



INCORPORATED VILLAGE OF NORTH HILLS  
NORTH HILLS, NEW YORK

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FINANCIAL STATEMENTS

MAY 31, 2025

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Incorporated Village of North Hills  
North Hills, New York

### Opinions

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

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

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Incorporated Village of North Hill'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls 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 Incorporated Village of North Hill'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 Incorporated Village of North Hill'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 Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, local government's proportionate share of the net pension liability (asset), local government contributions, changes in total OPEB liability and related ratios, contributions and assumptions, and proportionate share of the total pension liability and contributions for participation in LOSAP plan be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Skinnon and Faber, CPAs, P.C.*

SKINNON AND FABER, CPAs, P.C.  
Hauppauge, New York  
October 1, 2025

## INCORPORATED VILLAGE OF NORTH HILLS

### Management's Discussion and Analysis (Unaudited)

Management offers readers of the Incorporated Village of North Hills (the "Village") financial statements this narrative overview and analysis of the financial activities and the Village's performance during the fiscal year ended May 31, 2025. We would encourage readers to consider the information presented in conjunction with the Village's financial statements, which follow this section.

#### FINANCIAL HIGHLIGHTS

- Government-wide net position at May 31, 2025 was \$52,422,950.
- Overall revenue was \$4,676,122, which was \$2,004,104 more than expenses – refer to the Statement of Activities. (Overall revenue is the sum of program revenues and general revenues).
- The Fund Balance of the Village's General Fund as of May 31, 2025 was \$9,461,578; of this amount, \$7,707,261 was available for spending at the government's discretion (unassigned).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are **Government-wide Financial Statements** that provide both short-term and long-term information about the Village's **overall** financial status.
- The remaining statements are **Fund Financial Statements** that focus on **individual** parts of the Village, reporting the Village's operations in more detail than the Government-wide Financial Statements.

#### **Government-wide Financial Statements**

The government-wide financial statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Village's assets and liabilities except fiduciary assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The two government-wide financial statements report the Village's *net position* and how it has changed. Net position – the difference between the Village's assets and liabilities, as well as deferred inflows and deferred outflows – is one way to measure the Village's financial health or position.

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

Government-wide financial statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate and amortize capital assets, Right-of-Use assets, and Subscription-Based Information Technology Arrangement (SBITA) assets;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net Investment in Capital Assets* – capital assets reduced by any related debt;
  - *Restricted* – restricted assets reduced by liabilities and deferred inflows of resources related to those assets;
  - *Unrestricted* – net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

### ***Fund Financial Statements***

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

- Some funds are restricted by state law or by covenants.
- The Village may establish other funds to control and manage money for particular purposes (such as repaying long-term debts) or to show that it is properly using certain revenues (such as the Park and Recreation Fund and Community Amenities Fund).
- *Governmental funds*: Most of the Village's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide financial statements, additional information found in the reconciliation exhibits explains the relationship (or differences) between them. The general fund is the only fund with an adopted budget.

## FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

### **Net Position**

A summary of the Village's Statement of Net Position for May 31, 2025 and 2024 is as follows:

	<u>May 31, 2025</u>	<u>May 31, 2024</u>
Assets		
Current and Other Assets	\$ 55,929,780	\$ 55,099,555
Capital Assets (net)	<u>8,493,673</u>	<u>8,674,882</u>
Total Assets	<u>64,423,453</u>	<u>63,774,437</u>
Deferred Outflows of Resources	<u>188,372</u>	<u>471,832</u>
Liabilities		
Current and Other Liabilities	116,501	352,996
Long-Term Liabilities	<u>5,555,001</u>	<u>6,217,825</u>
Total Liabilities	<u>5,671,502</u>	<u>6,570,821</u>
Deferred Inflows of Resources	<u>4,517,373</u>	<u>5,256,602</u>
Net Position		
Net Investment in Capital Assets	8,481,066	8,638,279
Restricted	42,413,472	40,930,366
Unrestricted	<u>3,528,412</u>	<u>2,850,201</u>
Total Net Position	<u>\$ 54,422,950</u>	<u>\$ 52,418,846</u>

The Village's financial position is the product of many factors.

- Capital assets (including intangibles) are reported net of depreciation/amortization.
- Liabilities include all Village debt.
- Net investment in capital assets is capitalized assets less outstanding related debt (of which there is none).
- Unrestricted net position reflects the net amount after all capitalized assets are depreciated/amortized, all current and long-term liabilities are valued, and all restricted funds are deducted.

**Change in Net Position from Operating Results**

	For the Years Ended	
	May 31, 2025	May 31, 2024
<b>Revenues</b>		
Program Revenues:		
Fines, Fees, and Charges for Services	\$ 1,071,999	\$ 868,974
Operating Grants and Contributions	219,361	41,681
Capital Grants and Contributions	-	45,125
General Revenues and Special Items:		
Real Property Taxes and Related Tax Items	67,727	73,454
Non Property Tax Items	314,704	290,969
Use of Money and Property	2,791,922	2,695,264
Miscellaneous Local Sources	10,430	-
State and Federal Aid	199,979	188,716
Total Revenues	<u>4,676,122</u>	<u>4,204,183</u>
<b>Expenses</b>		
Governmental Activities:		
General Government Support	2,104,958	2,952,850
Public Safety	71,460	69,360
Transportation	35,463	27,612
Culture and Recreation	56,939	50,932
Home and Community Services	402,541	501,086
Debt Service	657	1,679
Total Expenses	<u>2,672,018</u>	<u>3,603,519</u>
Change in Net Position	<u>2,004,104</u>	<u>600,664</u>
Net Position - Beginning of Year	52,418,846	52,055,655
Beginning Balance Adjustment	-	(237,473)
Net Position - Beginning of Year, as Adjusted	<u>52,418,846</u>	<u>51,818,182</u>
Net Position - End of Year	<u>\$ 54,422,950</u>	<u>\$ 52,418,846</u>

Property taxes and related items accounted for 1.4 percent of the Village’s revenue. Non property tax items added 6.7 percent. Another 18.3 percent came from fees charged for services due to real estate development in the Village. Fines and penalties accounted for 4.2 percent. State and Federal aid contributed 4.3 percent and use of money and property amounted to 59.7 percent.

The total cost of all governmental programs and services totaled \$2,672,018 for 2025. The Village’s expenses are predominately related to fire protection, village planning, administrative zoning, justice court, building inspections and home and community services. The Village’s general support activities accounted for 78.8 percent of total costs.

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported combined fund balances of \$51,801,202. The Village's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on the presentation, governmental funds will include proceeds from the issuance of debt, current payments for capital assets and current payments for debt, if any.

