
Real Property Taxes	\$ 10,743,606	\$ 10,950,000
Real Property Tax Items	2,167,000	1,265,000
Non Property Tax Items	185,050	185,050
Departmental Income	1,014,000	2,264,000
Culture & Recreation	85,000	60,000
Use of Money & Property	819,000	440,000
Licenses and Permits	392,000	307,000
Fines and Forfeitures	390,000	150,000
Miscellaneous	100,000	100,000
State Aid	300,000	260,000
Interfund Transfer	55,000	55,000
Total Revenues	\$ 16,250,656	\$ 16,036,050
Expenditures:		
General Support	\$ 2,456,502	\$ 2,917,440
Public Safety	6,013,943	6,099,140
Transportation	1,036,757	1,045,170
Culture and Recreation	502,798	514,600
Home and Community Services	474,500	552,700
Employee Benefits	3,488,488	3,873,200
Debt Service	2,277,668	1,033,800
Total Expenditures	\$ 16,250,656	\$ 16,036,050

Sources: Adopted Budgets of the Village

VILLAGE OF LAKE SUCCESS
APPENDIX B
AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED MAY 31, 2021

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT



INCORPORATED VILLAGE OF LAKE SUCCESS

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORT**

May 31, 2021

INCORPORATED VILLAGE OF LAKE SUCCESS
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Independent Auditors' Report

To the Board of Trustees
Incorporated Village of Lake Success
Lake Success, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

PKF O'CONNOR DAVIES, LLP
25 Suffolk Court, Hauppauge, NY 11788 | Tel: 631.434.9500 | Fax: 631.434.9518 | www.pkfod.com

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Opinions

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

Emphasis of Matter

We draw attention to Note 2 in the notes to financial statements which disclose the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Lake Success's basic financial statements. The schedule of project expenditures - capital projects fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. This other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

PKF O'Connor Davies, LLP
Hauppauge, New York
March 9, 2022

**INCORPORATED VILLAGE OF LAKE SUCCESS
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

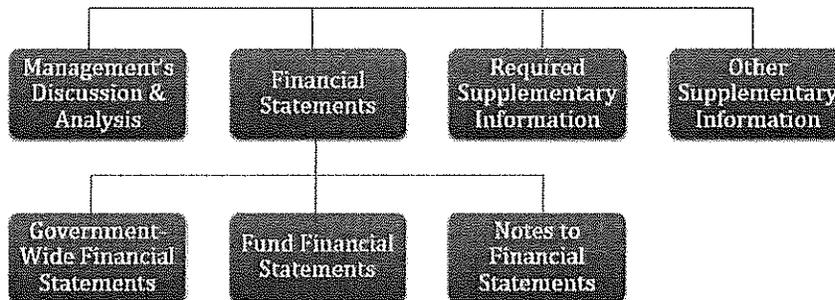
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The Village’s total net position, as reflected in the government-wide financial statements, decreased by \$562,283 to a deficit of \$10,299,636. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The Village implemented GASB Statement No. 84, *Fiduciary Activities*, for the year ended May 31, 2021. As a result, the agency activities previously reported in the fiduciary fund are reported within the governmental funds. This had no effect on the Village’s total net position.
- The general fund’s total fund balance, as reflected in the fund financial statements, decreased by \$1,939 to \$3,842,093 as of May 31, 2021; expenditures and other financing uses exceeded revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting.
- The Village’s 2021 property tax levy of \$10,743,606 was a 3.60% increase over the 2020 tax levy. The Village’s property tax cap was 0.34%. The Village’s 2020-2021 tax increase of \$372,890 exceeded the tax cap and was approved by the Board of Trustees.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. Government-Wide Financial Statements

The government-wide financial statements 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.

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

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

The Statement of Net Position

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

The Statement of Activities

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

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 and the fiduciary fund.

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, judgment and claims, compensated absences, pension costs, and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

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

Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains five governmental funds: general fund, golf fund, sewer fund, charitable gifts fund and capital projects fund, each of which is considered to be a major fund.

Fiduciary Funds

The Village reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports the bail deposits of the Village's justice court, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the Village's fiduciary activities are reported in a separate statement. The fiduciary activities have been excluded from the Village's government-wide financial statements because the Village cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

A. Net Position

The May 31, 2020 current and other assets, and current and other liabilities increased by \$373,991, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*; however, there was no change in total net position.

The Village's net position decreased by \$562,283 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the Village's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 9,267,465	\$ 10,329,716	\$ (1,062,251)	(10.28)%
Capital Assets, Net	25,425,599	25,781,741	(356,142)	(1.38)%
Total Assets	<u>34,693,064</u>	<u>36,111,457</u>	<u>(1,418,393)</u>	(3.93)%
Deferred Outflows of Resources	<u>15,138,402</u>	<u>7,925,761</u>	<u>7,212,641</u>	91.00 %
Liabilities				
Current and Other Liabilities	3,495,745	3,200,279	295,466	9.23 %
Long-Term Liabilities	7,633,252	9,233,074	(1,599,822)	(17.33)%
Net Pension Liability - Proportionate Share	2,005,802	9,404,929	(7,399,127)	(78.67)%
Total OPEB Liability	<u>31,318,889</u>	<u>25,389,513</u>	<u>5,929,376</u>	23.35 %
Total Liabilities	<u>44,453,688</u>	<u>47,227,795</u>	<u>(2,774,107)</u>	(5.87)%
Deferred Inflows of Resources	<u>15,677,414</u>	<u>6,546,776</u>	<u>9,130,638</u>	139.47 %
Net Position (Deficit)				
Net Investment in Capital Assets	22,980,539	21,481,203	1,499,336	6.98 %
Restricted	139,389	139,048	341	0.25 %
Unrestricted (Deficit)	<u>(33,419,564)</u>	<u>(31,357,604)</u>	<u>(2,061,960)</u>	6.58 %
Total Net Position (Deficit)	<u>\$ (10,299,636)</u>	<u>\$ (9,737,353)</u>	<u>\$ (562,283)</u>	5.77 %

The decrease in current and other assets is primarily due to decreases in cash balances and receivables.

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

The decrease in capital assets, net is due to depreciation expense exceeding capital additions. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Deferred outflows of resources represents contributions to the pension and OPEB plans subsequent to the measurement date and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, and the amount of deferred charges from a bond refunding that is being amortized over the remaining term of the bonds.

The increase in current and other liabilities is primarily due to increases in accrued liabilities, guaranty and bid deposits, and collections in advance, offset by decreases in accounts payable and bond anticipation notes payable.

The decrease in long-term liabilities is primarily due to the repayment of the current maturity of the bond indebtedness, offset by an increase in the compensated absences payable.

Net pension liability – proportionate share represents the Village's proportionate share of the New York State and Local Employees' Retirement and the New York State and Local Police and Fire Retirement Systems' (NYSLRS) collective net pension liability at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State", provides additional information.

Total other postemployment benefits (OPEB) liability increased over the prior year, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years. Deferred inflows also includes unrealized revenue of the long-term receivable under the service concession agreement.

The net investment in capital assets reflects the Village's investment at cost, net of accumulated depreciation and any debt used to acquire those assets that is still outstanding. This number increased primarily because of principal repayments on related debt, which increased the Village's equity in these assets. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted amount relates to the Village's reserves. This amount increased over the prior year, due to interest earnings allocated to the reserves.

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

INCORPORATED VILLAGE OF LAKE SUCCESS
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 in the accompanying financial statements. A summary of this statement for the years ended May 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 5,597,861	\$ 5,195,028	\$ 402,833	7.75 %
Capital Grants	212,847	462,086	(249,239)	(53.94)%
General Revenues				
Property Taxes	10,744,258	10,305,110	439,148	4.26 %
State Sources	370,870	291,507	79,363	27.23 %
PILOT and Other	2,853,201	2,943,939	(90,738)	(3.08)%
Total Revenues	<u>19,779,037</u>	<u>19,197,670</u>	<u>581,367</u>	3.03 %
Expenses				
General Support	2,603,763	2,830,163	(226,400)	(8.00)%
Public Safety	10,422,704	9,819,907	602,797	6.14 %
Transportation and Street Maintenance	1,281,339	1,499,136	(217,797)	(14.53)%
Culture and Recreation	3,402,500	3,410,433	(7,933)	(0.23)%
Home and Community Services	1,394,511	1,315,063	79,448	6.04 %
Debt Service - Interest	92,373	186,132	(93,759)	(50.37)%
Depreciation - Unallocated	1,144,130	1,083,711	60,419	5.58 %
Total Expenses	<u>20,341,320</u>	<u>20,144,545</u>	<u>196,775</u>	0.98 %
Change in Net Position	<u>\$ (562,283)</u>	<u>\$ (946,875)</u>	<u>\$ 384,592</u>	40.62 %

The Village's net position decreased by \$562,283 and \$946,875 for the years ended May 31, 2021 and 2020, respectively.

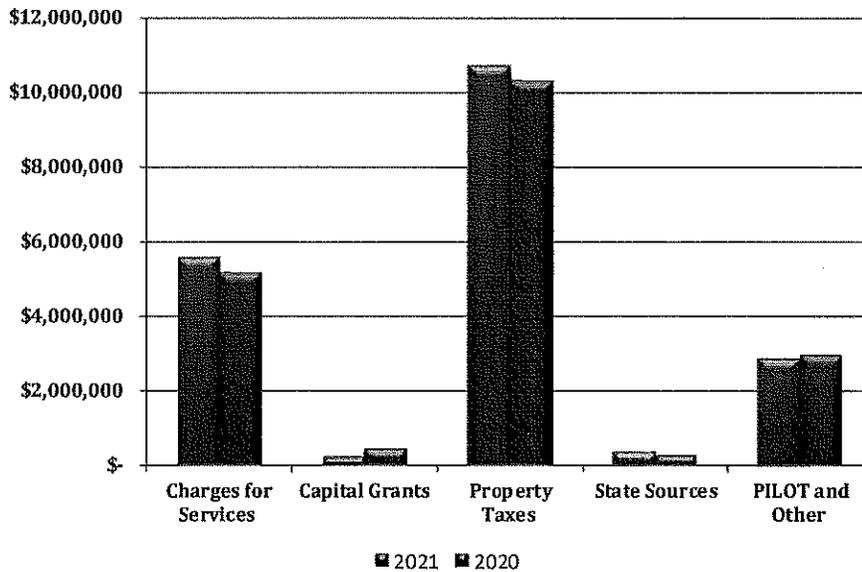
The Village's total revenues increased by \$581,367 or 3.03% compared to fiscal 2020. This increase was primarily in charges for services and property taxes, offset by a decrease in capital grants. The increase in charges for services is due to the Village recognizing more revenue for business and occupational licenses, safety inspection fees, and golf revenues than it had in the prior year. Property taxes increased in 2021 to fund anticipated increases in appropriations in the 2020-2021 budget. The decrease in capital grants is due to the Village recognizing less revenue for CHIPS (Consolidated Local Street and Highway Improvement Programs) than it had in the prior year.

