

Village of Menands, New York

Financial Report

May 31, 2024

Village of Menands, New York

Financial Report

May 31, 2024

C O N T E N T S

	Page
Independent Auditor's Report	1-3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - Governmental Funds	6
Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities	9
Notes to Financial Statements	10-32
Required Supplementary Information	
Schedule of Other Postemployment Benefits Liability	33
Schedule of Proportionate Share of the Net Pension Asset/Liability	34
Schedule of Pension Contributions	35



Independent Auditor's Report

Mayor and Board of Trustees
Village of Menands, New York

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the financial statements of the governmental activities and each major fund of the Village of Menands, New York (Village), as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the governmental activities of the Village, as of May 31, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Village, as of May 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 1c to the financial statements, the Village has not maintained accounting records to support the completeness and accuracy of capital assets and depreciation on capital assets. Accounting principles generally accepted in the United States of America require the capitalization of capital asset balances and the depreciation on capital assets. The amounts by which these departures would affect the assets, net position, and expenses of the governmental activities have not been determined.

Emphasis of Matter

As discussed in Note 1t to the financial statements, the financial statements of the governmental activities and the General Fund as of and for the year ended May 31, 2023 have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules listed in the table of contents on pages 33 to 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Management has omitted management's discussion and analysis and budgetary schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

BST & Co. CPAs, LLP

Latham, New York
October 30, 2025



Village of Menands, New York

Government-Wide Financial Statements Statement of Net Position

	May 31, 2024
	Governmental Activities
ASSETS	
Cash and cash equivalents, unrestricted	\$ 1,968,387
Cash and cash equivalents, restricted	187,529
Length of service award program assets, restricted	212,008
Accounts receivable	1,031,345
Due from other governments	800,791
Capital assets	
Non-depreciable	3,144,571
Depreciable, net	2,839,196
Total assets	<u>10,183,827</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,720,796
OPEB	888,687
Total deferred outflows of resources	<u>2,609,483</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 402,211
Accrued interest	52,928
Due to other governments	91,657
Other liabilities	38,354
Unearned revenues (ARPA)	30,465
Long-term liabilities	
Due within one year	545,781
Due in more than one year	
Public improvement bonds	2,930,020
Finance purchase agreements	431,742
Net pension liabilities	2,243,586
Length of service award program	200,008
Other postemployment benefits	5,948,832
Compensated absences	125,620
Total liabilities	<u>13,041,204</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	984,796
OPEB	1,110,046
Total deferred inflows of resources	<u>2,094,842</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	2,342,224
Reserved for restricted purposes	187,529
Unrestricted deficit	<u>(4,872,489)</u>
Total net position (deficit)	<u>\$ (2,342,736)</u>

See accompanying Notes to Financial Statements.

Village of Menands, New York

Government-Wide Financial Statements Statement of Activities

Year Ended May 31, 2024					
Functions/Programs	Expenses	Program Revenue			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Capital Grants	Operating Grants	
GOVERNMENTAL ACTIVITIES					
General government support	\$ 1,418,613	\$ 197,434	\$ -	\$ -	\$ (1,221,179)
Public safety	3,167,881	237,114	-	20,324	(2,910,443)
Economic development	26,397	-	-	-	(26,397)
Transportation	1,377,247	-	494,881	-	(882,366)
Culture and recreation	128,844	3,100	-	-	(125,744)
Home and community service	1,798,848	1,838,056	971,090	-	1,010,298
Interest expense	124,108	-	-	-	(124,108)
Total government	\$ 8,041,938	\$ 2,275,704	\$ 1,465,971	\$ 20,324	(4,279,939)
GENERAL REVENUES					
Real property taxes					2,636,162
Nonproperty tax items					2,283,252
Use of money and property					9,659
Sale of property and compensation for loss					137,967
Miscellaneous local sources					30,103
State aid and grants					19,512
Total general revenues					<u>5,116,655</u>
Changes in net position					<u>836,716</u>
NET POSITION (DEFICIT), beginning of year, as originally stated					(3,071,866)
Correction of misstatements					<u>(107,586)</u>
NET POSITION (DEFICIT), beginning of year, as restated					<u>(3,179,452)</u>
NET POSITION (DEFICIT), end of year					<u>\$ (2,342,736)</u>

See accompanying Notes to Financial Statements.

Village of Menands, New York

Fund Financial Statements Balance Sheet - Governmental Funds

	May 31, 2024			
	Major Funds			
	General	Water	Sewer	Total
ASSETS				
Cash and cash equivalents, unrestricted	\$ 587,272	\$ 132,429	\$ 1,248,686	\$ 1,968,387
Cash and cash equivalents, restricted	187,529	-	-	187,529
Length of service award program assets, restricted	212,008	-	-	212,008
Accounts receivable	44,120	705,576	281,649	1,031,345
Due from other governments	480,415	317,429	2,947	800,791
Due from other funds	-	407,979	217,461	625,440
Total assets	\$ 1,511,344	\$ 1,563,413	\$ 1,750,743	\$ 4,825,500
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued expenses	\$ 158,677	\$ 231,803	\$ 11,731	\$ 402,211
Due to other funds	625,440	-	-	625,440
Due to other governments	75,467	8,095	8,095	91,657
Other liabilities	38,354	-	-	38,354
Unearned revenues (ARPA)	30,465	-	-	30,465
Total liabilities	928,403	239,898	19,826	1,188,127
FUND BALANCES				
Restricted	399,537	-	-	399,537
Assigned	183,404	1,323,515	1,730,917	3,237,836
Total fund balances	582,941	1,323,515	1,730,917	3,637,373
Total liabilities and fund balances	\$ 1,511,344	\$ 1,563,413	\$ 1,750,743	\$ 4,825,500

See accompanying Notes to Financial Statements.