A summary of the change in fund balance by fund presented in accordance with GASB Statement Number 54 classifications is as follows:

	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>	<u>Increase/ (Decrease)</u>
<b>General Fund</b>			
Restricted Fund Balance	\$ 73,846	\$ 61,913	\$ 11,933
Assigned:			
Designated for Subsequent Year's Budget	623,572	479,998	143,574
Repairs	782,321	761,120	21,201
Capital Projects	274,578	267,959	6,619
Unassigned Fund Balance	<u>7,707,261</u>	<u>7,216,479</u>	<u>490,782</u>
Total General Fund	9,461,578	8,787,469	674,109
<b>Park and Recreation Fund</b>			
Restricted Fund Balance	1,796,796	1,750,753	46,043
<b>Community Amenities Fund</b>			
Restricted Fund Balance	<u>40,542,828</u>	<u>39,117,700</u>	<u>1,425,128</u>
Total Fund Balances	<u>\$ 51,801,202</u>	<u>\$ 49,655,922</u>	<u>\$ 2,145,280</u>

**General Fund**

At the year end of May 31, 2025, \$623,572 of fund balance was appropriated for the subsequent year, an increase of \$143,574 compared to the amount appropriated in the prior year. The net result of revenues over expenditures is \$674,109, which resulted in a total general fund balance increase of the same amount.

**Park and Recreation Fund**

The Park and Recreation Fund earned interest of \$50,243 and expended \$4,200 for tree work.

**Community Amenities Fund**

The Community Amenities Fund earned interest of \$1,605,128 and expended \$180,000 for community expenses (i.e., shuttle service).

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's 2024-25 General Fund final budget anticipated revenues of \$2,331,834 and expenditures of \$2,811,832. The expenditures budgeted in excess of budget revenues were funded by appropriated fund balance. Actual results for the year ended May 31, 2025 show an excess of revenues over expenditures of \$674,109 reconciled with the budget as follows:

Favorable Variance - Revenues	\$ 692,060
Favorable Variance - Expenditures	462,047
Variance	<u>1,154,107</u>
Appropriated Fund Balance (assigned)	<u>(479,998)</u>
Excess of Revenues over Expenditures	<u><u>\$ 674,109</u></u>

Details regarding the budget are presented in the required supplemental schedules. Licenses and Permits exceeded budget expectations primarily due to increased building activity, including a new development within the Village. Use of Money and Property also had a favorable variance compared to budget as the Village conservatively budgeted for interest income. In addition, Fines and Forfeitures were higher than budgeted due to an increase in tickets issued during the year.

Expenditures were under budget across several categories. General Governmental Support had the most favorable variance, followed by Employee Benefits and Home and Community Services. The favorable variance in General Governmental Support was primarily due to a contingency appropriation of approximately \$96,000 that was not utilized during the year. Employee Benefits experienced a favorable variance as a result of conservative budgeting for health insurance. Finally, Home and Community Services reported favorable variances across all accounts, with no single account showing a significant variance.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### ***Capital Assets***

As of May 31, 2025, the Village had invested \$8,493,673 (Capital assets net of accumulated depreciation/amortization) in a broad range of capital assets, including Land, Land Improvements, Buildings and Improvements, Machinery, Equipment and Vehicles, Infrastructure, Intangibles, SBITA Asset, and Right-of-use Asset. Total depreciation/amortization expense for the year was \$192,252. During the year, the Village acquired new assets totaling \$13,356 and disposed of assets with an original cost of \$13,197.

### ***Long-term Debt***

At year-end, the Village had a long-term liability related to Net Pension of \$240,007, Other Post-Employment Benefits Obligation of \$5,205,922, Total Pension Liability calculated for the Length of Service Award Program the Village sponsors with other entities amounted to \$96,465, Total Lease Liability relating to the Village's mail machine of \$3,785, and Total SBITA liability of \$8,822.

## CURRENTLY KNOWN FACTS, DECISIONS AND CONDITIONS

The Village has been utilizing unassigned fund balance to cover the difference between budgeted revenues and appropriations. In recent years, non-tax revenues have exceeded budgeted amounts allowing the Village to maintain current tax rates.

## CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

Marianne C. Lobaccaro  
Village Administrator  
Incorporated Village of North Hills  
One Shelter Rock Road  
North Hills, New York 11576

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Statement of Net Position**  
**May 31, 2025**

**Assets**

Cash and Cash Equivalents	\$ 9,374,851
Cash and Cash Equivalents - Restricted	42,354,624
Taxes Receivable	871
Accounts Receivable	124,434
Leases Receivable	3,882,330
Due from Other Governments	63,142
Prepaid Expenses	55,682
Length of Service Award Program Asset - Restricted	73,846
Capital Assets (net)	8,493,673
<b>Total Assets</b>	<b>64,423,453</b>

**Deferred Outflows of Resources**

Net Pension	143,494
Length of Service Award Program	44,878
<b>Total Deferred Outflows of Resources</b>	<b>188,372</b>

**Liabilities**

Accounts Payable and Accrued Expenses	50,252
Guaranty and Bid Deposits	62,488
Due to Other Governments	3,445
Accrued Interest	316
Long-term Liabilities:	
Due within one year:	
Lease Liability	2,162
SBITA Liability	4,318
Due in more than one year:	
Net Pension Liability	240,007
Other Post-Employment Benefits	5,205,922
Length of Service Award Program Liability	96,465
Lease Liability	1,623
SBITA Liability	4,504
<b>Total Liabilities</b>	<b>5,671,502</b>

**Deferred Inflows of Resources**

Leases	3,935,598
Net Pension	17,632
Other Post-Employment Benefits	498,236
Length of Service Award Program	65,907
<b>Total Deferred Inflows of Resources</b>	<b>4,517,373</b>

**Net Position**

Net Investment in Capital Assets	8,481,066
Restricted	42,413,472
Unrestricted	3,528,412
<b>Total Net Position</b>	<b>\$ 54,422,950</b>

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Statement of Activities**  
**For the Year Ended May 31, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) / Revenue</u>
		<u>Fines, Fees, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
General Government Support	\$ 2,104,958	\$ 18,931	\$ 219,361	\$ -	\$ (1,866,666)
Public Safety	71,460	1,026,218	-	-	954,758
Transportation	35,463	-	-	-	(35,463)
Culture and Recreation	56,939	-	-	-	(56,939)
Home and Community Services	402,541	26,850	-	-	(375,691)
Debt Service	657	-	-	-	(657)
Total Governmental Activities	<u>\$ 2,672,018</u>	<u>\$ 1,071,999</u>	<u>\$ 219,361</u>	<u>\$ -</u>	<u>(1,380,658)</u>
<b>General Revenues:</b>					
					67,727
					314,704
					2,791,922
					10,430
					199,979
					<u>3,384,762</u>
					2,004,104
					<u>52,418,846</u>
					<u>\$ 54,422,950</u>

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Balance Sheets**  
**May 31, 2025**