The Village's expenses for the year increased by \$196,775 or 0.98%. This increase was primarily within public safety, offset by decreases in general support, and transportation and street maintenance. The increase in public safety is primarily due to increases in salaries and related employee benefits. The decrease in general support is due to decreases in legal fees, general facility maintenance costs, judgments and claims and employee benefits, offset by an increase in consulting fees. The decrease in transportation and street maintenance is mainly due to decreases in employee benefits.

As indicated by the charts that follow, property taxes is the largest component of revenues. Additionally, the charts demonstrate that the components of expenses are relatively consistent for both years.

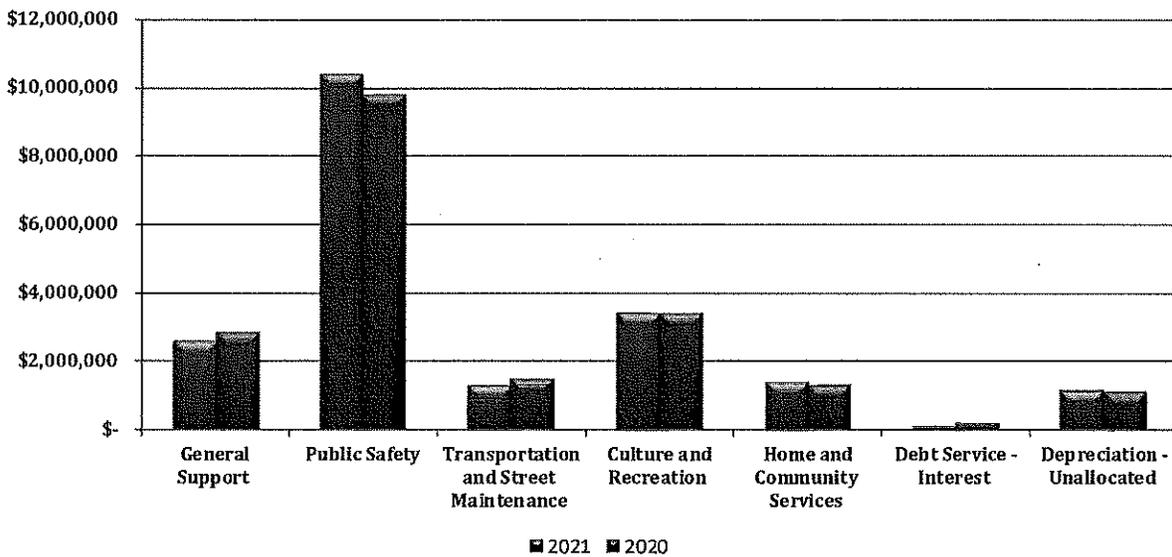
**INCORPORATED VILLAGE OF LAKE SUCCESS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

A graphic display of the distribution of revenues is as follows:



	Charges for Services	Capital Grants	Property Taxes	State Sources	PILOT and Other
2021	28.30%	1.08%	54.32%	1.88%	14.42%
2020	27.06%	2.41%	53.68%	1.52%	15.33%

A graphic display of the distribution of expenses is as follows:



	General Support	Public Safety	Transportation and Street Maintenance	Culture and Recreation	Home and Community Services	Debt Service - Interest	Depreciation - Unallocated
2021	12.80%	51.24%	6.30%	16.73%	6.86%	0.45%	5.62%
2020	14.05%	48.75%	7.44%	16.93%	6.53%	0.92%	5.38%

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

4. FINANCIAL ANALYSIS OF THE VILLAGE'S GOVERNMENTAL FUNDS

At May 31, 2021, the Village's governmental funds reported a combined fund balance of \$1,941,790, which is a net decrease of \$501,448 from the prior year. The 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:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund				
Nonspendable: Advances	\$ 756,341	\$ 459,869	\$ 296,472	64.47 %
Restricted:				
Employee benefit accrued liability	74,424	74,164	260	0.35 %
Capital - tennis courts	5,169	5,165	4	0.08 %
Capital - office computers	19,584	19,571	13	0.07 %
Assigned:				
Appropriated fund balance	400,000	700,000	(300,000)	(42.86)%
Special purposes	763,264	663,264	100,000	15.08 %
Encumbrances	16,469	2,617	13,852	529.31 %
Unassigned: Fund balance	<u>1,806,842</u>	<u>1,919,382</u>	<u>(112,540)</u>	<u>(5.86)%</u>
 Total General Fund	 <u>3,842,093</u>	 <u>3,844,032</u>	 <u>(1,939)</u>	 <u>(0.05)%</u>
Golf Fund				
Restricted:				
Capital - cart path improvements	28,310	28,294	16	0.06 %
Unassigned: Fund balance (deficit)	<u>(1,661,826)</u>	<u>(1,267,530)</u>	<u>(394,296)</u>	<u>31.11 %</u>
 Total Golf Fund	 <u>(1,633,516)</u>	 <u>(1,239,236)</u>	 <u>(394,280)</u>	 <u>31.82 %</u>
Sewer Fund				
Assigned:				
Appropriated fund balance	38,485	77,738	(39,253)	(50.49)%
Unappropriated fund balance	<u> </u>	<u>38,209</u>	<u>(38,209)</u>	<u>(100.00)%</u>
 Total Sewer Fund	 <u>38,485</u>	 <u>115,947</u>	 <u>(77,462)</u>	 <u>(66.81)%</u>
Charitable Gift Fund				
Restricted: Other charitable gifts	<u>11,902</u>	<u>11,854</u>	<u>48</u>	<u>0.40 %</u>
Capital Projects Fund				
Restricted: Unspent bond proceeds	110,945	102,271	8,674	8.48 %
Unassigned: Fund balance (deficit)	<u>(428,119)</u>	<u>(391,630)</u>	<u>(36,489)</u>	<u>9.32 %</u>
 Total Capital Projects Fund	 <u>(317,174)</u>	 <u>(289,359)</u>	 <u>(27,815)</u>	 <u>9.61 %</u>
 Total Fund Balance	 <u>\$ 1,941,790</u>	 <u>\$ 2,443,238</u>	 <u>\$ (501,448)</u>	 <u>(20.52)%</u>

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

A. General Fund

The net change in the general fund – fund balance is a decrease of \$1,939, compared to a decrease of \$64,814 in 2020. Revenues and other financing sources increased by \$615,061 or 3.99% over the prior year. This increase is primarily the result of increases in real property taxes, departmental revenue, and licenses and permits, offset by decreases in other real property tax items, use of money and property, and fines and forfeitures. Real property taxes were increased in accordance with the 2020-2021 budget. The increase in departmental revenue is due to the Village recognizing more in safety inspection fees than it had in the prior year. The increase in licenses and permits is due to the Village recognizing more in business and occupational licenses than it had in the prior year. The decrease in other real property tax items is primarily due to the Village recognizing less in PILOT revenues than it had in the prior year. The decrease in use of money and property is mainly due to a decrease in interest earnings as well as a decrease in rental revenue. The decrease in fines and forfeitures was due to court closures during the fiscal year in response to the coronavirus pandemic.

Expenditures and other financing uses increased by \$552,186 or 3.57% over the prior year. This increase was primarily due to increases in public safety and employee benefits, offset by a decrease in general support. The increase in public safety is the result of an increase in salaries. The increase in employee benefits is mostly due to an increase in required contributions to pension plans. These increases were offset by a decrease in general support. The decrease in general support is due to decreases in legal fees, general facility maintenance costs, judgments and claims, offset by an increase in mobile communications consulting fees.

The following is a summary of the Village’s general fund restricted fund balance activity:

	Balance @ May 31, 2020	Use of Reserves	Interest	Funding	Balance @ May 31, 2021
EBALR	\$ 74,164	\$	\$ 260	\$	\$ 74,424
Capital - tennis courts	5,165		4		5,169
Capital - office computers	19,571		13		19,584
	<u>\$ 98,900</u>	<u>\$</u>	<u>\$ 277</u>	<u>\$ -</u>	<u>\$ 99,177</u>

B. Golf Fund

The net change in the golf fund – fund balance is a decrease of \$394,280, which was the current year’s operating loss compared to an operating loss of \$543,204 in the prior year. Revenues increased by \$216,882 compared to the prior year. This increase is mainly due to an increase in membership fees. Total expenditures and other financing uses increased \$67,958 compared to the prior year.

C. Sewer Fund

The net change in the sewer fund – fund balance is a decrease of \$77,462, which was the current year’s operating loss compared to an operating loss of \$58,596 in the prior year. Revenues increased by \$33,657 from the prior year. Expenditures and other financing uses increased by \$52,523 over the prior year.

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

D. Charitable Gifts Fund

The net change in the charitable gifts fund – fund balance is an increase of \$48, which was the current year's operating surplus and represents interest earnings. This fund was established by a Village local law in July 2018, pursuant to General Municipal Law §6-u. Village residents who made an unrestricted charitable contribution to the Village may submit a claim for property tax credit that equals 95% of the contribution amount.

E. Capital Projects Fund

The capital projects fund's fund balance deficit increased by \$27,815 as compared to the prior year; expenditures exceeded revenues and other financing sources for ongoing capital projects.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The Village's general fund budget as approved by the Board of Trustees was \$16,250,656 for the year ended May 31, 2021. This amount was increased by encumbrances carried forward from the prior year in the amount of \$2,617 for a final budget of \$16,253,273.

The final budget was funded by a combination of estimated revenue and appropriated fund balance. The majority of this funding was \$10,743,606 in 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 effectively the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves and assignments, such as appropriations to fund the subsequent year's budget, special purposes and encumbrances, and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget is as follows:

Opening, Unassigned Fund Balance	\$ 1,919,382
Revenues Over Budget	470,144
Expenditures and Encumbrances Under Budget	214,065
Net Change in Nonspendable Fund Balance	(296,472)
Net Change in Restricted Fund Balance	(277)
Net Change in Assigned Fund Balance	(100,000)
Appropriated to Fund the May 31, 2022 Budget	<u>(400,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 1,806,842</u>

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

Opening, Unassigned Fund Balance

The \$1,919,382 shown in the table is the portion of the Village's May 31, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was \$15,550,656. Actual revenues and other sources recognized for the year were \$16,020,800. The excess of actual revenues and other sources over estimated or budgeted revenues was \$470,144, which contributes directly to the change to the unassigned portion of the general fund - fund balance from May 31, 2020 to May 31, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was \$16,253,273. Actual expenditures were \$16,022,739 and outstanding encumbrances were \$16,469; combined, the expenditures plus encumbrances for 2020-2021 were \$16,039,208. The final budget variance was \$214,065, which contributes to the change to the unassigned portion of the general fund - fund balance from May 31, 2020 to May 31, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, provides additional information.