Village of Menands, New York

Fund Financial Statements - Reconciliation of the Total Fund Balances Shown in the Governmental Funds to the Statement of Net Position

	<u>May 31, 2024</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 3,637,373
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,983,767
Pension- and OPEB-related deferred outflows and inflows of resources are excluded from the governmental funds:	
Deferred outflows related to pensions	1,720,796
Deferred inflows related to pensions	(984,796)
Deferred outflows related to OPEB	888,687
Deferred inflows related to OPEB	(1,110,046)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Public improvement bonds	(3,154,500)
Bond premium	(20,520)
Finance purchase agreements	(466,523)
Net pension liabilities	(2,243,586)
Length of service award program	(212,008)
Other postemployment benefits	(6,188,832)
Compensated absences	(139,620)
Accrued interest	(52,928)
Total net position of governmental activities	<u>\$ (2,342,736)</u>

Village of Menands, New York

Fund Financial Statements - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended May 31, 2024			
	Major Funds			
	General	Water	Sewer	Total
REVENUES				
Real property taxes	\$ 2,636,162	\$ -	\$ -	\$ 2,636,162
Nonproperty tax items	2,218,146	-	-	2,218,146
Departmental income	248,782	1,390,595	544,388	2,183,765
Intergovernmental	-	-	49,395	49,395
Sale of property and compensation for loss	137,967	-	-	137,967
Use of money and property	6,959	78	5,722	12,759
Fines and forfeitures	194,852	-	-	194,852
Miscellaneous local sources	49,615	-	-	49,615
Federal aid	269,236	-	-	269,236
State aid	303,494	702,129	473,729	1,479,352
Total revenues	<u>6,065,213</u>	<u>2,092,802</u>	<u>1,073,234</u>	<u>9,231,249</u>
EXPENDITURES				
General government support	1,175,596	9,923	-	1,185,519
Public safety	2,245,396	-	-	2,245,396
Economic development	26,397	-	-	26,397
Transportation	1,161,231	-	-	1,161,231
Culture and recreation	114,255	-	-	114,255
Home and community services	302,155	1,732,235	594,131	2,628,521
Employee benefits	1,145,835	92,846	55,950	1,294,631
Debt service				
Principal	119,840	134,727	13,910	268,477
Interest	50,721	71,473	7,121	129,315
Total expenditures	<u>6,341,426</u>	<u>2,041,204</u>	<u>671,112</u>	<u>9,053,742</u>
Excess (deficiency) of revenues over expenditures	<u>(276,213)</u>	<u>51,598</u>	<u>402,122</u>	<u>177,507</u>
FUND BALANCES, beginning of year, as originally stated	779,377	1,271,917	1,328,795	3,380,089
Correction of misstatements	<u>79,777</u>	<u>-</u>	<u>-</u>	<u>79,777</u>
FUND BALANCES, beginning of year, as restated	859,154	1,271,917	1,328,795	3,459,866
FUND BALANCES, end of year	<u>\$ 582,941</u>	<u>\$ 1,323,515</u>	<u>\$ 1,730,917</u>	<u>\$ 3,637,373</u>

See accompanying Notes to Financial Statements.

Village of Menands, New York

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Change in Net Position Shown in the Statement of Activities

		<u>Year Ended May 31, 2024</u>
Net change in fund balances, total governmental funds		\$ 177,507
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds, and the sale of capital assets is recorded as revenue in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense, and the net book value of asset dispositions is applied against any revenues. In the current period, these amounts are:		
Depreciation expense	(467,493)	
Purchase of assets	<u>1,718,248</u>	1,250,755
Revenue is recognized regardless of the timing of cash flows in the statement of net position.		(352,595)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the effect of repayments.		
Public improvement bonds	235,000	
Bond premium	2,270	
Finance purpose agreements	<u>33,477</u>	270,747
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Net pension liabilities, net of deferrals	(365,500)	
Length of service award program	(11,036)	
Other postemployment benefits, net of deferrals	(136,099)	
Compensated absences	-	
Accrued interest	<u>2,937</u>	(509,698)
Change in net position of governmental activities		<u>\$ 836,716</u>

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

The Village of Menands, New York (Village), which was established in 1924, is governed by its charter, general laws of the State of New York, and various local laws. The Village Board is the legislative body responsible for overall operations. The Mayor serves as both chief executive officer and chief fiscal officer. The Village provides the following services: public safety, highways and streets, sanitation, home and community services, culture and recreation, public improvements, planning and zoning, and general administrative services.

All governmental activities and functions performed by the Village are the direct responsibility of the Village Board.

b. Financial Reporting Entity

The financial reporting entity consists of the primary government, which is the Village.

In evaluating how to define the Village for financial reporting purposes, management has considered various separate legal entities as potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. There are no other organizations included in the Village reporting entity.

c. Basis of Presentation

Except for the departures described below, the accompanying basic financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing accounting and financial reporting principles in the United States of America.