	<b>General Fund</b>	<b>Park and Recreation Fund</b>	<b>Community Amenities Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 9,374,851	\$ -	\$ -	\$ 9,374,851
Cash and Cash Equivalents - Restricted	-	1,796,796	40,557,828	42,354,624
Taxes Receivable	871	-	-	871
Accounts Receivable	124,434	-	-	124,434
Leases Receivable	3,882,330	-	-	3,882,330
Due from Other Governments	63,142	-	-	63,142
Length of Service Award Program Asset - Restricted	73,846	-	-	73,846
<b>Total Assets</b>	<b>\$13,519,474</b>	<b>\$ 1,796,796</b>	<b>\$40,557,828</b>	<b>\$55,874,098</b>
<b>Liabilities</b>				
Accounts Payable and Accrued Expenses	\$ 35,252	\$ -	\$ 15,000	\$ 50,252
Guaranty and Bid Deposits	62,488	-	-	62,488
Due to Other Governments	23,700	-	-	23,700
<b>Total Liabilities</b>	<b>121,440</b>	<b>-</b>	<b>15,000</b>	<b>136,440</b>
<b>Deferred Inflows of Resources</b>				
Real Property Taxes	858	-	-	858
Leases	3,935,598	-	-	3,935,598
<b>Total Deferred Inflows of Resources</b>	<b>3,936,456</b>	<b>-</b>	<b>-</b>	<b>3,936,456</b>
<b>Fund Balances</b>				
Restricted	73,846	1,796,796	40,542,828	42,413,470
Assigned	1,680,471	-	-	1,680,471
Unassigned	7,707,261	-	-	7,707,261
<b>Total Fund Balances</b>	<b>9,461,578</b>	<b>1,796,796</b>	<b>40,542,828</b>	<b>51,801,202</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$13,519,474</b>	<b>\$ 1,796,796</b>	<b>\$40,557,828</b>	<b>\$55,874,098</b>

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Reconciliation of the Governmental Funds Balance Sheets**  
**to the Statement of Net Position**  
**As of May 31, 2025**

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Total Fund Balance - Total Governmental Funds \$ 51,801,202

This amount differs from the amount of net position in the Statement of Net Position due to the following:

Revenues that are earned and measurable but not available to provide financial resources are deferred in the fund statements, but are recognized as revenue in the government-wide financial statements and are added. 858

Capital assets are included in the government-wide financial statements as assets and are added, net of accumulated depreciation/amortization. 8,493,673

Employees' Retirement System liability is recorded in the governmental funds and is not recorded in the Statement of Net Position, as it is applied to deferred inflows of resources and is added. 20,255

Amounts for prepaid expenses are included in the government-wide financial statements as assets and are added. 55,682

Deferred outflows of resources related to the following are not reported in the governmental funds.

Net Pension	143,494
Length of Service Award Program	44,878

Accrued interest applicable to the governmental activities is not due and payable in the current period and, accordingly, is not reported in the governmental funds. However, these liabilities are included as liabilities in the government-wide financial statements and are deducted. (316)

Long-term liabilities do not require the use of current financial resources and, accordingly, are not reported in the governmental funds. These liabilities are, however, included in the government-wide financial statements and are deducted.

Net Pension Liability	(240,007)
Other Post-Employment Benefits	(5,205,922)
Length of Service Award Program Liability	(96,465)
Lease Liability	(3,785)
SBITA Liability	(8,822)

Deferred inflows of resources related to the following are not reported in the governmental funds.

Net Pension	(17,632)
Other Post-Employment Benefits	(498,236)
Length of Service Award Program	(65,907)

Total Net Position \$ 54,422,950

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Statements of Revenues, Expenditures and Change in Fund Balances**  
**For the Year Ended May 31, 2025**

	<b>General Fund</b>	<b>Park and Recreation Fund</b>	<b>Community Amenities Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Real Property Taxes	\$ 68,653	\$ -	\$ -	\$ 68,653
Real Property Tax Items	2,217	-	-	2,217
Non Property Tax Items	314,704	-	-	314,704
Departmental Income	45,781	-	-	45,781
Use of Money and Property	1,136,551	50,243	1,605,128	2,791,922
Licenses and Permits	830,174	-	-	830,174
Fines and Forfeitures	196,044	-	-	196,044
Miscellaneous Local Sources	10,430	-	-	10,430
State and Federal Aid	419,340	-	-	419,340
<b>Total Revenues</b>	<b>3,023,894</b>	<b>50,243</b>	<b>1,605,128</b>	<b>4,679,265</b>
<b>Expenditures:</b>				
General Government Support	1,218,806	-	-	1,218,806
Public Safety	59,045	-	-	59,045
Transportation	33,213	-	-	33,213
Culture and Recreation	27,730	4,200	-	31,930
Home and Community Services	119,853	-	180,000	299,853
Employee Benefits	865,636	-	-	865,636
Debt Service	25,502	-	-	25,502
<b>Total Expenditures</b>	<b>2,349,785</b>	<b>4,200</b>	<b>180,000</b>	<b>2,533,985</b>
<b>Net Change in Fund Balances</b>	<b>674,109</b>	<b>46,043</b>	<b>1,425,128</b>	<b>2,145,280</b>
<b>Fund Balances - Beginning of Year</b>	<b>8,787,469</b>	<b>1,750,753</b>	<b>39,117,700</b>	<b>49,655,922</b>
<b>Fund Balances - End of Year</b>	<b>\$ 9,461,578</b>	<b>\$ 1,796,796</b>	<b>\$ 40,542,828</b>	<b>\$ 51,801,202</b>

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Reconciliation of the Statements of Revenues, Expenditures and Change**  
**in Fund Balances of the Governmental Funds to the Statement of Activities**  
**For the Year Ended May 31, 2025**

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Net Change in Fund Balances for Total Governmental Funds \$ 2,145,280

This amount differs from the change in net position in the Statement of Activities because of the following:

Capital outlays for acquisition of capital assets are recorded in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital Expenditures	13,356
Depreciation/Amortization Expense	(192,252)
Disposition of Capital Assets	(2,313)

Revenues are recorded in the governmental funds when they become susceptible to accrual, that is when they are measurable and available to provide current financial resources. In the Statement of Activities, revenues are recognized when they are earned and measurable, regardless of when they become available. (3,143)

Net change in deferred outflows of resources not reported in the funds related to:

Net Pension	(56,911)
Other Post-Employment Benefits	(228,496)
Length of Service Award Program	1,947

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 the governmental funds:

Net Pension Liability	(25,552)
Other-Post Employment Benefits	670,878
Length of Service Award Program Liability	(6,498)
Employees' Retirement System Liability	2,528
Prepaid Expenses	970
Accrued Interest Cost	849
Lease Liability	2,162
SBITA Liability	21,834

Net change in deferred inflows of resources not reported in the funds related to:

Net Pension	105,818
Other Post-Employment Benefits	(448,452)
Length of Service Award Program	2,099

Change in Net Position of Governmental Activities in the Statement of Activities \$ 2,004,104

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Incorporated Village of North Hills have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Incorporated Village of North Hills are described below.

**A. FINANCIAL REPORTING ENTITY**

The Incorporated Village of North Hills (the "Village"), which was established in 1929, is governed by municipal law, other general laws of the State of New York and various local laws. The Board of Trustees is the legislative body responsible for the overall operations, the Mayor serves as Chief Executive Officer and the Administrator serves as Chief Fiscal Officer.

The following basic services are provided: fire protection, village planning, administrative, zoning, justice court and building inspection.

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 financial reporting entity consists of (a) the primary government, which is the Village, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement Number 14, 39 and 61.

The decision to include a potential component unit in the Village's reporting entity is based on several criteria set forth in GASB Statement Number 14, 39 and 61 including legal standing, fiscal dependency, and financial accountability.