Net Change in Nonspendable Fund Balance

The Village's general fund assets include a long-term receivable from the golf fund that may be uncollectable in the short term due to the golf fund's deficit. Accordingly, an amount equal to the golf fund's unassigned deficit is classified as nonspendable fund balance in the general fund. The increase in nonspendable fund balance decreases unassigned fund balance.

Net Change in Restricted Fund Balance

The increase in restricted fund balance represents interest earnings credited to the Village's employee benefit accrued liability and capital reserves. The table in §4.A of this management's Discussion and Analysis details the allocation of interest earnings.

Net Change in Assigned Fund Balance

The increase in assigned fund balance represents amounts assigned by the Board of Trustees for community related activities for the benefit of Village residents.

Appropriated Fund Balance

The Village has chosen to use \$400,000 of its available May 31, 2021 fund balance to partially fund the 2021-2022 approved operating budget. As such, the unassigned portion of the May 31, 2021 fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary of changes shown in the previous table, the Village will begin the 2021-2022 fiscal year with an unassigned fund balance of \$1,806,842.

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

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

A. Capital Assets

At May 31, 2021, the Village invested in a broad range of capital assets, as indicated in the following table. The net decrease in capital assets is due to depreciation expense of \$1,144,130 in excess of capital asset additions of \$787,988 recorded for the year ended May 31, 2021. A summary of the Village's capital assets, net of accumulated depreciation at May 31, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Land	\$ 1,022,500	\$ 1,022,500	\$ -
Construction work in progress	302,650	275,390	27,260
Buildings and improvements	14,887,427	15,237,167	(349,740)
Land improvements	2,874,245	2,903,015	(28,770)
Machinery and equipment	2,165,482	2,006,789	158,693
Infrastructure	4,173,295	4,336,880	(163,585)
	<u>\$ 25,425,599</u>	<u>\$ 25,781,741</u>	<u>\$ (356,142)</u>

B. Debt Administration

The Village issues serial bonds and bond anticipation notes to fund various capital projects and, to a lesser degree, tax certiorari judgments. The Village's latest underlying, long-term credit rating from Moody's Investor Services, Inc. is Aaa. A summary of the Village's indebtedness at May 31, 2021 and 2020 is summarized as follows:

	2021	2020	Increase (Decrease)
Bonds payable:			
Capital purposes	\$ 1,625,000	\$ 3,355,000	\$ (1,730,000)
Other purposes - tax certioraris	740,000	865,000	(125,000)
Bond anticipation notes:			
Capital purposes		293,123	(293,123)
Capital and tax certioraris	1,029,314	1,048,914	(19,600)
	<u>\$ 3,394,314</u>	<u>\$ 5,562,037</u>	<u>\$ (2,167,723)</u>
Installment purchase debt	<u>\$ 125,491</u>	<u>\$ 164,525</u>	<u>\$ (39,034)</u>

The decrease in outstanding debt is due to bond and bond anticipation notes principal payments, in excess of new bond anticipation notes borrowings.

C. Other Long-Term Liabilities

Included in the Village's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, judgment and claims are a result of tax certiorari proceedings, and net pension liability – proportionate share and total other postemployment benefits liability, which are

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

based on actuarial valuations. A summary of the outstanding other long-term liabilities at May 31, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Compensated absences payable	\$ 4,106,871	\$ 3,763,820	\$ 343,051
Judgment and claims		15,000	(15,000)
Net pension liability - proportionate share	2,005,802	9,404,929	(7,399,127)
Total OPEB liability	<u>31,318,889</u>	<u>25,389,513</u>	<u>5,929,376</u>
	<u>\$ 37,431,562</u>	<u>\$ 38,573,262</u>	<u>\$ (1,141,700)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The Board of Trustees approved a \$16,036,050 general fund budget for the year ending May 31, 2022. This is a decrease of \$214,606 or 1.32% from the previous year's budget. The decrease is principally in general debt service (\$1,243,868), offset by increases in general support (\$460,938), public safety (\$85,197), home and community services (\$78,200) and employee benefits (\$384,712).

The Village budgeted revenues other than property taxes at a \$121,000 decrease from the prior year's estimate. The assigned appropriated fund balance applied to the budget in the amount of \$400,000 was a \$300,000 decrease from the prior year. The property tax levy of \$10,950,000 increased \$206,394 or 1.92% over the 2020-2021 tax levy.

B. Future Budgets

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

C. Tax Cap

Current New York law limits the increase in the property tax levy of local governments to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Local governments may override the tax levy limit by first passing a local law that allows for the tax levy limit to be exceeded. The override vote requires a 60% vote of the total voting power of the governing board. Based on the law, the Village's tax levy cap increase for 2021-2022 is \$995,864 or 11.2%. The Village's 2021-2022 tax levy increase of \$206,394 was less than the tax cap and did not require an override vote.

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:

Mr. Patrick Farrell
Village Administrator/ Treasurer
Incorporated Village of Lake Success
318 Lakeville Road
Lake Success, NY 11020

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Net Position
May 31, 2021

ASSETS

Cash		
Unrestricted	\$	4,503,630
Restricted		250,334
Receivables		
Taxes receivable		29,151
Accounts receivable		1,006,627
Accounts receivable, non-current		3,355,000
Due from other governments		122,723
Capital assets		
Not being depreciated		1,325,150
Being depreciated, net of accumulated depreciation		<u>24,100,449</u>
Total Assets		<u>34,693,064</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge from advance refunding		3,215
Pension		7,954,803
Other postemployment benefits		<u>7,180,384</u>
Total Deferred Outflows of Resources		<u>15,138,402</u>

LIABILITIES

Payables		
Accounts payable		764,018
Accrued liabilities		406,285
Due to other governments		44,612
Due to retirement systems		364,341
Guaranty and bid deposits		390,024
Other liabilities		185,987
Unearned revenues		
Overpayments		53,879
Collections in advance		1,286,599
Long-term liabilities		
Due and payable within one year		
Bond anticipation notes payable		1,029,314
Bonds payable, net		685,272
Installment purchase debt		40,400
Due and payable after one year		
Bonds payable, net		1,686,304
Installment purchase debt		85,091
Compensated absences payable		4,106,871
Net pension liability - proportionate share		2,005,802
Total other postemployment benefits liability		<u>31,318,889</u>
Total Liabilities		<u>44,453,688</u>

DEFERRED INFLOWS OF RESOURCES

Service concession agreement		4,013,333
Pension		9,221,317
Other postemployment benefits		<u>2,442,764</u>
Total Deferred Inflows of Resources		<u>15,677,414</u>

NET POSITION (DEFICIT)

Net investment in capital assets		<u>22,980,539</u>
Restricted for:		
Employee benefit accrued liability		74,424
Capital - tennis courts		5,169
Capital - office computers		19,584
Capital - cart path improvements		28,310
Other - charitable gifts		<u>11,902</u>
		<u>139,389</u>
Unrestricted (deficit)		<u>(33,419,564)</u>
Total Net Position (Deficit)		<u>\$ (10,299,636)</u>

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

	Program Revenues		Net (Expense)
Expenses	Charges for Services	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS			
Governmental Activities			
General support	\$ 2,603,763	\$ 1,112,984	\$ (1,490,779)
Public safety	10,422,704	915,426	(9,507,278)
Transportation and street maintenance	1,281,339		(1,251,256)
Culture and recreation	3,402,500	2,732,299	(670,201)
Home and community services	1,394,511	837,152	(374,595)
Debt service - interest	92,373		(92,373)
Depreciation - unallocated	1,144,130		(1,144,130)
	\$ 20,341,320	\$ 5,597,861	\$ (14,530,612)
GENERAL REVENUES			
Real property taxes			10,744,258
Other real property tax items			2,223,846
Nonproperty taxes			214,372
Use of money and property			52,002
Sale of property and compensation for loss			106,631
Miscellaneous			256,350
State sources			370,870
			13,968,329
Total General Revenues			13,968,329
Change in Net Position			(562,283)
Total Net Position (Deficit) - Beginning of year			(9,737,353)
Total Net Position (Deficit) - End of year			\$ (10,299,636)

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

	General	Golf	Sewer	Charitable Gifts	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 3,845,042	\$ 421,697	\$ 9,549	\$	\$ 227,342	\$ 4,503,630
Restricted	99,177	28,310		11,902	110,945	250,334
Receivables						
Taxes receivable	29,151					29,151
Accounts receivable	141,247		365,380		500,000	1,006,627
Due from other funds	1,161,997	14,850	8,865			1,185,712
Due from other governments	122,723					122,723
Total Assets	\$ 5,399,337	\$ 464,857	\$ 383,794	\$ 11,902	\$ 838,287	\$ 7,098,177
LIABILITIES						
Payables						
Accounts payable	\$ 161,974	\$ 81,484	\$ 345,309	\$	\$ 175,251	\$ 764,018
Accrued liabilities	333,145	34,776				367,921
Due to other funds	8,865	756,341			420,506	1,185,712
Due to other governments	38,649	5,963				44,612
Due to retirement systems	330,277	34,064				364,341
Guaranty and bid deposits	390,024					390,024
Other liabilities	185,987					185,987
Unearned revenues						
Overpayments	53,879					53,879
Collections in advance	41,150	1,185,745			59,704	1,286,599
Total Liabilities	1,543,950	2,098,373	345,309	-	655,461	4,643,093
DEFERRED INFLOWS OF RESOURCES						
Deferred property taxes	13,294					13,294
Deferred concession renovation funds					500,000	500,000
Total Deferred Inflows of Resources	13,294	-	-	-	500,000	513,294
FUND BALANCES (DEFICIT)						
Nonspendable: Advances	756,341					756,341
Restricted for:						
Employee benefit accrued liability	74,424					74,424
Capital - tennis courts	5,169					5,169
Capital - office computers	19,584					19,584
Capital - cart path improvements		28,310				28,310
Other - charitable gifts				11,902		11,902
Unspent bond proceeds					110,945	110,945
Assigned:						
Appropriated fund balance	400,000		38,485			438,485
Special purposes	763,264					763,264
Other purposes	16,469					16,469
Unassigned: Fund balance (deficit)	1,806,842	(1,661,826)			(428,119)	(283,103)
Total Fund Balances (Deficit)	3,842,093	(1,633,516)	38,485	11,902	(317,174)	1,941,790
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,399,337	\$ 464,857	\$ 383,794	\$ 11,902	\$ 838,287	\$ 7,098,177