The Village has not maintained sufficient accounting records to support the completeness and accuracy of capital assets and depreciation on capital assets. This departure from U.S. GAAP impacts the Village's governmental activities financial statements. U.S. GAAP requires the capitalization of capital asset balances and the depreciation on capital assets. The amounts by which these departures would affect the assets, net position, and expenses of the governmental activities have not been determined.

d. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental activities has been eliminated from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Village does not have any fiduciary or business-type activities.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Government-Wide and Fund Financial Statements - Continued

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses of individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted to meeting the operational requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Other governmental funds are a summarization, when applicable, of all of the non-major governmental funds.

e. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Taxes are recognized as revenues in the year they are earned. Grants, entitlements, and donations are recognized as revenues as soon as all eligibility requirements have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction that can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers revenues available if they are collected within 120 days after year-end. Receivables not expected to be collected within the availability periods are recorded as deferred inflows of resources.

Expenditures and related liabilities are generally recorded in the accounting period the liability is incurred, except that:

- Payments for the acquisition of inventory-type items are recorded as expenditures when the related amounts are due and payable. This method is generally referred to as the "purchase" method, as opposed to the "consumption" method used in the government-wide financial statements.
- Principal and interest on indebtedness, if any, are recorded as expenditures when the related debt service amounts are due and payable, which normally approximates the date the debt is paid.
- Compensated absences, such as vacation leave and compensation time, which vest or accumulate with eligible employees, are recorded as expenditures in the payroll period that the credits are used by the employees.
- Costs of acquiring capital assets are recorded as expenditures when the related acquisition amounts are due and payable.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Fund Accounting

The Village uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The following are the Village's major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Water Fund is used to account for water operations.
- The Sewer Fund is used to account for sewer operations.

g. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting year. Actual results could differ from those estimates.

h. Budgetary Data

The Village employs the following budgetary procedures:

- (1) No later than March 20, the budget officer submits a tentative budget to the Village Clerk for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- (2) Public hearings are conducted to obtain taxpayer comments, and the Village adopts the budget no later than May 1.
- (3) All modifications of the budget must be approved by the governing board.

i. Cash and Cash Equivalents

The Village's investment policies are governed by New York State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in Federal Depository Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State of New York. The Village Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Cash and Cash Equivalents - Continued

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

The Village's deposits were covered by FDIC insurance or by collateral held by the Village's custodial banks in the Village's name, with the exception of \$205,632.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date of three months or less from the date of acquisition.

In the General Fund, cash is restricted for various purposes, including park improvements, capital related, asset forfeiture/public safety, and other purposes. Restricted cash is included as a component of restricted fund balance (see Note 6).

j. Fair Value Measurements

Certain assets are reported at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of inputs to measure fair value are as follows:

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

Level 2 Inputs to the valuation methodology include:

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

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

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

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

j. Fair Value Measurements - Continued

The investments held within the Village's LOSAP benefit plan at May 31, 2024 are categorized as Level 1 in the fair value hierarchy. Assets held under this plan are invested primarily in certificates of deposit and treasury funds reported at cost plus accrued interest, which approximates fair value. Fair values are presented in Note 8.

k. Accounts Receivable

Accounts receivable are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and using historical experience applied to an aging of accounts. The Village re-levies uncollected water and sewer rents to the Village's property taxes. The Village has determined that an allowance for doubtful accounts is not necessary at May 31, 2025.

l. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of resources that applies to a future period and will not be recognized as an outflow of expense/expenditure until then. Deferred inflows of resources represent an acquisition of resources that applies to a future period and will not be recognized as revenue until that time.

Deferred outflows of resources and deferred inflows of resources related to pensions are disclosed in Note 7. Deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (OPEB) are disclosed in Note 9.

m. Compensated Absences

Employees accrue vacation leave based primarily on the number of years employed up to a maximum rate of 20 days per year, but may accumulate in total no more than a maximum of 30 days. Upon separation from service, employees are paid up to 30 days.

n. Long-Term Obligations

Principal and interest payments on long-term debt are recognized as expenditures of a governmental fund when paid. Long-term debt is recognized as a liability of a governmental fund when due. The remaining portion of such obligations is reported in the government-wide statement of net position.

o. Pension and Other Postemployment Benefits

Costs related to the net pension liability and OPEB are measured and disclosed using the accrual basis of accounting in the government-wide financial statements (see Notes 7 and 9, respectively).

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

p. Net Position and Fund Balance

Net position is reported as restricted when constraints placed on net position use are either:

- (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments, or
- (2) Imposed by law through constitutional provisions or enabling legislation.

The following terms are used in reporting net position:

- Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted consists of monies restricted for various purposes as outlined in Note 1j.
- Unrestricted is the net amount of assets and liabilities that is not included in the determination of net investments in capital assets or restricted net position.

Fund balances for governmental funds are reported in classifications that compose a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

- Nonspendable - Amounts that cannot be spent because they are either: (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - Amounts that have restraints that are either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.
- Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.
- Unassigned - The residual amount in the General Fund after all other classifications have been established. In a special revenue fund or capital projects fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Village Board has delegated the ability to assign fund balance to the Village Treasurer. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

Note 6 provides further details regarding the Village's fund balance classifications.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

q. Revenues

Property Taxes

Property taxes attach an enforceable lien on property as of June 1. Taxes are levied on June 1 and payable by June 30. The Village bills and collects its own property taxes through October 31, at which time any unpaid property taxes are re-levied to the Albany County property taxes. On or around April 1 of the following year, Albany County pays the Village the full amount of unpaid taxes plus interest and penalties.

Nonproperty Tax Items

Nonproperty tax items primarily comprise sales taxes remitted to the Village from Albany County. Any uncollected amounts as of May 31, 2024 are included as due from other governments in the General Fund.