**B. BASIS OF PRESENTATION**

**1. Government-wide Financial Statements:**

The government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Village. Any fiduciary activities of the Village are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Village's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the Village are reported in three categories: 1) fines, fees and charges for services, 2) operating grants and contributions and 3) capital grants and contributions.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

Certain eliminations have been made as prescribed by GASB Statement Number 34 in regard to interfund activities, payables and receivables. All interfund balances in the Statement of Net Position have been eliminated.

2. Fund Financial Statements:

The Village uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to 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 Village records its transactions in the fund types described below.

Fund Categories

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

General Fund – the principal operating fund and includes all operations not accounted for and reported in another fund.

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The following Special Revenue Funds are utilized:

Park and Recreation Fund – the use of these funds is restricted to parks and recreation designated by the Village. The funds are received in exchange for development enhancements granted by the Village.

Community Amenities Fund – the use of these funds is restricted to community amenities designated by the Village. The funds are received in exchange for development enhancements granted by the Village.

3. Equity Classifications:

Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

*Net investment in capital assets* consists of capital assets including restricted capital assets, net of accumulated depreciation/amortization and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

*Restricted net position* consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Financial Statements

GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54), breaks fund balance out into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

*Nonspendable* consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

*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.

*Committed* consists of amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance.

*Assigned* consists of amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority, or by their designated body or official. 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. The Board, by resolution has authorized the Mayor to assign fund balance.

*Unassigned* represents the residual classification for the government’s general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the Village spends funds in the following order: restricted, committed, assigned, unassigned.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

**C. BASIS OF ACCOUNTING/MEASUREMENT FOCUS**

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

The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. The economic resources measurement focus means all assets and liabilities are included on the Statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

*Modified Accrual Basis* – All governmental funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, State and Federal Aid, mortgage tax, and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from State and Federal grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when the liability is incurred except that:

- Expenditures for prepaid expenses are generally recognized at the time of purchase.
- Principal and interest on indebtedness are recognized as expenditures when payment is due.
- Pension costs are recognized as expenditures when billed by the State.
- Other post-employment benefits are charged as expenditures when payment is due.
- Length of Service Award Program (LOSAP) costs are charged as expenditures when payment is due.

**D. CASH AND CASH EQUIVALENTS**

The Village considers all highly liquid instruments with a maturity of three months or less at the date of purchase to be cash equivalents.

**E. ACCOUNTS RECEIVABLE**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts have been provided since it is believed that such allowance would not be material.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

**F. CAPITAL/INTANGIBLE ASSETS**

Capital/intangible assets, which include land, land improvements, building and improvements, machinery, equipment and vehicles, infrastructure, intangibles, SBITA asset, and Right-of-use asset, are reported in the Government-wide financial statements. The Village defines capital/intangible assets as assets with an initial, individual cost of more than \$3,000 to \$5,000 depending on asset category and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital/intangible assets and assets acquired in a service concession arrangement are rerecorded at acquisition value. Land is not depreciated.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital/intangible assets are shown as capital outlay expenditures in governmental funds. Capital/intangible assets are not shown on governmental fund balance sheets.

The Village's capitalization policy is as follows:

	Depreciation/ Amortization Method	Estimated Useful Life
Land Improvements	Straight-line	20 Years
Buildings and Improvements	Straight-line	20-40 Years
Machinery, Equipment and Vehicles	Straight-line	3-20 Years
Infrastructure	Straight-line	20-50 Years
Intangibles	Straight-line	10 Years

**G. PROPERTY TAXES**

Property taxes are levied annually by the Village in April with the adoption of the budget. Taxes are levied based upon the taxable value of all real property located within the Village. The Village is permitted by the Constitution of New York State to levy taxes up to 2.0% of the five-year average full-assessed valuation for general governmental services other than the payment of debt service and capital expenditures. For the fiscal year ended May 31, 2025, the actual amount levied by the Village was \$66,272 for the General Fund which consisted of a general tax levy and a tax levy for Roslyn Fire Companies contract properties. Current year delinquent property taxes not received within 60 days of year end are recorded as deferred inflows.

**H. EMPLOYEE BENEFITS**

Eligible Village employees participate in the New York State Employees' Retirement System (ERS). This is a cost sharing multiple-employer retirement system more fully disclosed in Part II Note G.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

In addition to providing pension benefits, the Village provides health insurance benefits in accordance with board resolutions to its retired employees. The Village bears a percentage of these costs associated with the benefits provided based upon the coverage selected.

Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. The Village recognizes the cost as expenditures in the general fund in the year paid.

**I. BUDGETARY POLICIES**

The Village's budget policies are as follows:

1. No later than March 31, the Village Administrator submits a tentative budget to the Board of Trustees for the fiscal year commencing the following June 1. The tentative budget includes proposed expenditures and proposed means of financing for the General Fund.
2. After public hearings are conducted to obtain taxpayer comments, no later than May 1, the governing board adopts the budget.
3. All modifications of the budget must be approved by the governing board.
4. Budgets are adopted annually on a basis consistent with generally accepted accounting principles.
5. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-appointed in the subsequent year.

The appropriated budget is prepared on a detailed line-item basis. Revenues are budgeted by source. Expenditures are budgeted by department and character, which constitutes the legal level of control. Expenditures and encumbrances may not exceed appropriations at this level. Furthermore, budget revisions at this level are subject to final approval by the Board of Trustees. During the year, the Board approved line-item transfers for budgeted amounts for the General Fund. The Village does not prepare formal operating budgets for funds other than the General Fund.

**J. ENCUMBRANCES**

Encumbrance accounting is a system under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded for budgetary control purposes in order to reserve that portion of the applicable appropriation. Encumbrances are reported as restrictions, commitments, or assignments of fund balance since they do not constitute expenditures or liabilities. The Village did not have any outstanding encumbrances at May 31, 2025.

**K. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including other post-employment benefits, potential contingent liabilities and useful lives of capital assets.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure/expense) until that time.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

M. INSURANCE

The Village assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired, or a liability has been incurred and the amount of loss can be reasonably estimated. The Village carried various insurance policies to mitigate any loss that might occur.

N. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended May 31, 2025, the Village adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The Statement aligns the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this adoption had no material effect on the Village's financial statements.

II. DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Cash and Investments:

The Village's cash and cash equivalents consist of cash on hand and time and demand deposits. The Village investment policies are governed by State statutes. In addition, the Village has its own written investment policy. Village monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Village Administrator is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of New York State or its localities and a CLASS investment account with the Municipal Investors Service Corp., which has a collateral agreement with a third-party custodial bank.

Collateral is required for demand deposits and certificates of deposit as provided for by law of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are the same as the permissible investments mentioned above.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

The Village's written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least a percentage provided for by law of the cost of the repurchase agreement.

Deposits and investments at year-end were entirely covered by federal depository insurance or by collateral held by the Village's custodial bank in the Village's name.

They consisted of:

Deposits

All deposits, including certificates of deposit, are carried at cost plus accrued interest.