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

Total Governmental Fund Balances \$ 1,941,790

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

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

Original cost of capital assets	\$ 39,623,700	
Less: Accumulated depreciation	<u>(14,198,101)</u>	25,425,599

Service concession agreement amounts are reported on the Balance Sheet based on resources received, but are reflected in the Statement of Net Position, net of amortization over the life of the agreement as follows:

Accounts receivable - non-current	3,355,000	
Deferred inflows of resources	<u>(3,513,333)</u>	(158,333)

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds. 3,215

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

Deferred outflows of resources	7,954,803	
Net pension liability - retirement systems	(2,005,802)	
Deferred inflows of resources	<u>(9,221,317)</u>	(3,272,316)

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

Deferred outflows of resources	7,180,384	
Total other postemployment benefits liability	(31,318,889)	
Deferred inflows of resources	<u>(2,442,764)</u>	(26,581,269)

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. 13,294

Long-term liabilities, including bonds payable, 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 and bond anticipation notes payable	(38,364)	
Bond anticipation notes payable	(1,029,314)	
Bonds payable, net	(2,371,576)	
Installment purchase debt	(125,491)	
Compensated absences payable	<u>(4,106,871)</u>	(7,671,616)

Total Government-wide Net Position (Deficit) \$ (10,299,636)

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended May 31, 2021

	General	Golf	Sewer	Charitable Gifts	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 10,770,693	\$	\$	\$	\$	\$ 10,770,693
Other real property tax items	2,223,846					2,223,846
Nonproperty taxes	214,372					214,372
Departmental income	1,266,939	2,709,292	804,527			4,780,758
Use of money and property	50,507	1,447		48		52,002
Licenses and permits	462,857					462,857
Fines and forfeitures	354,246					354,246
Sale of property and compensation for loss	67,294	39,337				106,631
Miscellaneous	149,610	2,257			182,764	334,631
State aid	400,953					400,953
Total Revenues	15,961,317	2,752,333	804,527	48	182,764	19,700,989
EXPENDITURES						
General support	2,229,058	4,159			97,799	2,331,016
Public safety	5,717,552				158,983	5,876,535
Transportation and street maintenance	947,619				254,306	1,201,925
Culture and recreation	440,294	2,325,869			14,850	2,781,013
Home and community services	522,522		871,989		182,764	1,577,275
Employee benefits	3,885,695	503,732				4,389,427
Debt service						
Principal	1,963,181	155,453				2,118,634
Interest	125,775	10,320				136,095
Total Expenditures	15,831,696	2,999,533	871,989	-	708,702	20,411,920
Excess (Deficiency) of Revenues Over Expenditures	129,621	(247,200)	(67,462)	48	(525,938)	(710,931)
OTHER FINANCING SOURCES AND (USES)						
Proceeds from obligations					205,000	205,000
Premiums on obligations	4,483					4,483
Operating transfers in	55,000				293,123	348,123
Operating transfers out	(191,043)	(147,080)	(10,000)			(348,123)
Total Other Financing Sources and (Uses)	(131,560)	(147,080)	(10,000)	-	498,123	209,483
Net Changes in Fund Balances	(1,939)	(394,280)	(77,462)	48	(27,815)	(501,448)
Fund Balances (Deficit) - Beginning of year	3,844,032	(1,239,236)	115,947	11,854	(289,359)	2,443,238
End of year	\$ 3,842,093	\$ (1,633,516)	\$ 38,485	\$ 11,902	\$ (317,174)	\$ 1,941,790

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

Net Changes in Fund Balances \$ (501,448)

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received). \$ 73,565

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

Decrease in judgment and claims liabilities 15,000

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable (343,051) (254,486)

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 depreciation expense exceeded capital outlays and other additions in the period.

Capital outlays and other additions 787,988
Depreciation expense (1,144,130) (356,142)

Long-Term Debt Transactions Differences

Proceeds from the issuance of long-term debt are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities. (205,000)

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities. 7,278

Repayment of bond and bond anticipation notes principals are expenditures in the governmental funds, but reduce long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

Repayment of bonds payable 1,855,000
Repayment of bond anticipation notes payable 224,600
Repayment of installment debt 39,034

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 interest decreased from May 31, 2020 to May 31, 2021. 36,444 1,957,356

Pension and Other Postemployment Benefits Differences

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

Employees' retirement system 236,736
Police and Fire retirement system 148,935
Other postemployment benefits (1,793,234) (1,407,563)

Change in Net Position of Governmental Activities \$ (562,283)

INCORPORATED VILLAGE OF LAKE SUCCESS
Statement of Fiduciary Net Position - Fiduciary Fund
 May 31, 2021

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents	\$ 1,450
 LIABILITIES	
Due to governmental funds	-
 NET POSITION	
Restricted for individuals, organizations, and other governments	\$ 1,450

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
 For the Year Ended May 31, 2021

	<u>Custodial</u>
ADDITIONS	
Bail collections for other governments	\$ -
 DEDUCTIONS	
Disbursements to other governments	600
Change in Net Position	(600)
Net Position - Beginning of Year	2,050
Net Position - End of Year	\$ 1,450

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS
For Year Ended May 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Incorporated Village of Lake Success (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. The more significant of these accounting policies are as follows:

A. Reporting Entity

The Village is governed by Village law and other general laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operations, the Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer.

The basic services that the Village provides are general support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services.

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

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

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the Village, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while 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 direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are not allocated to programs. 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.

Fund Financial Statements

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balance 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, 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 the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. Special revenue funds include the following:

Golf Fund - is used to account for the financial resources of the Village's golf course.

Sewer Fund - is used to account for Village activities associated with the treating and disposing of sanitary waste within the Belgrave Water Pollution Control District, Town of North Hempstead.

Charitable Gifts Fund - is used to account and report unrestricted charitable monetary contributions received.

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

Fiduciary Funds - are used to account for activities in which the Village acts as trustee or custodian for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Village, and are not available to be used to finance Village operations. The following is the Village's fiduciary fund:

Custodial Fund - is used to account for bail deposits collected by the Village's justice court.

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 (e.g., compensated absences for employees still in active service) would not be reported.

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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, 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 funds 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 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, judgments and claims, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt 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 can be collected through tax 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.

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 with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. In addition, the Village receives PILOT payments from the Northwell Health and the North Shore Hebrew Academy High School as a contribution towards indirect services, such as public safety and snow plowing as both entities reside within village boundaries. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, Tax Abatement Disclosures, 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. The Village received \$237,071 in LIPA PILOT revenue, \$804,615 in Northwell Health PILOT revenue and \$100,200 in North Shore Hebrew Academy High School during the 2020-2021 fiscal year.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

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.

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

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

I. Cash and Cash Equivalents

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

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

J. Receivables

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.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

K. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 1,000	5 - 65 years
Land improvements	1,000	10 - 100 years
Machinery and equipment	1,000	5 - 20 years
Infrastructure	1,000	30 - 50 years

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The Village has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year's refunding of bonds that is being amortized as a component of interest expense on a weighted average basis through May 31, 2023. The second is related to pensions and consists of the Village's proportionate share of changes in the collective net pension liability not included in collective pension expense, as well as the Village's contributions to the pension system (NYSLRS) subsequent to the measurement date. The third item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense and the Village's contributions to OPEB subsequent to the measurement date.

M. Short-Term Debt

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

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

No short-term debt was issued during the year ended May 31, 2021.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

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 grant 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. Employee Benefits

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave and terminal leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive a payment based on unused accumulated sick leave and terminal leave.

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

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

P. Other Benefits

Eligible Village employees participate in the New York State and Local Employees' Retirement System, the New York State and Local Police and Fire Retirement System and the Public Employees' Group Life Insurance Plan.

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

The Village provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

Q. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position 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 four items that qualify for reporting in this category. First is property tax 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, the property tax revenues are reclassified as revenues. In the government-wide financial statements, the property taxes are treated as revenues. The second item is service concession agreement (SCA) amounts, which are recognized in the governmental funds when due with the exception of renovation funds, which are recognized when renovations are made. SCA amounts are recognized in the government-wide statements over the life of the agreement. The third item is related to the Village's proportionate share of changes in the collective net pension liability not included in collective pension expense. The fourth item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense.

R. Equity Classifications

Government-Wide Statements

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

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

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

Unrestricted – Reports all other amounts that do not meet the definition of the above two classifications.

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 the long-term portion of loans receivable, which is recorded in the general fund.

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital Reserves

Capital Reserve (GML §6-c) is used to pay for all or part of the cost of any capital improvements or acquisition of equipment. The creation of a capital reserve fund requires authorization by a majority of the Board of Trustees establishing the purpose of the reserve and the estimated maximum cost of the item, and may be subject to permissive referendum requirements. These reserves are accounted for in the general fund and the golf fund.

Charitable Gifts Reserve

Charitable Gifts Reserve (GML §6-u) is used to record unrestricted charitable monetary contributions received. At the end of the fiscal year, the Village within sixty days of the close of the fiscal year, may transfer the funds to the general fund or other fund of the Village, so that the funds may be used for charitable purposes. The reserve is accounted for in the charitable gifts fund.

Unspent Bond Proceeds

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

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

Special Purposes

The balance represents amounts set aside for community building renovation/bond payments, community building enhancements and community activities. This assignment is accounted for in the general fund.

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

Fund Balance Policy

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

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

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

2. CHANGES IN ACCOUNTING PRINCIPLES

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

3. FUTURE ACCOUNTING STANDARDS

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

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

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

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

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

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

Total fund balances of the Village's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

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 using the current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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. Encumbrances

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

C. Deficit Fund Balance

The golf fund has a deficit fund balance of \$1,633,516. The Village expects to eliminate the deficit by increasing revenues and managing expenditures.

The capital projects fund has a deficit fund balance of \$317,174. The deficit will be eliminated as short-term debt is redeemed or converted to permanent financing and permanent financing is obtained for certain new projects.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The Village's investment policies are governed by state statutes and Village policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies,

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the Village may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- 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 letters of credit pledged on the Village's behalf at year end, in the Village's name.