Utility Fees

Water and sewer fees are billed on a semiannual basis. The Village mails delinquency notices to past-due accounts of 90 days or more in the first week of May. Accounts not paid by May 31 are re-levied to the property owner and included in the annual real property tax bills mailed during the first week of June.

r. 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 and are classified as due from/to other funds on the balance sheet. Permanent transfers of funds and transfers not expected to be repaid within one year include the transfer of expenditures and revenues to provide financing or other services.

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

See Note 4 for a detailed disclosure by individual fund for interfund receivables and payables.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

s. Restatements

The financial statements of the governmental activities and the General Fund as of and for the year ended May 31, 2023 have been restated to correct misstatements. The corrections included the recording of a liability for the defined contribution LOSAP, the recording of various cash accounts of the General Fund, and revising the recording of an installment purchase agreement previously recorded as a lease. The effects of these prior-year errors on opening fund balances are presented below:

	As Originally Reported	Correction	As Restated
General Fund			
Cash and cash equivalents, restricted	\$ 152,879	\$ 79,777	\$ 232,656
Fund balance	779,377	79,777	859,154
Governmental activities			
Cash and cash equivalents, restricted	152,879	79,777	232,656
LOSAP obligations	-	200,972	200,972
Lease liability/installment purchase obligation	513,609	(13,609)	500,000
Total net position	(3,071,866)	(107,586)	(3,179,452)

t. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through October 30, 2025, the date the financial statements were available to be issued.

Note 2 - Due From Other Governments

A summary of amounts due from other governments is presented below:

	General Fund	Water Fund	Total
Sales Tax	\$ 334,528	\$ -	\$ 334,528
Mortgage Tax	28,977	-	28,977
New York State DOT - Grants	116,910	-	116,910
EFC - Grants	-	317,429	317,429
	<u>\$ 480,415</u>	<u>\$ 317,429</u>	<u>\$ 797,844</u>

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 3 - Capital Assets

As previously noted, the Village has not maintained sufficient accounting records to support the completeness and accuracy of capital assets and depreciation on capital assets.

	Beginning Balance	Additions	Retirements	Ending Balance
Non-depreciable				
Land	\$ 2,157,644	\$ -	\$ -	\$ 2,157,644
Construction in progress	-	986,927	-	986,927
Total non-depreciable	2,157,644	986,927	-	3,144,571
Depreciable				
Buildings and improvements	1,157,240	-	-	1,157,240
Machinery and equipment	7,209,894	731,321	(184,000)	7,757,215
Total depreciable	8,367,134	731,321	(184,000)	8,914,455
Less accumulated depreciation				
Buildings and improvements	829,072	29,719	-	858,791
Machinery and equipment	4,962,694	437,774	(184,000)	5,216,468
Total accumulated depreciation	5,791,766	467,493	(184,000)	6,075,259
Net depreciable assets	2,575,368	263,828	-	2,839,196
Net capital assets	\$ 4,733,012	\$ 1,250,755	\$ -	\$ 5,983,767

Depreciation expense was charged to the Village's governmental activities as follows:

Public safety	\$ 225,632
Transportation	142,889
General government support	55,720
Home and community	36,667
Culture and recreation	6,585
	<u>\$ 467,493</u>

Note 4 - Interfund Transactions

A summary of interfund receivables and payables at May 31, 2024 is as follows:

Due to Other Funds	Due From Other Funds		
	Water	Sewer	Total
General Fund	\$ 407,979	\$ 217,461	\$ 625,440

Interfund balances primarily relate to uncollected water and sewer charges that were re-levied and collected as part of the property tax process.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 5 - Long-Term Liabilities

A summary of changes in long-term liabilities is presented below:

	Governmental Activities			Amounts	
	Balance June 1, 2023 (Restated)	Additions	Reductions	Balance May 31, 2024	Due Within One Year
Public improvement bonds	\$ 3,389,500	\$ -	\$ (235,000)	\$ 3,154,500	\$ 245,000
Bond premium	22,790	-	(2,270)	20,520	-
Total bonds payable	3,412,290	-	(237,270)	3,175,020	245,000
Installment purchase agreements	500,000	-	(33,477)	466,523	34,781
Net pension liabilities	2,507,938	794,547	(1,058,899)	2,243,586	-
LOSAP	200,972	12,648	(1,612)	212,008	12,000
OPEB	6,380,642	399,524	(591,334)	6,188,832	240,000
Compensated absences	139,620	-	-	139,620	14,000
Total long-term liabilities	<u>\$ 13,141,462</u>	<u>\$ 1,206,719</u>	<u>\$ (1,922,592)</u>	<u>\$ 12,425,589</u>	<u>\$ 545,781</u>

Public Improvement Bonds

The Village borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by present and future taxpayers receiving the benefit of the assets. These long-term liabilities, which are full faith and credit of the Village, are recorded in the governmental activities of the Village. A summary of the Village's public improvement bonds is as follows:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding Balance May 31, 2024
2019 Public Improvement Bonds	11/13/2019	11/1/2035	1.990%	\$ 645,000
2016 Public Improvement Bonds	2/18/2016	2/15/2036	2.890%	340,000
2015 Public Improvement Bonds	11/12/2015	11/1/2035	2.250%-3.875%	555,000
2013 Public Improvement Bonds	6/27/2013	6/15/2033	3.000%-4.000%	1,614,500
				<u>\$ 3,154,500</u>

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 5 - Long-Term Liabilities - Continued

A summary of aggregate annual maturities of public improvements bonds payable is as follows:

	Principal	Interest	Total
Year ending May 31,			
2025	\$ 245,000	\$ 102,655	\$ 347,655
2026	260,000	94,284	354,284
2027	265,000	85,567	350,567
2028	270,000	61,563	331,563
2029	285,000	53,596	338,596
2030-2034	1,584,500	136,416	1,720,916
2035-2037	245,000	3,681	248,681
	<u>3,154,500</u>	<u>537,762</u>	<u>3,692,262</u>
Plus bond premium	20,520	-	20,520
	<u>20,520</u>	<u>-</u>	<u>20,520</u>
Net bonds payable	<u>\$ 3,175,020</u>	<u>\$ 537,762</u>	<u>\$ 7,384,524</u>

Installment Purchase Agreements

In June 2022, the Village entered into an installment purchase agreement with a third-party lender to finance the acquisition of water meters and an automatic meter reading system (Water Equipment) at an annual interest rate of 3.895%. The Water Equipment serves as collateral against the installment purchase obligation.

A summary of annual maturities of the installment purchase debt payable is as follows

	Principal	Interest	Total
Year ending May 31,			
2025	\$ 34,781	\$ 18,171	\$ 52,952
2026	36,136	16,817	52,953
2027	37,543	15,409	52,952
2028	39,005	13,947	52,952
2029	40,525	12,427	52,952
2030-2034	227,566	37,193	264,759
2035	50,967	1,985	52,952
	<u>466,523</u>	<u>115,949</u>	<u>582,472</u>

Other Long-Term Liabilities

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

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 5 - Long-Term Liabilities - Continued

Net pension liability represents the Village's proportionate share of the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) (collectively, the Systems) liability (see Note 7).

OPEB represents the value of earned postemployment benefits related to certain health care costs (see Note 9).

Note 6 - Fund Balances

Fund balances at May 31, 2024 are as follows:

	General	Water	Sewer	Total
Restricted				
Equipment	\$ 89,633	\$ -	\$ -	\$ 89,633
Park improvement	66,306	-	-	66,306
Anniversary	8,988	-	-	8,988
Asset forfeiture	16,642	-	-	16,642
Other police	5,960	-	-	5,960
LOSAP	212,008	-	-	212,008
	<u>399,537</u>	<u>-</u>	<u>-</u>	<u>399,537</u>
Assigned				
Appropriated for 2025 Budget	183,404	-	1,120	184,524
Unappropriated	-	1,323,515	1,729,797	3,053,312
	<u>183,404</u>	<u>1,323,515</u>	<u>1,730,917</u>	<u>3,237,836</u>
Total fund balance	<u>\$ 582,941</u>	<u>\$ 1,323,515</u>	<u>\$ 1,730,917</u>	<u>\$ 3,637,373</u>

Note 7 - Retirement Systems

a. Plan Description

The Village participates in ERS and PFRS. These are cost-sharing, multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 7 - Retirement Systems - Continued

b. Funding Policy

The Systems are noncontributory, except for employees who joined ERS after July 27, 1976 and contribute 3% of their salary for the first 10 years of service and employees who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) and generally contribute 3% of their salary for the entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The required contributions for the current year and the two preceding years were as follows:

	ERS		PFRS	
Year ended May 31,				
2024	\$	135,586	\$	293,978
2023		112,693		313,707
2022		157,812		317,480

Contributions made to the Systems were equal to 100% of the contributions required for each year.

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

At May 31, 2024, the Village reported a net pension liability of \$528,877 and \$1,714,709 for its proportional share of the net pension liability of ERS and PFRS, respectively. The net pension liabilities were measured as of April 1, 2023 for both 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 liabilities was based on a projection of the Village's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided in reports by the Systems to the Village.

At May 31, 2024, the Village's proportion was 0.0035919% in ERS and 0.0361537% in PFRS.

For the year ended May 31, 2024, the Village recognized pension expense totaling \$790,547. At May 31, 2024, the Village's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,351	\$ 14,421	\$ 528,279	\$ -
Changes in assumptions	199,957	-	646,790	-
Net difference between projected and actual investment earnings on pension plan investments	-	258,354	-	465,461
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,141	87,247	150,278	159,313
Total	\$ 395,449	\$ 360,022	\$ 1,325,347	\$ 624,774

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 7 - Retirement Systems - Continued

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized as follows:

	ERS	PFRS
Year ending May 31,		
2025	\$ (121,145)	\$ (130,324)
2026	88,124	505,083
2027	139,597	283,900
2028	(71,149)	(41,568)
2029	-	83,482
	<u>\$ 35,427</u>	<u>\$ 700,573</u>

d. Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Inflation rate	2.90%
Salary scale	
ERS	4.4%, indexed by service
PFRS	6.2% indexed by service
Invest rate of return, including inflation	5.9%, compounded annually, net of expenses
Cost-of-living adjustments	1.5%, adjusted annually
Decrements	Based on FY 2015-2020 experience
Mortality improvement	Society of Actuaries' Scale MP-2021

For ERS and PFRS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 Systems' experience with adjustments for mortality improvements based on MP-2021. For both ERS and PFRS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 7 - Retirement Systems - Continued

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.00%	4.00%
International equity	15.00%	6.65%
Private equity	10.00%	7.25%
Real estate	9.00%	4.60%
Opportunistic/absolute return strategies	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
	<u>100.00%</u>	

e. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for both ERS and PFRS. 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 contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' 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.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 7 - Retirement Systems - Continued