Bank balances for the Village's deposits with financial institutions as of May 31, 2025, totaled \$51,497,731 and are covered by federal deposit insurance or third-party collateral as follows:

Amount FDIC Insured	\$ 1,250,000
Amount Collateralized by Third Parties	<u>50,247,731</u>
Total Balances	<u>\$ 51,497,731</u>

2. Investment Pool:

The Village participates in a multi-municipal cooperative investment pool arrangement pursuant to New York State General Municipal Law Article 3A and 5-G, whereby it holds investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

The Village's investment of \$253,136 has been recorded as cash equivalents in the general fund. This amount represents the cost of the investment pool shares and is considered approximate to market value. The investment pool is categorically exempt from New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities Systems (NYCLASS), which may be obtained from NYCLASS, 717 17<sup>th</sup> Street, Suite 1850, Denver, CO 80202.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

3. Fair Value Hierarchy:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Village categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorized the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted priced (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted priced included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest proprietary level input that is significant to the entire measurement.

The Village's investments at May 31, 2025 as it relates to the Village's LOSAP is as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Market	\$ 1,197	\$ 1,197	\$ -	\$ -
Equity Investments	21,266	21,266	-	-
Fixed Income Investments	35,536	35,536	-	-
Exchange Traded Funds	14,490	14,490	-	-
Other Assets	1,357	1,357	-	-
Total	<u>\$ 73,846</u>	<u>\$ 73,846</u>	<u>\$ -</u>	<u>\$ -</u>

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

**B. LEASE RECEIVABLE**

The Village is reporting a lease receivable of \$3,882,330 at May 31, 2025. For the year ended May 31, 2025, the Village reported lease revenue of \$580,145 and interest revenue of \$159,778 related to lease payments received. These leases are summarized as follows:

<u>Lease</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Cell Tower (Long Island Expressway)	\$ 1,092,485	\$ 359,852	\$ 51,448
Cell Tower (Village Hall)	<u>2,789,845</u>	<u>220,293</u>	<u>108,330</u>
Total	<u>\$ 3,882,330</u>	<u>\$ 580,145</u>	<u>\$ 159,778</u>

*Cell Tower Lease (Long Island Expressway)* – On October 15, 1998, the Village entered into a ground lease with Sprint Spectrum L.P., currently known as STC – Five LLC for real property. The fifth amendment to the lease, dated August 22, 2019 renewed the lease term through October 14, 2028. Based on this agreement, the Village is receiving an annual base payment of \$430,075. The base rent shall increase annually by an amount equal to the greater of 5% or the percentage increase in the Consumer Price Index (CPI) over the CPI for the 12 months prior to the adjustment date. Increases to the base rent have not been included in the measurement of the lease receivable. The lease includes the option to automatically extend the lease for an additional five-year term, unless terminated by either party.

*Cell Tower Lease (Village Hall)* – On August 1, 2001, the Village entered into a ground lease with Sprint Spectrum L.P., currently known as STC – Five LLC for real property. The third amendment to the lease, dated May 28, 2024 renewed the lease term through April 11, 2028. Based on this agreement, the Village is receiving an annual base payment of \$292,621. The base rent shall increase annually by an amount equal to the greater of 5% or the percentage increase in CPI over the CPI for the 12 months prior to the adjustment date. Increases to the base rent have not been included in the measurement of the lease receivable. The lease includes the option to automatically renew for an additional five-year term, which has been exercised. The renewal expiration date is April 11, 2028.

**C. LEASES**

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance May 31, 2025</u>
Mail Machine	6/1/2022	60 Months	\$ 195	3.70%	\$ 8,030	<u>\$ 3,785</u>
Total Lease Agreements						<u>\$ 3,785</u>

The Village leases a mail machine at Village Hall for a term of five years commencing June 1, 2022 at an interest rate of 3.70%.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending May 31,	Principal	Interest
2026	\$ 2,243	\$ 102
2027	1,542	21
2028	-	-
2029	-	-
2030	-	-
	<u>\$ 3,785</u>	<u>\$ 123</u>

**D. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)**

The Village implemented Governmental Accounting Standard Board Statement Number 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2024. The Village has three software arrangements that require recognition under GASBS Number 96. The software amortization expense is included on the Statements of Revenues, Expenses, and Change in Fund Balances related to the Village's intangible assets of three software systems, which is included in capital asset balances as SBITA assets. The Village now recognizes a SBITA liability and SBITA asset for the Williamson TaxBill and Collection software and OpenGov subscription in general government support, and Rave Alert license in public safety.

The Williamson software is a two-year agreement, initiated in fiscal year 2024 with a payment of \$911 due in July 2023 and a payment of \$957 due in June 2024. The OpenGov subscription is also a two-year agreement, initiated in fiscal year 2024 with a payment of \$17,500 due annually. The Rave Alert license is for a term of 50 months at an annual payment of \$4,699. All SBITAs are calculated at a discount rate of 4.24%.

The SBITA liability at May 31, 2025 is \$8,822. The three above arrangements met the criteria of a SBITA; thus, requiring it to be recorded by the Village as a SBITA asset and a SBITA liability. The Williamson software and OpenGov will end in 2025, and the Rave Alert license will end in 2027.

A summary of the principal and interest amounts for the Village's three arrangements include the following principal and interest payments:

Total SBITA Payments to Maturity			
Year Ending May 31,	Principal	Interest	Total
2026	\$ 4,318	\$ 381	\$ 4,699
2027	4,504	195	4,699
2028	-	-	-
2029	-	-	-
2030	-	-	-
Totals	<u>\$ 8,822</u>	<u>\$ 576</u>	<u>\$ 9,398</u>

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

**E. CAPITAL ASSETS/INTANGIBLES**

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

	<u>Balance</u> <u>May 31, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>May 31, 2025</u>
Capital Assets That Are Not Depreciated:				
Land	\$ 7,042,906	\$ -	\$ -	\$ 7,042,906
Total Nondepreciable Cost	<u>7,042,906</u>	<u>-</u>	<u>-</u>	<u>7,042,906</u>
Capital Assets That Are Depreciated and Amortized:				
Land Improvements	1,167,592	8,556	-	1,176,148
Buildings and Improvements	2,476,643	-	-	2,476,643
Machinery, Equipment and Vehicles	396,054	-	(4,622)	391,432
Infrastructure	117,293	4,800	(6,750)	115,343
Intangibles	72,082	-	-	72,082
SBITA Asset	53,515	-	(1,825)	51,690
Right-of-use Asset	10,155	-	-	10,155
Total Depreciable and Amortizable Cost	<u>4,293,334</u>	<u>13,356</u>	<u>(13,197)</u>	<u>4,293,493</u>
Less:				
Accumulated Depreciation and Amortization:				
Land Improvements	(556,084)	(49,716)	-	(605,800)
Buildings and Improvements	(1,716,349)	(79,748)	-	(1,796,097)
Machinery, Equipment and Vehicles	(250,697)	(30,303)	4,158	(276,842)
Infrastructure	(81,078)	(3,898)	4,901	(80,075)
Intangibles	(31,197)	(4,810)	-	(36,007)
SBITA Asset	(21,601)	(21,601)	1,825	(41,377)
Right-of-use Asset	(4,352)	(2,176)	-	(6,528)
Total Accumulated Depreciation and Amortization	<u>(2,661,358)</u>	<u>(192,252)</u>	<u>10,884</u>	<u>(2,842,726)</u>
Net Capital Assets That Are Depreciated and Amortized	<u>1,631,976</u>	<u>(178,896)</u>	<u>(2,313)</u>	<u>1,450,767</u>
Grand Total	<u>\$ 8,674,882</u>	<u>\$ (178,896)</u>	<u>\$ (2,313)</u>	<u>\$ 8,493,673</u>