The Village did not have any investment securities at year end or during the fiscal year. Consequently, the Village was not exposed to any material custodial credit risk, interest rate risk, foreign currency risk, or concentration of credit risk.

Investment Pool

The Village participates in the Cooperative Liquid Assets Securities System – New York (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and Paragraph 11 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Total investments of the cooperative at May 31, 2021 are \$3,850,889,826, which consisted of \$1,104,743,349 in collateralized bank deposits, \$291,226,773 in repurchase agreements and \$2,454,919,704 in U.S. Treasury securities, with various interest rates and due dates.

At May 31, 2021, the Village's General Fund has \$638,840 in NYCLASS investments, which are included as cash.

The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

7. DUE FROM OTHER GOVERNMENTS

General Fund	
Nassau County - Mortgage tax receivable	<u>\$ 96,112</u>

Village management expects these amounts to be fully collectible.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

8. CAPITAL ASSETS

Capital asset balances and activity for the year ended May 31, 2021 were as follows:

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,022,500	\$	\$	\$ 1,022,500
Construction work in progress	275,390	62,772	(35,512)	302,650
Total capital assets not being depreciated	<u>1,297,890</u>	<u>62,772</u>	<u>(35,512)</u>	<u>1,325,150</u>
Capital assets being depreciated:				
Buildings and improvements	22,467,158	133,331		22,600,489
Land improvements	4,675,763	119,992		4,795,755
Machinery and equipment	4,989,850	507,405	(169,668)	5,327,587
Infrastructure	5,574,719			5,574,719
Total capital assets being depreciated	<u>37,707,490</u>	<u>760,728</u>	<u>(169,668)</u>	<u>38,298,550</u>
Less accumulated depreciation for:				
Buildings and improvements	7,229,991	483,071		7,713,062
Land improvements	1,772,748	148,762		1,921,510
Machinery and equipment	2,983,061	348,712	(169,668)	3,162,105
Infrastructure	1,237,839	163,585		1,401,424
Total accumulated depreciation	<u>13,223,639</u>	<u>1,144,130</u>	<u>(169,668)</u>	<u>14,198,101</u>
Total capital assets, being depreciated, net	<u>24,483,851</u>	<u>(383,402)</u>	<u>-</u>	<u>24,100,449</u>
Capital assets, net	<u>\$ 25,781,741</u>	<u>\$ (320,630)</u>	<u>\$ (35,512)</u>	<u>\$ 25,425,599</u>

Depreciation expense of \$1,144,130 has not been allocated.

9. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,161,997	\$ 8,865	\$ 55,000	\$ 191,043
Golf Fund	14,850	756,341		147,080
Sewer Fund	8,865			10,000
Capital Projects Fund		420,506	293,123	
Total Governmental Funds	<u>\$ 1,185,712</u>	<u>\$ 1,185,712</u>	<u>\$ 348,123</u>	<u>\$ 348,123</u>

All interfund balances are expected to be repaid.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

The Village transfers from the golf fund and sewer fund to the general fund in accordance with the respective budgets for administrative costs, primarily for insurance. The transfer to the capital projects fund from the general fund and golf fund was to provide funding for the BAN principal payment.

10. COLLECTIONS IN ADVANCE

Collections in advance consist of the following:

General Fund	
2021 - 2022 park membership	\$ 41,150
Golf Fund	
Annual player fees for the balance of the calendar year	1,185,745
Capital Projects Fund	
Capital grant	<u>59,704</u>
	<u><u>\$ 1,286,599</u></u>

11. SHORT-TERM DEBT

Bond Anticipation Notes (BANs)

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

Short-term debt activity for the year is summarized as follows:

	Balance <u>May 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>May 31, 2021</u>
BANs - Capital purposes	<u>\$ 293,123</u>	<u>\$</u>	<u>\$ (293,123)</u>	<u>\$ -</u>

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

Interest paid	\$ 21,307
Less interest accrued in the prior year	<u>(20,157)</u>
Total interest expense on short-term debt	<u><u>\$ 1,150</u></u>

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

12. LONG-TERM LIABILITIES

A. Changes

The following tables summarize the changes in governmental activities long-term liabilities, excluding pension and other postemployment benefits liabilities:

	Balance May 31, 2020	Additions	Reductions	Balance May 31, 2021	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bond anticipation notes	\$ 1,048,914	\$ 205,000	\$ (224,600)	\$ 1,029,314	\$ 1,029,314
Bonds payable	4,220,000		(1,855,000)	2,365,000	680,000
Add: Premium on refunding bonds	20,815		(14,239)	6,576	5,272
	4,240,815		(1,869,239)	2,371,576	685,272
Installment purchase debt	164,525		(39,034)	125,491	40,400
	4,405,340		(1,908,273)	2,497,067	725,672
<u>Other long-term liabilities:</u>					
Compensated absences	3,763,820	343,051		4,106,871	-
Judgments and claims	15,000		(15,000)	-	-
	<u>\$ 9,233,074</u>	<u>\$ 548,051</u>	<u>\$ (2,147,873)</u>	<u>\$ 7,633,252</u>	<u>\$ 1,754,986</u>

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

B. Bond Anticipation Notes

The following is a summary of bond anticipation notes payable at May 31, 2021:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2021
Tax Certioraris	6/18/2020	6/18/2021	1.50%	\$ 223,800
Improvements & equipment	6/18/2020	6/18/2021	1.50%	805,514
				<u>\$ 1,029,314</u>

C. Bonds Payable

The following is a summary of bonds payable at May 31, 2021:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2021
<u>Serial Bonds</u>				
Tax certioraris	6/5/2013	12/1/2027	1.00 - 2.50%	\$ 740,000
Refunding bonds series B	8/8/2013	7/15/2024	2.00 - 3.00%	1,035,000
Refunding bonds	4/21/2016	10/1/2022	1.00 - 4.00%	365,000
Public Improvement Bond	2/5/2020	2/1/2030	2.000 - 2.125%	225,000
				<u>\$ 2,365,000</u>

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

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

Year Ending May 31,	Principal	Interest	Total
2022	\$ 680,000	\$ 50,006	\$ 730,006
2023	565,000	36,650	601,650
2024	405,000	24,569	429,569
2025	390,000	13,700	403,700
2026	95,000	7,231	102,231
2027-2030	230,000	9,350	239,350
Total	<u>\$ 2,365,000</u>	<u>\$ 141,506</u>	<u>\$ 2,506,506</u>

D. Advance Refunding

In a prior year, the Village advance refunded serial bonds, which resulted in a deferred charge and a refunding bond premium. These amounts are being amortized as a component of interest expense on a weighted average basis as follows:

Year Ending May 31,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase (Decrease)
2022	\$ 2,577	\$ (5,272)	\$ (2,695)
2023	638	(1,304)	(666)
Total	<u>\$ 3,215</u>	<u>\$ (6,576)</u>	<u>\$ (3,361)</u>

E. Installment Debt

Installment debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2021
Installment purchase debt	11/13/2019	11/30/2023	3.50%	<u>\$ 125,491</u>

The following is a summary of debt service requirements for installment debt:

Year Ending May 31,	Principal	Interest	Total
2022	\$ 40,400	\$ 4,392	\$ 44,792
2023	41,814	2,978	44,792
2024	43,277	1,515	44,792
Total	<u>\$ 125,491</u>	<u>\$ 8,885</u>	<u>\$ 134,376</u>

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

F. Interest Expense

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

Interest paid	\$ 114,788
Less interest accrued in the prior year	(54,651)
Plus interest accrued in the current year	38,364
Less amortization of deferred amounts on refunding	<u>(7,278)</u>
Total interest expense on long-term debt	<u>\$ 91,223</u>

G. Unissued Debt

On September 14, 2020, the Village authorized the issuance of bond anticipation notes in the amount of \$220,000 to finance the purchase of golf equipment and mowers and \$60,000 to finance the purchase of DPW equipment. As of May 31, 2021, no debt has been issued and \$75,200 of equipment has been purchased.

On April 13, 2021, the Village approved the issuance of bond anticipation notes in the amount of \$45,000 to finance the purchase of a police car, \$50,000 to finance the purchase of police radio equipment, \$150,250 for road repaving and \$22,000 for parking lot repaving. As of May 31, 2021, no debt has been issued, but work has commenced and expenditures are recorded in the capital projects fund.

13. PENSION PLANS – NEW YORK STATE

A. General Information

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Local Police and Fire Retirement System (PFRS), collectively known as NYSLRS. These are cost-sharing multiple-employer defined benefit retirement systems. The NYSLRS 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 New York State Retirement and Social Security Law (NYSRSSL). The net position of the NYSLRS 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 NYSLRS. 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 NYSLRS. Once a public employer elects to participate in the NYSLRS, 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 NYSLRS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

C. Funding Policy

The NYSLRS is noncontributory except for employees who joined after July 27, 1976 with less than ten years of credited service, who contribute 3% of their salary, or joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) and before April 1, 2012, who contribute 3% of their salary throughout active membership. For employees hired on or after April 1, 2012, employee contribution rates are dependent upon salaries and range from 3% to 6% of 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 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 NYSLRS for the current year. The Village's average contribution rate was 14.58% and 25.27% of covered payroll for the ERS' and the PFRS' fiscal years ended March 31, 2021, respectively.

The Village's share of the required contributions, based on covered payroll for the current year ended May 31, 2021, was \$428,697 for the ERS at an average contribution rate of 13.94% and \$1,242,348 for the PFRS at an average contribution rate of 24.27%.

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

At May 31, 2021, the Village reported the following liabilities for its proportionate share of the net pension liability for the NYSLRS. The net pension liability was measured as of March 31, 2021 for both the ERS and PFRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the NYSLRS relative to the projected contributions of all participating members, actuarially determined. This information was provided by the NYSLRS in reports provided to the Village.