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

The following presents the Village's proportionate share of the net pension liability, calculated using the discount rate of 5.9% for ERS and PFRS, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.9%) or one percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Village's proportionate share of the net pension liability (asset)			
ERS	\$ 1,662,844	\$ 528,877	\$ (418,220)
PFRS	4,007,677	1,714,709	(179,618)

g. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the valuation date were as follows (dollars in thousands):

	ERS	PFRS	Total
Employers' total pension liability	\$ 240,696,851	\$ 46,137,717	\$ 286,834,568
Plan net position	(225,972,801)	(41,394,895)	(267,367,696)
Employers' net pension liability	<u>\$ 14,724,050</u>	<u>\$ 4,742,822</u>	<u>\$ 19,466,872</u>
Ratio of plan net position to the employers' total pension liability	93.88%	89.72%	93.21%

Note 8 - Length of Service Award Program

The Village established a defined contribution LOSAP (Program) under Section 457(e)(11) of the Internal Revenue Code, effective January 1, 1994, for the active volunteer firefighter members of Menands Fire Company No. 1 (Fire Company). The Program was established pursuant to Article 11-A of the New York State General Municipal Law. The Program provides municipally funded deferred compensation to volunteer firefighters to facilitate the recruitment and retention of active volunteer firefighters. The Village is the sponsor of the Program and the Program Administrator.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 8 - Length of Service Award Program - Continued

Participation, Vesting, and Service Credit

In a defined contribution LOSAP, each participant has an individual program account. The Program account balance of a participating volunteer is credited with a "service award" contribution as of the end of each year during which the volunteer was active enough to earn one year of Program service credit. The participant is paid his or her account balance upon reaching the "entitlement age." The amount paid will vary depending upon the number of years of service credit earned by the volunteer and the investment income (less administrative and/or investment expenses not paid by the Village) earned by the Program assets and allocated to the participant's program account.

Active volunteer firefighters who have reached the age of 18 and completed one year of firefighting service are eligible to participate in the Program. Participants acquire a non-forfeitable right to be paid their program account balance after being credited with five years of firefighting service or upon reaching the Program's entitlement age while an active volunteer. The Program's entitlement age is 60. An active volunteer firefighter is credited with one year of firefighting service for each calendar year after the establishment of the Program in which he or she accumulates 50 points. Points are granted for the performance of certain firefighter activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program as an active volunteer firefighter member of the Fire Company.

Benefits

A participant's benefit under the Program is his or her program account balance paid in a lump sum to the participant upon reaching the entitlement age. The annual contribution paid by the Village and credited to the account of a participant who earned 50 points during a calendar year was increased to \$1,200 for the calendar year beginning January 1, 2022 and was \$700 prior to this date. The maximum number of years of service credit a participant may earn is 40 years under the Program. Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards may commence to be paid when a participant reaches the entitlement age. Volunteers who continue to be active after reaching the entitlement age continue to have the opportunity to earn program credit and thereby increase their service award payments. The Program provides death and disability benefits equal to the participant's program account balance at the time of death or disablement. The Program does not provide extra line-of-duty death or disability benefits. All death and disability benefits are "self insured" and are paid from the Program Trust Fund.

Fiduciary Investment and Control

After the end of each calendar year, the Fire Company prepares and certifies a list of names of all individuals who were active volunteer members of the Fire Company during the year, indicating which volunteers earned 50 points. The certified list is delivered to the Board of Trustees for its review and approval. The Fire Company must maintain the point system records to verify each volunteer's points on forms provided and/or approved by the Board of Trustees.

The Board of Trustees has retained Penflex, Inc. to assist in the administration of the Program. Based on the certified calendar-year volunteer firefighter listings, Penflex, Inc. determines and certifies in writing to the Board of Trustees the amount of the service award to be paid to a participant or their designated beneficiary. The person(s) authorized by the Village then authorizes, in writing, the custodian of the Village's LOSAP trust funds to pay the service award. No service award benefit payment is made without the written certification from Penflex, Inc. and the written directive from the authorized representative of the Board of Trustees.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 8 - Length of Service Award Program - Continued

Fiduciary Investment and Control - Continued

Program assets are required to be held in trust by Article 11-A, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. The Board of Trustees created a Service Award Program Trust Fund through the adoption of a Trust Document, a copy of which is available from the Village Clerk. The Board of Trustees is the Program Trustee.

Authority to invest the Program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule. As of May 31, 2024, program assets are invested through Glens Falls National Bank.

Assets Held in Trust

Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

The Village's benefit trust is reported with the General Fund and includes the following investments:

	Fair Value	Cost	% Total Cost
CDs - Maturing in less than one year	\$ 59,712	\$ 59,712	28.16%
CDs - Maturing in fiscal 2026	133,895	133,895	63.16%
Treasury fund	18,401	18,401	8.68%
	<u>\$ 212,008</u>	<u>\$ 212,008</u>	

The Village manages interest risk by holding all certificates of deposit to maturity.

The LOSAP pension liability for the defined contribution plan equals the net assets held in trust at May 31, 2024 of \$212,008.