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

Depreciation and amortization expense was charged as direct expense to programs of the primary government as follows:

General Support	\$ 145,069
Public Safety	5,694
Transportation	5,201
Culture and Recreation	25,009
Home and Community	11,279
Total Depreciation/Amortization Expense - Governmental Activities	<u>\$ 192,252</u>

**F. LONG-TERM LIABILITIES**

1. The Village has the following non-current liabilities:

- Net Pension Liability – Proportionate Share – Represents the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees' past periods of service.
- Other Post-Employment Benefits (OPEB) – Represents the non-current portion of the liability to current employees and retirees.
- Length of Service Award Program (LOSAP) – Represents the actuarially calculated liability for pension benefits for the volunteer fire fighters in the service award program that the Village jointly sponsors.
- Lease Liability – Represents the discounted liability for the Village's mail machine.
- SBITA Liability – Represents the discounted liability for the Village's three SBITAs.

2. The following is a summary of long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions/ Issued</u>	<u>Amortized/ Reduction</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net Pension	\$ 214,455	\$ 25,552	\$ -	\$ 240,007	\$ -
Other Post-Employment Benefits	5,876,800	511,347	(1,182,225)	5,205,922	-
Length of Service Award Program Liability - Proportionate Share	89,967	6,498	-	96,465	-
Lease Liability	5,947	-	(2,162)	3,785	2,162
SBITA Liability	30,656	-	(21,834)	8,822	4,318
Total Long-Term Liabilities	<u>\$ 6,217,825</u>	<u>\$ 543,397</u>	<u>\$ (1,206,221)</u>	<u>\$ 5,555,001</u>	<u>\$ 6,480</u>

Additions and reductions to net pension liability and LOSAP are shown net since it is impractical to determine these amounts separately.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
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G. PENSION PLAN

Description of Plan

The Village participates in the New York State and Local Employees' Retirement System (ERS or the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2022, he was elected for a new term commencing January 1, 2023.

System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees, other than teachers, of the State and its municipalities, other than New York City.

ERS is a cost-sharing, multiple-employer, defined benefit pension plan. The System is included in the State of New York's financial report as a pension trust fund. The Public Employee's Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. In these statements, GLIP amounts are apportioned to and included in ERS.

Separately issued financial statements for the System can be accessed on the Comptroller's website at [www.osc.ny.gov/retirement/resources/financial-statements-and-supplementary-information](http://www.osc.ny.gov/retirement/resources/financial-statements-and-supplementary-information).

Employer Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2025 was approximately 15.2% of covered employee payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2025, the applicable interest rate was 5.9%.

Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

2024-25	\$	101,281
2023-24		82,813
2022-23		71,375

**INCORPORATED VILLAGE OF NORTH HILLS**  
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Member Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

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

At May 31, 2025, the Village reported a liability of \$240,007 for its proportionate share of the net pension. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At May 31, 2025, the Village's proportion was 0.0013998%, which was a decrease of 0.0000567% from its proportion measured at March 31, 2024.

For the year ended May 31, 2025, the Village recognized pension expense of \$77,925. At May 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,571	\$ 2,810
Changes of assumptions	10,065	-
Net difference between projected and actual investment earnings on pension plan investments	18,830	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,028	14,822
Total	<u>\$ 143,494</u>	<u>\$ 17,632</u>

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
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There were no amounts reported as deferred outflows of resources related to pensions resulting from the Village contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended March 31:	
2026	\$ 56,425
2027	72,962
2028	(11,513)
2029	7,988
2030	-
Thereafter	-
	\$ 125,862

Pension Plan Fiduciary Net Position

The components of the collective net pension liability of employers participating in the System as of March 31, 2025, were as follows:

	<u>Employees'</u> <u>Retirement System</u> (Dollars in Thousands)
Employers' total pension liability	\$ 247,600,239
Fiduciary net position	(230,454,512)
Employers' net pension liability	\$ 17,145,727
Ratio of fiduciary net position to the employers' total pension liability	93.08%

Actuarial Assumptions

The total pension liability at March 31, 2025 was determined by using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2024.

Economic assumptions used in the April 1, 2024 actuarial valuation include:

	<u>ERS</u>
Inflation	2.9%
Salary increases	4.3%
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost-of-living adjustments	1.5%

**INCORPORATED VILLAGE OF NORTH HILLS**  
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To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Demographic assumptions used in the April 1, 2024 actuarial valuation are based on the results of an actuarial study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate morality improvements under the Society of Actuaries' Scale MP-2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	25 %	3.54 %
International equity	14	6.57
Private equity	15	7.25
Real estate	12	4.95
Opportunistic/ARS portfolio	3	5.25
Credit	4	5.40
Real assets	4	5.55
Fixed income	22	2.00
Cash	1	0.25
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.90%.

**Discount Rate**

The discount rate used to calculate the total pension liability was 5.9%. 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**INCORPORATED VILLAGE OF NORTH HILLS**  
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Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate

The following presents the Village's proportionate share of the net pension liability (asset) calculated using the current-period discount rate of 5.9%, 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 1-percentage-point lower (4.9%) or 1-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)	\$ 694,609	\$ 240,007	\$ (139,587)

**H. OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

Plan Description

The Village administers a single-employer defined benefit healthcare plan ("the Plan") that provides medical care and prescription drug coverage to employees. The financial information for the Plan is included in this Note.

The actuarial calculation was based on eligibility and benefits as adopted by the Board of Trustees of the Village and may be amended by such Board. Elected officials are eligible upon retirement, having reached age 55 with at least 5 years of service and an employee is eligible upon retirement, having reached age 55 with at least 8 years of service. Medical and prescription benefits are continued for the lifetime of the employee and dependents on the same basis as when active. For eligible surviving spouses, the Village will generally contribute 75% of the premium. Medical benefits are payable under the New York State Health Insurance Program and are secondary to Medicare benefits once the participant is eligible for Medicare.

The Village reimburses retired participants and eligible dependents for their Medicare Part B premium.

Funding Policy

The Village's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e. pay-as-you-go). Current New York State law prohibits pre-funding retiree medical benefit obligations in a Trust.

**INCORPORATED VILLAGE OF NORTH HILLS**  
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Benefits Provided

As of May 31, 2025, the following employees were covered by the benefit terms:

Active Employees	14
Inactive employees entitled to but not yet receiving benefit payments	-
Inactive employees or beneficiaries currently receiving benefit payments	<u>13</u>
Total	<u><u>27</u></u>

Total OPEB Liability

The Village's total OPEB liability of \$5,205,922 was measured using the entry age normal, level percentage pay method as of June 1, 2024. For the year ended May 31, 2025, the Village recognized OPEB expense of \$191,821.