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2021	March 31, 2021
Village's proportionate share of the net pension liability	\$ 10,742	\$ 1,995,060
Village's proportion of the Plan's total net pension liability	0.0107878%	0.1149045%
Change in proportion since the prior measurement date	(0.0007704)	(0.0037920)

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

For the year ended May 31, 2021, the Village recognized pension expense of \$191,959 for the ERS and \$1,093,413 for the PFRS. At May 31, 2021, 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>	
	ERS	PFRS	ERS	PFRS
Differences between expected and actual experience	\$ 131,187	\$ 442,693	\$	\$
Changes of assumptions	1,975,078	4,901,647	37,251	
Net difference between projected and actual earnings on pension plan investments			3,085,690	5,866,357
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	12,268	127,589	151,906	80,113
Village contributions subsequent to the measurement date	90,322	274,019		
Total	<u>\$ 2,208,855</u>	<u>\$ 5,745,948</u>	<u>\$ 3,274,847</u>	<u>\$ 5,946,470</u>

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

<u>Year Ending May 31,</u>	<u>ERS</u>	<u>PFRS</u>
2023	\$ (229,762)	\$ (228,179)
2024	(111,300)	(9,875)
2025	(197,531)	(182,429)
2026	(617,721)	(1,030,847)
2027		976,789
	<u>\$ (1,156,314)</u>	<u>\$ (474,541)</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:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2021	March 31, 2021
Actuarial valuation date	April 1, 2020	April 1, 2020
Inflation	2.7%	2.7%
Salary increases	4.4%	6.2%
Investment rate of return (net of investment expense, including inflation)	5.9%	5.9%
Cost of living adjustments	1.4%	1.4%

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

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

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

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

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

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

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% (the discount rate used at the prior year’s measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the NYSLRS’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Village’s proportionate share of the net pension asset/(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 LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Village's proportionate share of the net pension (asset) liability	\$ 2,981,520	\$ 10,742	\$ (2,729,011)
PFRS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
Village's proportionate share of the net pension (asset) liability	\$ 8,484,119	\$ 1,995,060	\$ (3,376,204)

Pension Plan Fiduciary Net Position

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

	ERS	PFRS
	<i>Dollars in Thousands</i>	
Measurement date	March 31, 2021	March 31, 2021
Employers' total pension liability	\$ 220,680,157	\$ 41,236,775
Plan fiduciary net position	<u>(220,580,583)</u>	<u>(39,500,500)</u>
Employers' net pension liability	<u>\$ 99,574</u>	<u>\$ 1,736,275</u>
Ratio of plan fiduciary net position to the employers' total pension liability	99.95%	95.79%

Payables to the Pension Plan

Employer contributions are paid annually based on the NYSLRS' fiscal year, which ends on March 31st. Accrued retirement contributions as of May 31, 2021, represent the projected employer contribution for the period of April 1, 2021 through May 31, 2021 based on paid NYSLRS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2021 amounted to \$364,341 of employer contributions. Employee contributions are remitted monthly.

14. 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, 2021 totaled \$514,215.

15. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

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

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

Inactive employees or beneficiaries currently receiving benefit payments	46
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>60</u>
	<u>106</u>

B. Total OPEB Liability

The Village's total OPEB liability of \$31,318,889 was measured as of June 1, 2020, and was determined by an actuarial valuation as that date.

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

Inflation	2.50%
Salary increases	3.50% average, including inflation
Discount rate	2.16%
Healthcare cost trend rates	7.10% for 2021, decreasing to an ultimate rate of 4.56% by 2091
Retirees' share of benefit-related costs	0 - 65% of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2020.

The actuarial assumptions used in the June 1, 2020 valuation were based on the results of an actuarial experience study for the period April 1, 2019 – March 31, 2020.

C. Changes in the Total OPEB Liability

Balance at May 31, 2020	<u>\$ 25,389,513</u>
Changes for the year	
Service cost	879,642
Interest	909,956
Changes of benefit terms	-
Differences between expected and actual experience	(1,687,385)
Changes in assumptions or other inputs	6,516,103
Benefit payments	<u>(688,940)</u>
	<u>5,929,376</u>
Balance at May 31, 2021	<u>\$ 31,318,889</u>

Changes of assumptions and other inputs reflect a change in discount rate from 3.51% on June 1, 2019 to 2.16% on June 1, 2020.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

Mortality tables were updated from the RPH-2014 adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2018 on June 1, 2019 to RPH-2014 adjusted to 2006 using scale MP-2014 and projected forward with scale MP-2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	\$ 37,527,508	\$ 31,318,889	\$ 26,460,204

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Village, as well as what the Village’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.10-3.56%) or 1 percentage point higher (8.10-5.56%) than the current healthcare cost trend rate:

OPEB	1% Decrease 6.10% decreasing to 3.56%	Healthcare Cost Trend Rates 7.10% decreasing to 4.56%	1% Increase 8.10% decreasing to 5.56%
Total OPEB liability	\$ 25,813,931	\$ 31,318,889	\$ 38,644,786

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

For the year ended May 31, 2021, the Village recognized OPEB expense of \$2,494,549. At May 31, 2021, the Village reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 782,707	\$ 1,432,107
Changes of assumptions	5,696,362	1,010,657
Village contributions subsequent to the measurement date	701,315	
Total	\$ 7,180,384	\$ 2,442,764

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

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

Year Ending June 30,	Amount
2023	\$ 704,951
2024	704,951
2025	704,951
2026	718,221
2027	757,615
Thereafter	445,616
	\$ 4,036,305

16. 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 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.

17. ASSIGNED FUND BALANCE

A. Assigned: Appropriated

The Board of Trustees has elected to appropriate \$400,000 from the general fund to reduce property taxes for the fiscal year ending May 31, 2022.

B. Assigned: Special Purposes

The Board of Trustees has earmarked donations received from a commercial property owner for the Village Community Center reconstruction project and other community-related activities; therefore, this amount is reported as assigned fund balance in the general fund. As of May 31, 2021, the remaining, unexpended assigned fund balance for those purposes is \$541,208. When the original catering agreement from 2002 expired, the remaining balance of funds accumulated for renovations in the amount of \$222,056 became property of the Village. The amount is reported as assigned fund balance for future use at the discretion of the Board of Trustees.

18. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At May 31, 2021, the Village has the following outstanding encumbrances classified as assigned fund balance:

General Fund	
Various equipment, supplies and contractual	\$ 16,469
Golf Fund	
Various equipment, supplies and contractual	1,811
	\$ 18,280

B. Service Concession Agreement

The Village entered into a concessionaire agreement with Compass Group USA, Inc. for catering services within the Community Building commencing January 4, 2018. The concessionaire agreement has an

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

initial term of five years with an option to extend for an additional five years. The initial agreement from January 4, 2018 was amended as of May 26, 2021, as a result of closures due to the coronavirus pandemic. Compass Group USA, Inc. will pay the Village license fees and contribute to a renovation fund monthly over the term of the agreement as follows:

	<u>Number of Months</u>	<u>Monthly</u>	<u>Total</u>
Initial term:			
License fee (1/4/2018 - 5/31/2021)	41	\$ 30,000	\$ 1,230,000
License fee (6/1/2021 - 12/31/2022)	19	25,000	475,000
Renovation fund contribution	41	6,000	<u>246,000</u>
			<u>1,951,000</u>
Option term:			
License fee (1/1/2023 - 12/31/2023)	12	35,000	420,000
License fee (1/1/2024 - 1/3/2028)	48	40,000	1,920,000
Renovation fund contribution	60	7,500	<u>450,000</u>
			<u>2,790,000</u>
Maximum receivable under agreement			4,741,000
Less: collected			<u>(1,386,000)</u>
Balance receivable at May 31, 2021			<u>\$ 3,355,000</u>

The concessionaire agreement also called for the concessionaire to make capital improvements in the amount of \$1,000,000 by March 1, 2020, as approved by the Village. At May 31, 2021, the concessionaire had contributed \$500,000 for said capital improvements of which \$766,934 had been expended. If the agreement is terminated by the Village within the ten year extended term, the Village will be required to repay the unamortized portion of the improvements made and paid for by the concessionaire, using a straight line ten year amortization period commencing January 4, 2018. Amortization to date is \$341,667.

The Village has reported the following balances in deferred inflows of resources:

	<u>Total</u>	<u>Amortization</u>	<u>Balance</u>
Monthly license fees and renovation fund receivables	\$ 4,741,000	\$ 1,386,000	\$ 3,355,000
Capital improvements	1,000,000	341,667	<u>658,333</u>
			<u>\$ 4,013,333</u>

See Note 20 for additional information on the service concession agreement.

C. Grants

The Village has received grants, which are subject to audit by agencies of the federal and state 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.

D. Litigation

The Village is involved in lawsuits arising from the normal conduct of its affairs. The Village believes that the outcome of any matters will not have a material effect on these financial statements.

INCORPORATED VILLAGE OF LAKE SUCCESS
NOTES TO FINANCIAL STATEMENTS (Continued)
For Year Ended May 31, 2021

E. Operating Leases

The Village leases various equipment under non-cancelable operating leases. Rental expense for the year was \$86,497. The minimum remaining operating lease payments are as follows:

<u>Year Ending May 31,</u>	
2022	\$ 86,497
2023	58,432
2024	<u>2,085</u>
	<u>\$ 147,014</u>

19. TAX ABATEMENTS

The Village is also subject to tax abatements granted by the Nassau County Industrial Development Agency ('NCIDA'), an entity created as a New York State public benefit corporation. The NCIDA was established by Code Section 922, which became Chapter 674 of the Laws of 1975. The NCIDA offers sound commerce and industry base to prevent unemployment. At May 31, 2021, only the real estate tax abatement program offered by NCIDA impacts the Village's revenues. Generally, a qualified project is an applicant submitted project which meet certain economic development criteria (such as job creation/retention) and which either 1) has been or will be financed by the issuance of NCIDA bonds, notes or other evidences of indebtedness with respect thereto or 2) is a straight lease transaction which the NCIDA has determined to undertake pursuant to a Lease Policy. The NCIDA, as a condition of providing assistance, may require that the benefiting company remit a PILOT payment to offset the amount of taxes abated. During the year ended May 31, 2021, the agreements the NCIDA ratified resulted in an abatement of \$1,762,014 of the Village's real property tax and the receipt of \$1,045,582 in PILOT payments.

20. 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 have been identified that would require adjustment of or disclosure in the financial statements, except for the following:

A. Issuance of BANs

On June 17, 2021, the Village issued a bond anticipation note in the amount of \$1,237,234 to redeem part of the long-term BANs that matured on June 18, 2021, and to finance the purchase of golf equipment and mowers, DPW equipment, police vehicle and police radio equipment, as well as to finance road and parking lot repaving. The BAN matures on June 17, 2022 with interest at 1.25%.

B. Service Concession Agreement

In January 2022, the Village notified the concessionaire of its intent to terminate the licensing agreement effective May 2022. The Village is in the process of negotiating terms with another concessionaire. As of the date of the auditor's report, the Village is unable to determine the impact of the negotiations on these financial statements.