For a complete explanation of the defined contribution program, see the Program Document, a copy of which is available from the Village Clerk.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 9 - Postemployment Benefits Other Than Pensions

Plan Description

The Village provides medical and prescription drug benefits for retirees, spouses and their covered dependents while contributing a portion of expenses. Such postemployment benefits are an included value in exchange of salaries and benefits for employee services rendered. Benefit provisions are established through negotiations between the Village and the unions representing employees and are renegotiated at the end of each bargaining period. A summary of active and retired employees covered under this benefit plan as of May 31, 2024 is as follows:

Retirees and survivors	22
Terminated vested employees	0
Active employees	33
	<hr/>
Total	55
	<hr/> <hr/>

Funding Policy

Contribution requirements are also negotiated between the Village and union representatives. The Village contributes a percentage of the cost of current-year premiums for eligible retired plan members and their spouses. Funding for the plan has been established on a pay-as-you-go basis. For the year ended May 31, 2024, the Village contributed \$239,232 to the plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At May 31, 2024, the Village reported \$6,188,832 for its OPEB liability. The OPEB liability was measured as of June 1, 2023 by an actuarial valuation as of June 1, 2022. For the year ended May 31, 2024, the Village recognized OPEB expense of \$399,524. At May 31, 2024, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<hr/>	<hr/>
Differences between expected and actual experience	\$ 126,586	\$ 186,595
Changes in assumptions or other inputs	498,676	923,451
Contributions subsequent to the measurement period	263,425	-
	<hr/>	<hr/>
Total	\$ 888,687	\$ 1,110,046
	<hr/> <hr/>	<hr/> <hr/>

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 9 - Postemployment Benefits Other Than Pensions - Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

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

Year ending May 31,	
2025	\$ (86,332)
2026	(14,547)
2027	10,212
2028	(23,015)
2029	(146,911)
Thereafter	<u>(224,191)</u>
Total	<u>\$ (484,784)</u>

Actuarial Assumptions

The total OPEB liability in the May 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 1, 2022
Measurement Date	June 1, 2023
Reporting Date	May 31, 2024
Actuarial Cost Method	Entry Age Normal - Level of Percent Pay
Discount Rate	3.67% as of measurement date
Health Care Cost Trend Rates	Society of Actuaries' Long-Rund Medical Cost Trend Model
Salary Scale	3.00%
Inflation	2.50%
Mortality	PUB-2010 Mortality Table, adjusted for mortality improvements with Scale MP-2021

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 9 - Postemployment Benefits Other Than Pensions - Continued

Schedule of Changes in Net OPEB Liability

The discount rate used to measure the liability was 3.67% based on the Bond Buyer 20-Year General Obligation Bond Index.

Balance at May 31, 2023	\$ 6,380,642
Changes for the year	
Service cost	295,984
Interest	207,201
Changes in benefit terms	-
Difference in expected and actual experience	-
Changes in assumptions and other inputs	(455,763)
Benefit payments	(239,232)
Net changes	(191,810)
Balance at May 31, 2024	\$ 6,188,832

Sensitivity of Total OPEB Liability to Discount Rate and Health Care Cost Trend Rate

The following presents the OPEB liability of the Plan as of May 31, 2024, calculated using the discount rate of 3.67%, as well as what the OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.67%) or one percentage point higher (4.67%) than the current rate:

	1% Decrease (2.67%)	Discount Rate (3.67%)	1% Increase (4.67%)
Total OPEB liability	\$ 7,255,193	\$ 6,129,163	\$ 5,240,493

The following presents the OPEB liability of the Plan as of May 31, 2024, calculated using the current health care cost trend rate, as well as what the OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Health Care Cost Trend Rate	1% Increase
Total OPEB liability	\$ 5,117,089	\$ 6,129,163	\$ 7,444,637

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 10 - Contingencies, Risks, and Uncertainties

a. Grant Programs

The Village participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of these programs may be conducted, in accordance with grantor requirements, on a periodic basis. The Village believes, based upon its review of current activity and prior experience, that the amount of disallowances resulting from these audits, if any, will not be significant to the Village's financial position or results of operations.

b. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Village expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Village. Management believes that its current practices and procedures for the control and disposition of regulated waste comply with applicable federal, state, and local requirements.

c. Litigation

The Village is involved in certain suits and claims arising from a variety of sources. It is the opinion of counsel and management that the liabilities that may arise from all other actions would be covered by the Village's insurance carrier or would not result in losses that would materially affect the financial position of the Village or the results of its operations.

d. Labor Relations

The Village's fire department employees are represented by a union. All other Village employees are governed by Village rules and regulations. The Village's collective bargaining agreement with the fire department's union expires on May 31, 2026.

Note 11 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. If a government determines that criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024 and all reporting periods thereafter.

Village of Menands, New York

Notes to Financial Statements May 31, 2024

Note 11 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model, including a reiteration of the Management's Discussion and Analysis requirements, description and presentation requirements for unusual or infrequent items, definitions of non-operating revenues and expenses, major component unit presentation requirements, and the requirement that budgetary comparison information be presented as required supplementary information versus as a statement. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. It also establishes disclosure requirements for capital assets held for sale, including disclosures relating to debt for which the capital assets held for sale are pledged as collateral. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the extent of the potential impact of these statements on the Village's financial statements.