Actuarial Assumptions and Other Inputs

Discount Rate:	4.40% per annum (for FYE2025 Expense) 4.81% per annum (disclosures) (3.81% and 5.81% are illustrated for sensitivity)
Salary Scale:	3% per annum (for EAN)
Mortality:	PUB-2010 mortality table MP-2021 projection
Withdrawal:	Sarasson T-5 Table
Disability:	N/A

Change in the Total OPEB Liability

Balance at May 31, 2024	<u>\$ 5,876,800</u>
Changes for the year:	
Service cost	256,854
Interest	254,493
Changes of benefit terms	-
Difference between expected and actual experience	(708,719)
Changes in assumptions	(287,755)
Benefit payments	<u>(185,751)</u>
Net changes	<u>(670,878)</u>
Balance at May 31, 2025	<u><u>\$ 5,205,922</u></u>

**INCORPORATED VILLAGE OF NORTH HILLS**  
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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 (3.81%) or 1-percentage point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Discount Rate (4.81%)	1% Increase (5.81%)
Total OPEB Liability	\$ 5,803,898	\$ 5,205,922	\$ 4,704,514

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 the healthcare cost trend rates that is 1-percentage point lower (6.0% decreasing to 3.5%) or 1-percentage point higher (8.0% decreasing to 5.5%) than the healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trends Rate (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB Liability	\$ 4,693,061	\$ 5,205,922	\$ 5,818,432

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At May 31, 2025, 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
Differences between expected and actual experience	\$ -	\$ 354,359
Changes of Assumptions	-	143,877
Net difference between projected and actual earnings of OPEB plan investments	-	-
Total	\$ -	\$ 498,236

**INCORPORATED VILLAGE OF NORTH HILLS**  
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended May 31:

2026	\$ (498,236)
2027	-
2028	-
2029	-
2030	-
Total	<u><u>\$ (498,236)</u></u>

I. LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The information contained in this note is based on information for the Roslyn Volunteer Firefighter Service Award Program. LOSAP is on a calendar year basis. With regard to Governmental Accounting Standards Board Statement Number 73, the Village is considered a non-employer contributing entity in a special funding situation.

Plan Description

Ten municipalities jointly established a defined benefit Service Award Program (referred to as a "LOSAP" – Length of Service Award Program – under Section 457(e)(11) of the Internal Revenue Code) effective January 1, 1996 for the active volunteer firefighter members of the Roslyn Highlands Hook & Ladder, Engine and Hose Company, Inc. and the Rescue Hook & Ladder Company No. 1. The ten sponsoring municipalities are the Town of North Hempstead, Town of Oyster Bay, Village of Brookville, Village of East Hills, Village of Flower Hill, Village of North Hills, Village of Old Westbury, Village of Roslyn, Village of Roslyn Estates, and Village of Roslyn Harbor. 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 ten municipalities jointly sponsor the Program and, through an inter-municipal agreement, have established a Municipal Sponsoring Board to oversee the administration of the Program.

An eligible Program Participant is defined to be an active volunteer firefighter who is at least 18 years of age and has earned one year of Service Award Program Service Credit. An active volunteer firefighter earns a year of Service Credit 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 Service Credit for five years of active volunteer firefighting service rendered prior to the establishment of the Program.

**INCORPORATED VILLAGE OF NORTH HILLS**  
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Participants acquire a non-forfeitable right to be paid a Service Award after earning five years of Service Credit, becoming totally and permanently disabled, dying while an active volunteer, or upon attaining the Program's Entitlement Age while an active volunteer. The Program's Entitlement Age is 62 and is the age at which benefits begin to be paid to Participants.

Fiduciary Investment and Controls

After the end of each calendar year, each fire company prepares and certifies a list of names of all persons who were active volunteer members of the fire company during the year indicating which volunteers earned fifty points. The certified list is delivered to the Joint Sponsoring Board for the Board's review and approval. The fire companies must maintain the Point System records to verify each volunteer's points on forms provided and/or approved by the Joint Sponsoring Board.

The Joint Sponsoring Board has retained Penflex, Inc. to assist in the administration of the Program. The services provided by Penflex, Inc. are described in the agreement between Penflex, Inc. and the Joint Sponsoring Board.

Based on the certified calendar year volunteer firefighter listings, Penflex determines and certifies in writing to the Joint Sponsoring Board the amount of the Service Award to be paid to a participant or to a participant's designated beneficiary. As authorized by the Joint Sponsoring Board, Penflex then directs the paying agent to pay the Service Award. No Service Award benefit payment is made without the written certification from Penflex and written confirmation to the Joint Sponsoring Board.

Penflex bills the Joint Sponsoring Board for the services it provides. The Board authorizes payment of Penflex invoices from the LOSAP Trust Fund.

Program assets are required to be held in trust by LOSAP legislation, 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 (including Penflex fees). The Joint Sponsoring Board created a Service Award Program Trust Fund through the adoption of a Service Award Program Trust Document and the Inter-municipal Agreement, a copy of which is available from the Joint Sponsoring Board. The Joint Sponsoring Board is the Program Trustee.

Trust Assets – Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement Number 73.

Authority to invest the program assets is vested in the Program Trustee. Program assets are invested in accordance with a statutory prudent person rule and in accordance with a written investment policy statement adopted by the Joint Sponsoring Board.

The Board of Fire Commissioners had retained FCE Group as the Investment Advisor. The Trust Fund assets are held in two custodial accounts at Charles Schwab. Comerica continues as paying agent.

**INCORPORATED VILLAGE OF NORTH HILLS**  
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The Board of Fire Commissioners is required to retain an actuary to determine the amount of the Fire District's contributions to the plan. The actuarial firm retained by the Fire District for this purpose is Penflex Inc.

Benefits Provided

A Participant's Service Award benefit is paid as a ten-year certain and continuous monthly payment life annuity. The amount payable each month equals \$20 multiplied by the total number of years of Service Credit earned by the Participant. The maximum number of years of Service Credit a Participant may earn under the Program is 30 years. Currently, there are no other forms of payment of a volunteer's earned Service Award under the Program.

Except in the case of a Pre-Entitlement Age, death or total permanent disablement, a Participant's Service Award will not be paid until he or she attains Entitlement Age. Volunteers who are active after attaining the Entitlement Age and who may have commenced receiving a Service Award have the opportunity to earn Service Credit and, thereby, increase their Service Award payments. The Pre-Entitlement Age death and disability benefit is equal to the actuarial value of the Participant's earned Service Award at the time of death or disablement. If the volunteer was an active member at the time of death, the minimum Pre-Entitlement Age death benefit payable is \$10,000. 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.

At the December 31, 2024 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	48
Inactive participants entitled to but not yet receiving benefits	103
Active Participants	83
Total	234

*Contributions*

New York State General Municipal Law §219(d) requires the Village to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2024 measurement date was determined using an actuarial valuation as of December 31, 2023, with update procedures used to roll forward the total pension liability to December 31, 2024.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
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*Actuarial Assumptions*

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed
Mortality Rate:	Based on the RP-2014 Male Mortality Table without projection for mortality improvement

*Discount Rate*

The discount rate used to measure the total pension liability was 4.28%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2024. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Services, AA by Fitch, or AA by Standard & Poor's Rating Services.