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Real Property Taxes	\$ 10,743,606	\$ 10,743,606	\$ 10,770,693	\$ 27,087
Other Real Property Tax Items				
Other payments in lieu of taxes	2,152,000	2,152,000	2,187,467	35,467
Interest and penalties on real property taxes	15,000	15,000	36,379	21,379
Total Other Real Property Tax Items	<u>2,167,000</u>	<u>2,167,000</u>	<u>2,223,846</u>	<u>56,846</u>
Non-Property Tax Items				
Utilities gross receipts tax	170,000	170,000	186,875	16,875
Franchise fees	15,000	15,000	27,497	12,497
Total Non-Property Tax Items	<u>185,000</u>	<u>185,000</u>	<u>214,372</u>	<u>29,372</u>
Departmental Income				
Service fee	650,000	650,000	650,000	-
Tax advertising	50	50		(50)
Clerk fees	800	800	127	(673)
Police fees	1,400	1,400	2,515	1,115
Safety inspection fees	350,000	350,000	558,665	208,665
Park and recreational charges	85,000	85,000	23,007	(61,993)
Zoning board fees	1,800	1,800	3,250	1,450
Planning board fees	10,000	10,000	29,375	19,375
Total Departmental Income	<u>1,099,050</u>	<u>1,099,050</u>	<u>1,266,939</u>	<u>167,889</u>
Use of Money and Property				
Interest and earnings	23,000	23,000	24,007	1,007
Rental of real property	96,000	96,000	26,500	(69,500)
Total Use of Money and Property	<u>119,000</u>	<u>119,000</u>	<u>50,507</u>	<u>(68,493)</u>
Licenses and Permits				
Business and occupational licenses	387,000	387,000	443,910	56,910
Permits	5,000	5,000	18,947	13,947
Total Licenses and Permits	<u>392,000</u>	<u>392,000</u>	<u>462,857</u>	<u>70,857</u>
Fines and Forfeitures				
Fines and forfeited bail	390,000	390,000	354,246	(35,754)
Sale of Property and Compensation for Loss				
Minor sales, other			102	102
Sale of equipment			12,300	12,300
Insurance recoveries			54,892	54,892
	<u>-</u>	<u>-</u>	<u>67,294</u>	<u>67,294</u>
Miscellaneous				
Refund of prior year expenditures			45,265	45,265
Gifts and donations	100,000	100,000	100,000	-
Unclassified			4,345	4,345
Total Miscellaneous	<u>100,000</u>	<u>100,000</u>	<u>149,610</u>	<u>49,610</u>

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES (CONTINUED)				
State Aid				
Revenue sharing	\$ 20,000	\$ 20,000	\$ 29,718	\$ 9,718
Mortgage tax	150,000	150,000	321,626	171,626
Consolidated highway aid	20,000	20,000	30,083	10,083
State aid other	110,000	110,000	19,526	(90,474)
Total State Aid	<u>300,000</u>	<u>300,000</u>	<u>400,953</u>	<u>100,953</u>
Total Revenues	<u>15,495,656</u>	<u>15,495,656</u>	<u>15,961,317</u>	<u>465,661</u>
OTHER SOURCES				
Premium on obligations			4,483	4,483
Operating Transfers In	55,000	55,000	55,000	-
Total Other Sources	<u>55,000</u>	<u>55,000</u>	<u>59,483</u>	<u>4,483</u>
Total Revenues and Other Sources	<u>15,550,656</u>	<u>15,550,656</u>	<u>16,020,800</u>	<u>\$ 470,144</u>
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	700,000	700,000		
Prior Year's Encumbrances	2,617	2,617		
Total Appropriated Fund Balance	<u>702,617</u>	<u>702,617</u>		
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 16,253,273</u>	<u>\$ 16,253,273</u>		

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

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
EXPENDITURES					
General Support					
Legislative board					
Personal services	\$ 10,800	\$ 10,800	\$ 10,800	\$ -	\$ -
Contractual services	1,800	1,800	631		1,169
Village court					
Personal services	45,932	45,932	43,744		2,188
Equipment	2,000	1,800			1,800
Contractual services	28,300	28,350	26,573		1,777
Mayor					
Personal services	3,600	3,600	3,600		-
Contractual services	1,500	1,500	424		1,076
Auditor					
Contractual services	32,200	22,200	21,500		700
Finance					
Personal services	470,841	479,041	478,430		611
Equipment	2,000	1,000			1,000
Contractual services	148,767	439,467	424,673	12,175	2,619
Assessment					
Contractual services	30,000	30,000	28,325		1,675
Tax advertising					
Contractual services	500	500	305		195
Law					
Contractual services	98,500	75,000	71,271	90	3,639
Engineering					
Contractual services	3,000	3,000	1,200		1,800
Elections					
Contractual services	650	650	533		117
Records management					
Contractual services	2,000	1,000			1,000
Operation of buildings					
Personal services	268,384	271,384	269,974		1,410
Equipment	10,000	18,400	18,260		140
Contractual services	553,450	526,100	444,891		81,209
Central communications					
Contractual services	10,000	11,000	10,410		590
Central printing					
Contractual services	15,000	7,000	6,320		680
Unallocated insurance					
Contractual services	355,000	335,000	321,807		13,193
Municipal association dues					
Contractual services	5,000	5,300	5,262		38
Judgments and claims					
Contractual services	125,000	16,000	15,253		747
MTA tax					
Contractual services	26,430	26,430	24,872		1,558
Contingent account					
Contractual services	145,000				-
Total General Support	2,395,654	2,362,254	2,229,058	12,265	120,931

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

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Public Safety					
Police					
Personal services	\$ 5,214,893	\$ 5,468,193	\$ 5,427,453	\$	\$ 40,740
Equipment	5,000	2,000	1,705		295
Contractual services	304,300	212,800	201,242		11,558
Safety inspections					
Personal services	54,600	57,600	57,200		400
Equipment	1,000	1,000			1,000
Contractual services	10,000	7,000	2,145		4,855
Other public safety					
Contractual services	21,000	28,500	27,807		693
Total Public Safety	5,610,793	5,777,093	5,717,552	-	59,541
Transportation and Street Maintenance					
Street administration					
Personal services	130,170	130,770	130,621		149
Contractual services	1,000	1,000	45		955
Street maintenance					
Personal services	548,577	569,077	568,917		160
Equipment	10,000	12,100	12,050		50
Contractual services	203,800	135,800	124,093	780	10,927
Permanent improvement highway					
Equipment and improvements	20,000	43,200	43,184		16
Snow removal					
Personal services	40,000	42,000	41,132		868
Contractual services	12,000	8,000	7,819		181
Street lighting					
Contractual services	16,000	20,000	19,758		242
Total Transportation and Street Maintenance	981,547	961,947	947,619	780	13,548
Culture and Recreation					
Parks					
Personal services	313,213	306,913	306,604		309
Equipment	12,000	19,300	19,297		3
Contractual services	115,500	127,100	113,376	3,424	10,300
Historian					
Contractual services	100	100			100
Celebrations					
Contractual services	3,000	1,000	517		483
Other cultural					
Contractual services	35,000	1,000	500		500
Total Culture and Recreation	478,813	455,413	440,294	3,424	11,695

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

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Actual and Encumbrances
Home and Community Services					
Zoning board of appeals					
Contractual services	\$ 2,500	\$ 500	\$	\$	\$ 500
Planning board					
Contractual services	5,000	5,100	3,667		1,433
Refuse collection and disposal					
Contractual services	465,000	518,300	518,203		97
Miscellaneous					
Contractual services	2,000	1,000	652		348
Total Home and Community Services	474,500	524,900	522,522	-	2,378
Employee Benefits					
State retirement	1,463,813	1,530,213	1,529,325		888
Social security and Medicare	547,810	446,560	443,788		2,772
Workers' compensation	187,000	176,000	175,738		262
Unemployment	5,200	100			100
Disability	3,000	3,000	2,127		873
Hospital and medical insurance	1,827,475	1,735,475	1,734,717		758
Total Employee Benefits	4,034,298	3,891,348	3,885,695	-	5,653
Debt Service					
Principal	2,154,224	1,963,224	1,963,181		43
Interest	123,444	126,044	125,775		269
Total Debt Service	2,277,668	2,089,268	2,088,956	-	312
Total Expenditures	16,253,273	16,062,223	15,831,696	16,469	214,058
OTHER FINANCING USES					
Operating transfers out		191,050	191,043		7
Total Expenditures and Other Uses	\$ 16,253,273	\$ 16,253,273	16,022,739	\$ 16,469	\$ 214,065
Net Change in Fund Balance			(1,939)		
Fund Balance - Beginning of Year			3,844,032		
Fund Balance - End of Year			\$ 3,842,093		

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 LAKE SUCCESS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Golf Fund
For the Year Ended May 31, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Departmental Income				
Recreation	\$ 3,272,625	\$ 3,272,625	\$ 2,709,292	\$ (563,333)
Use of Money and Property				
Interest and earnings	800	800	1,447	647
Sale of Property and Compensation for Loss				
Sale of equipment			32,340	32,340
Insurance recoveries			6,997	6,997
Total Sale of Property and Compensation for loss	-	-	39,337	39,337
Miscellaneous				
Refund of prior year expenditures			653	653
Gifts and donations			1,604	1,604
Total Miscellaneous	-	-	2,257	2,257
Total Revenues	3,273,425	3,273,425	2,752,333	\$ (521,092)
APPROPRIATED FUND BALANCE				
Prior Year's Encumbrances	5,236	5,236		
Total Revenues and Appropriated Fund Balance	\$ 3,278,661	\$ 3,278,661		
Encumbrances				
EXPENDITURES				
General Support				
MTA tax				
Contractual services	\$ 4,735	\$ 4,735	4,159	\$ 576
Culture and Recreation				
Parks				
Personal services	1,307,842	1,307,842	1,231,723	76,119
Equipment	112,000	112,000	113,641	(1,641)
Contractual	1,006,501	1,006,501	980,505	1,811
Total Culture and Recreation	2,426,343	2,426,343	2,325,869	1,811
Employee Benefits				
State retirement	161,438	156,438	141,720	14,718
Social security and Medicare	98,900	98,900	90,471	8,429
Workers' compensation	21,000	21,000	18,447	2,553
Unemployment	15,000			-
Disability	750	750	505	245
Hospital and medical insurance	255,300	255,300	252,589	2,711
Total Employee Benefits	552,388	532,388	503,732	-
Debt Service				
Principal	237,534	155,454	155,453	1
Interest	12,661	12,661	10,320	2,341
Total Debt Service	250,195	168,115	165,773	-
Total Expenditures	3,233,661	3,131,581	2,999,533	1,811
Total Expenditures	3,233,661	3,131,581	2,999,533	130,237
OTHER FINANCING USES				
Operating transfers out	45,000	147,080	147,080	-
Total Expenditures and Other Uses	\$ 3,278,661	\$ 3,278,661	3,146,613	\$ 1,811
Net Change in Fund Balance			(394,280)	
Fund Balance (Deficit) - Beginning of Year			(1,239,236)	
Fund Balance (Deficit) - End of Year			\$ (1,633,516)	