Village of Menands, New York

Required Supplementary Information - Schedule of Other Postemployment Benefits Liability

	Years Ended May 31,					
	2024	2023	2022	2021	2020	2019
Service cost	\$ 295,984	\$ 387,125	\$ 400,212	\$ 200,505	\$ 216,345	\$ 195,113
Interest	207,201	155,246	146,768	181,978	196,140	200,228
Changes in benefit terms	-	-	-	-	-	(24,465)
Difference in expected and actual experience in the measurement of the total OPEB liability	-	(85,818)	-	260,182	(309,889)	(344,337)
Changes in assumptions and other inputs	(455,763)	(626,304)	(40,811)	972,383	97,078	(216,051)
Benefit payments	(239,232)	(238,240)	(224,241)	(184,775)	(191,578)	(186,986)
Net changes	(191,810)	(407,991)	281,928	1,430,273	8,096	(376,498)
Total OPEB liability, beginning	6,380,642	6,788,633	6,506,705	5,076,432	5,068,336	5,444,834
Total OPEB liability, ending	\$ 6,188,832	\$ 6,380,642	\$ 6,788,633	\$ 6,506,705	\$ 5,076,432	\$ 5,068,336
Covered payroll	\$ 2,279,100	\$ 2,351,083	\$ 2,214,607	\$ 2,116,582	\$ 1,952,731	\$ 1,893,200
Total OPEB liability as a percentage of covered payroll	271.55%	271.39%	306.54%	307.42%	259.97%	267.71%
The following is a summary of changes in assumptions:						
Health care cost trend rates	3.94%-7.80%	3.94%-7.80%	3.94%-6.20%	3.94%-6.50%	4.22%-7.00%	4.03%-7.50%
Salary increases	3.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation rate	2.50%	2.50%	2.40%	2.50%	2.50%	2.50%
Discount rate	3.67%	3.03%	2.20%	2.16%	3.51%	3.78%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Village of Menands, New York

Required Supplementary Information - Schedule of Proportionate Share of the Net Pension Asset/Liability

	2024	2023	2022	2021	2020	2019	2018	2017	2016
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM									
Village's proportion of the net pension (liability) asset	0.0035919%	0.0042772%	0.0037635%	0.0035381%	0.0039902%	0.0037202%	0.0034543%	0.0034134%	0.0034731%
Village's proportionate share of the net pension (liability) asset	\$ (528,877)	\$ (917,206)	\$ 307,650	\$ (3,523)	\$ (1,056,629)	\$ (263,584)	\$ (111,485)	\$ (320,735)	\$ (557,446)
Village's covered-employee payroll	\$ 1,156,991	\$ 1,190,929	\$ 1,118,363	\$ 1,119,044	\$ 1,099,161	\$ 1,091,472	\$ 1,102,684	\$ 1,004,241	\$ 973,307
Village's proportionate share of the net pension (liability) asset as a percentage of its covered-employee payroll	-45.71%	-77.02%	27.51%	-0.31%	-96.13%	-24.15%	-10.11%	-31.94%	-57.27%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.40%	96.30%	98.20%	94.70%	90.70%
NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM									
Village's proportion of the net pension (liability) asset	0.0361537%	0.0288674%	0.0304185%	0.0302296%	0.0297861%	0.0263737%	0.0261782%	0.0241917%	0.0265445%
Village's proportionate share of the net pension (liability) asset	\$ (1,714,709)	\$ (1,590,732)	\$ (172,790)	\$ (524,869)	\$ (1,592,046)	\$ (442,303)	\$ (264,598)	\$ (501,409)	\$ (785,926)
Village's covered-employee payroll	\$ 1,362,901	\$ 1,160,154	\$ 1,096,244	\$ 986,641	\$ 925,126	\$ 852,376	\$ 871,276	\$ 774,248	\$ 630,096
Village's proportionate share of the net pension (liability) asset as a percentage of its covered-employee payroll	-125.81%	-137.11%	-15.76%	-53.20%	-172.09%	-51.89%	-30.37%	-64.76%	-124.73%
Plan fiduciary net position as a percentage of the total pension liability	89.72%	87.43%	98.66%	95.80%	84.90%	95.10%	96.90%	93.50%	90.20%
The following is a summary of changes in assumptions:									
Inflation	2.90%	2.90%	2.70%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary increases	4.40%	4.40%	4.40%	4.40%	4.20%	4.20%	3.80%	3.80%	3.80%
Cost-of-living adjustments	1.50%	1.50%	1.40%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment rate of return	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
Discount rate	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2014	MP-2014	MP-2014

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report.

Village of Menands, New York

Required Supplementary Information - Schedule of Pension Contributions

	2024*	2023*	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
NEW YORK STATE AND LOCAL EMPLOYEES' RETIREMENT SYSTEM										
Contractually required contribution	\$ 135,586	\$ 112,693	\$ 157,812	\$ 141,325	\$ 135,210	\$ 136,049	\$ 145,572	\$ 127,658	\$ 137,520	\$ 188,771
Contributions in relation to the contractually required contribution	135,586	112,693	157,812	141,325	135,210	136,049	145,572	127,658	137,520	188,771
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 1,156,991	\$ 1,190,929	\$ 1,118,363	\$ 1,119,044	\$ 1,099,161	\$ 1,091,472	\$ 1,102,684	\$ 1,004,241	\$ 973,307	\$ 1,049,832
Contribution as a percentage of covered-employee payroll	11.72%	9.46%	14.11%	12.63%	12.30%	12.46%	13.20%	12.71%	14.13%	17.98%
NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM										
Contractually required contribution	\$ 293,978	\$ 313,707	\$ 317,480	\$ 248,445	\$ 221,088	\$ 192,240	\$ 200,672	\$ 162,972	\$ 102,643	\$ 234,736
Contributions in relation to the contractually required contribution	293,978	313,707	317,480	248,445	221,088	192,240	200,672	162,972	102,643	234,736
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered-employee payroll	\$ 1,362,901	\$ 1,160,154	\$ 1,096,244	\$ 986,641	\$ 925,126	\$ 852,376	\$ 871,276	\$ 774,248	\$ 630,096	\$ 774,411
Contribution as a percentage of covered-employee payroll	21.57%	27.04%	28.96%	25.18%	23.90%	22.55%	23.03%	21.05%	16.29%	30.31%