INCORPORATED VILLAGE OF LAKE SUCCESS
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Sewer Fund
For the Year Ended May 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
REVENUES				
Departmental Income				
Home and community	\$ 802,384	\$ 802,384	\$ 804,527	\$ 2,143
APPROPRIATED FUND BALANCE				
Prior Year's Surplus	<u>77,738</u>	<u>97,130</u>		
Total Revenues and Appropriated Fund Balance	<u>\$ 880,122</u>	<u>\$ 899,514</u>		
EXPENDITURES				
Home and Community				
Sewage				
Contractual services	\$ 870,122	\$ 889,514	871,989	\$ 17,525
OTHER FINANCING USES				
Operating Transfers Out	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 880,122</u>	<u>\$ 899,514</u>	<u>881,989</u>	<u>\$ 17,525</u>
Net Change in Fund Balance			(77,462)	
Fund Balance - Beginning of Year			<u>115,947</u>	
Fund Balance - End of Year			<u>\$ 38,485</u>	

INCORPORATED VILLAGE OF LAKE SUCCESS
Required Supplementary Information
Schedule of the Village's Proportionate Share of the Net Pension Liability
 Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Employees' Retirement System							
Village's proportion of the net pension asset	0.0107878%	0.0115582%	0.0116469%	0.0124951%	0.0113800%	0.0115256%	0.0116540%
Village's proportionate share of the net pension asset	\$ (10,742)	\$ 3,060,678	\$ 825,219	\$ 403,273	\$ 1,069,289	\$ 1,849,898	\$ 393,701
Village's covered payroll	\$ 3,365,959	\$ 2,863,533	\$ 2,622,246	\$ 2,823,273	\$ 2,771,338	\$ 2,469,487	\$ 2,424,425
Village's proportionate share of the net pension asset as a percentage of its covered payroll	(0.32)%	106.88 %	31.47 %	14.28 %	38.58 %	74.91 %	16.24 %
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rates	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

Police and Fire Retirement System

	2021	2020	2019	2018	2017	2016	2015
Village's proportion of the net pension asset	0.1149045%	0.1186965%	0.1165940%	0.1125283%	0.1125283%	0.1105009%	0.1107577%
Village's proportionate share of the net pension asset	\$ (1,995,060)	\$ 6,344,251	\$ 1,955,354	\$ 1,148,156	\$ 2,332,319	\$ 3,271,696	\$ 3,048,871
Village's covered payroll	\$ 4,728,959	\$ 4,723,882	\$ 4,719,942	\$ 4,239,123	\$ 3,972,629	\$ 3,351,047	\$ 3,206,026
Village's proportionate share of the net pension asset as a percentage of its covered payroll	(42.19)%	134.30 %	41.43 %	27.08 %	58.71 %	97.63 %	9.51 %
Plan fiduciary net position as a percentage of the total pension liability	95.79%	84.86%	95.09%	96.93%	93.46%	90.24%	99.03%
Discount rates	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

Note to Required Supplementary Information

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries' Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4% (ERS) and 6.2% (PPRS), and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

INCORPORATED VILLAGE OF LAKE SUCCESS
 Required Supplementary Information
 Schedule of Village Pension Contributions
 Last Ten Fiscal Years

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 428,697	\$ 428,566	\$ 414,191	\$ 444,535	\$ 398,977	\$ 471,526	\$ 300,935	\$ 460,897	\$ 230,975	\$ 379,257
Contributions in relation to the contractually required contribution	428,697	428,566	414,191	444,535	398,977	471,526	300,935	460,897	230,975	379,257
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 3,074,886	\$ 2,860,113	\$ 2,698,249	\$ 2,957,884	\$ 2,808,156	\$ 2,567,807	\$ 2,605,702	\$ 2,481,954	\$ 2,372,731	\$ 2,343,960
Contributions as a percentage of covered payroll	14%	15%	15%	15%	14%	18%	12%	19%	10%	16%

Police and Fire Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,242,348	\$ 1,094,222	\$ 999,833	\$ 1,019,339	\$ 927,094	\$ 866,947	\$ 851,174	\$ 894,748	\$ 829,220	\$ 657,196
Contributions in relation to the contractually required contribution	1,242,348	1,094,222	999,833	1,019,339	927,094	866,947	851,174	894,748	829,220	657,196
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 5,119,484	\$ 4,788,955	\$ 4,863,434	\$ 4,442,159	\$ 4,298,197	\$ 3,909,107	\$ 3,526,031	\$ 3,266,437	\$ 3,883,353	\$ 3,711,135
Contributions as a percentage of covered payroll	24%	23%	21%	23%	22%	22%	24%	27%	21%	18%

INCORPORATED VILLAGE OF LAKE SUCCESS
Required Supplementary Information
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios
Last Three Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB liability			
Service cost	\$ 879,642	\$ 878,921	\$ 802,776
Interest	909,956	928,284	860,637
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(1,687,385)	-	1,403,902
Changes of assumptions or other inputs	6,516,103	235,532	(1,812,767)
Benefit payments	<u>(688,940)</u>	<u>(664,207)</u>	<u>(562,326)</u>
Net change in total OPEB liability	5,929,376	1,378,530	692,222
Total OPEB liability, beginning	<u>25,389,513</u>	<u>24,010,983</u>	<u>23,318,761</u>
Total OPEB liability, ending	<u>\$ 31,318,889</u>	<u>\$ 25,389,513</u>	<u>\$ 24,010,983</u>
Covered employee payroll	\$ 7,903,370	\$ 7,241,006	\$ 7,161,473
Total OPEB liability as a percentage of covered employee payroll	396.27%	350.64%	335.28%
Discount rates	2.16%	3.51%	3.78%
Healthcare trend rates	7.10% to 4.56% by 2091	7.00% to 3.90% by 2089	7.00% to 4.80% by 2089

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

Note to Required Supplementary Information

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

INCORPORATED VILLAGE OF LAKE SUCCESS
Other Supplementary Information
Schedule of Project Expenditures -
Capital Projects Fund
For the Year Ended May 31, 2021

PROJECT TITLE	Budget	Budget	Expenditures		Total	Budget Balance	Less:		Unexpended Fund Balance
	May 31, 2020	May 31, 2021	Prior Years	Current Year			Unissued Debt	Unissued Debt	
Golf Equipment	\$ 89,000	\$ 89,000	\$ 88,208	\$ 792	\$ 88,208	\$ 792	\$ -	\$ -	\$ 792
Police Vehicles	135,000	135,000	44,339	158,983	203,322	(68,322)	-	-	(68,322)
Golf Mower and Garage Doors	82,000	82,000	73,584	-	73,584	8,416	-	-	8,416
Golf Path and Roadway Paving	149,000	149,000	134,822	-	134,822	14,178	-	-	14,178
DPW Trucks	190,000	190,000	164,704	-	164,704	25,296	-	-	25,296
DPW Bathrooms and Drainage	209,242	209,242	233,996	-	233,996	(24,754)	-	-	(24,754)
Golf Mowers	115,400	115,400	113,730	-	113,730	1,670	-	-	1,670
Replace South Terrace	180,000	180,000	35,512	97,799	133,311	46,689	-	-	46,689
Heavy equipment	150,000	150,000	138,390	-	138,390	11,610	-	-	11,610
Catering Renovations	1,190,341	1,178,341	766,934	-	766,934	411,407	-	-	411,407
Mohawk Mechanical Lift	25,000	25,000	22,706	-	22,706	2,294	-	-	2,294
DPW Equipment	60,000	60,000	60,350	-	60,350	(350)	60,000	60,000	(60,350)
Golf Equipment 2021	220,000	220,000	14,850	-	14,850	205,150	220,000	220,000	(14,850)
Village Roads Repaving	150,250	150,250	149,250	-	149,250	1,000	150,250	150,250	(149,250)
Village Parking Lot Repaving	22,000	22,000	22,000	-	22,000	-	22,000	22,000	(22,000)
Police Vehicles (2021)	45,000	45,000	-	-	-	45,000	45,000	45,000	-
Police Radio Equipment (2021)	50,000	50,000	-	-	-	50,000	50,000	50,000	-
Lockheed Martin Environmental Grant	1,110,000	1,110,000	867,532	182,764	1,050,296	59,704	-	-	59,704
	\$ 3,624,983	\$ 4,160,233	\$ 2,661,751	\$ 708,702	\$ 3,370,453	\$ 789,780	\$ 547,250	\$ 547,250	242,530
									(559,704)
									\$ (317,174)

APPENDIX C

FORM OF BOND COUNSEL OPINION

FORM OF OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

June , 2022

The Board of Trustees of the
Village of Lake Success, in the
County of Nassau, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Village of Lake Success (the “Village”), in the County of Nassau, a municipal corporation of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$1,040,654 Bond Anticipation Notes – 2022 (the “Notes”) of the Village dated and delivered on the date hereof.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof. Based upon and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes are valid and legally binding general obligations of the Village for which the Village has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the Village is subject to the levy of ad valorem real estate taxes to pay the Notes and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the New York Laws of 2011, as amended. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance of the Notes in order that the interest on the Notes be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Notes, restrictions on the investment of proceeds of the Notes prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Notes to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Notes, the Village will execute a Tax Certificate relating to the Notes containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the Village represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Notes will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the Village's certifications, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Notes, and (ii) compliance by the Village with the procedures and certifications set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

We give no assurances as to the accuracy, sufficiency or completeness of the Preliminary or Final Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the Village which have been or may hereafter be furnished or disclosed to purchasers of said Notes.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

“EMMA” shall mean the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the Village of Lake Success, in the County of Nassau, a municipal corporation of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the Village Treasurer as of June 16, 2022.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s **\$1,040,654 Bond Anticipation Note-2022**, dated June 16, 2022, maturing June 16, 2023, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776 to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (vii) modifications to rights of Securities holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Securities, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer;

- (xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

- (xv) incurrence of a financial obligation, as defined in Rule 15c2-12, of the Village, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **June 16, 2022**.

VILLAGE OF LAKE SUCCESS, NEW YORK

By: _____
Village Treasurer