Proportionate Share of Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended May 31, 2025, the Village reported a liability of \$96,465 for its proportionate share of the total pension liability, measured as of December 31, 2024. The proportionate share of total pension liability for the year ended May 31, 2024 was \$89,967, measured as of December 31, 2023. The Village's proportion of the total pension liability was based on a cost sharing agreement between the Village and the nine other sponsoring municipalities. At the December 31, 2024 measurement date, the Village's proportion was 1.5802%. At the December 31, 2023 measurement date, the Village's proportion was 1.4366%.

For the year ended May 31, 2025, the Village recognized pension expense of \$4,770.

*Components of Pension Expense*

Service cost	\$ 1,544
Interest on total pension liability	3,950
Changes of assumptions or other inputs	(650)
Differences between expected and actual experience	121
Changes in proportion	(429)
Pension plan administrative expenses	234
Total pension expense	\$ 4,770

**INCORPORATED VILLAGE OF NORTH HILLS**  
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At May 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,051	\$ 1,469
Changes of assumptions or other inputs	20,153	38,040
Changes in proportion	21,085	26,398
Benefit payments and administrative expenses subsequent to the measurement date	<u>1,589</u>	<u>-</u>
Total	<u>\$ 44,878</u>	<u>\$ 65,907</u>

Deferred outflows of resources related to pensions resulting from Village transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended May 31, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended May 31:

2026	\$ (958)
2027	(958)
2028	(958)
2029	(3,526)
2030	(5,606)
Thereafter	<u>(10,612)</u>
	<u>\$ (22,618)</u>

*Sensitivity of the Total Pension Liability to changes in the discount rate:*

The following presents the total pension liability of the Village as of the December 31, 2024 measurement date, calculated using the discount rate of 4.28%, as well as what the Village's pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.28%) or 1-percentage point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Current Rate (4.28%)	1% Increase (5.28%)
Total Pension Liability	\$ 113,004	\$ 96,465	\$ 83,267

**INCORPORATED VILLAGE OF NORTH HILLS**  
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J. FUND BALANCE

The government's fund balance classification policies and procedures are as follows:

1. For committed fund balances:
  - a. The government's highest level of decision-making authority resides with the Board of Trustees.
  - b. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is through formal resolution by the Board.
2. For assigned fund balances:
  - a. The body or official authorized to assign amounts to specific purpose is the Board of Trustees.
  - b. The policy established by the governing body pursuant to which the authorization to assign amounts to a specific purpose is given to the Board of Trustees.

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

As of May 31, 2025, the Village has made the following fund balance designations:

	General Fund	Park and Recreation Fund	Community Amenities Fund
	<u>          </u>	<u>          </u>	<u>          </u>
Restricted Fund Balance:			
Length of Service Award Program	\$ 73,846	\$ -	\$ -
Parks and Recreation	-	1,796,796	-
Community Amenities	-	-	40,542,828
Total Restricted Fund Balance	<u>\$ 73,846</u>	<u>\$ 1,796,796</u>	<u>\$ 40,542,828</u>
Assigned Fund Balance:			
Subsequent Year's Budget	\$ 623,572	\$ -	\$ -
Repairs	782,321	-	-
Capital Projects	274,578	-	-
Total Assigned Fund Balance	<u>\$ 1,680,471</u>	<u>\$ -</u>	<u>\$ -</u>

K. FIRE CONTRACTS

The Village contracts with a local fire company to provide fire protection to the residents. Typically, this is a calendar contract which may include an obligation for a proportionate share of the Service Award program. The expenditure during the fiscal year was \$55,561.

**INCORPORATED VILLAGE OF NORTH HILLS**  
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L. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts: theft of, damage to or destruction of assets, errors or omissions, injuries to employees and the public, or damage to property of others. The Village has established a risk management program through the purchase of insurance to cover potential losses related to such risks.

M. CONCENTRATIONS OF RISK

The Village maintains all cash and cash equivalents in five depositories. FDIC insurance covers all government accounts up to \$250,000 (per official custodian) for demand accounts and time and savings accounts. All deposits in excess of the FDIC limit are fully collateralized.

N. TAX ABATEMENTS

A local government will agree to reduce taxes to an individual or entity with the intent of encouraging certain behavior, such as constructing housing or retaining business. GASB Statement 77 – *Tax Abatement Disclosures*, was released in August 2015 to provide users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs.

The Village does not have any tax abatement agreements of its own, but is aware of an agreement between an entity and the Nassau County Industrial Development Agency. This agreement, dated June 24, 2015 involving construction of an office building, extends until 2035. Taxes being abated are general/school and village. Nassau County has not provided the assessment on the property and the amount of revenue foregone. The property which is presently on the tax rolls of the Village has a nominal tax bill and the Village receives \$94 payment in lieu of taxes (PILOT).

O. COMMITMENTS AND CONTINGENCIES

State and Federal Grants – The Village is a recipient of a number of State and Federal grants. These grants are administered by various agencies. These grants are subject to various compliance and financial audits by the respective agencies administering the grants, which could lead to certain disallowances. The Board believes that they have substantially complied with the rules and regulations as specified under the various grant agreements as well as rules and regulations of the respective agency for each grant.

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

Litigation – The Village is subject to litigation in the ordinary course of its affairs. Management does not believe however, that such litigation, individually or in the aggregate, is likely to have a material effect on the financial statements.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2025**

There are no other contingencies that the Village is aware of that would have a material impact on the financial statements.

P. SUBSEQUENT EVENTS

There were no events subsequent to May 31, 2025 and the date that these financial statements were available to be issued, October 1, 2025, that would have a material impact on these financial statements.

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2025**  
**(Unaudited)**

**Statement of Revenues, Expenditures and Change in Fund Balance**  
**Budget and Actual - General Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues:</b>			
Real Property Taxes	\$ 66,272	\$ 66,272	\$ 68,653
Real Property Tax Items	1,125	1,125	2,217
Non Property Tax Items	314,415	314,415	314,704
Departmental Income	45,000	45,000	45,781
Use of Money and Property	880,000	880,000	1,136,551
Licenses and Permits	376,500	376,500	830,174
Fines and Forfeitures	150,000	150,000	196,044
Miscellaneous Local Sources	4,990	4,990	10,430
State and Federal Aid	275,000	493,532	419,340
	<u>2,113,302</u>	<u>2,331,834</u>	<u>3,023,894</u>
<b>Expenditures:</b>			
General Government Support	1,456,250	1,467,912	1,218,806
Public Safety	69,200	69,700	59,045
Transportation	35,000	35,000	33,213
Culture and Recreation	28,450	28,450	27,730
Home and Community Services	144,100	149,100	119,853
Employee Benefits	860,300	1,061,670	865,636
Debt Service	-	-	25,502
	<u>2,593,300</u>	<u>2,811,832</u>	<u>2,349,785</u>
<b>Net Change in Fund Balance</b>	<u>\$ (479,998)</u>	<u>\$ (479,998)</u>	674,109
<b>Fund Balance - Beginning of Year</b>			<u>8,787,469</u>
<b>Fund Balance - End of Year</b>			<u>\$ 9,461,578</u>

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2025**  
**(Unaudited)**

**Schedule of the Local Government's Proportionate Share of the Net Pension Liability (Asset)**

**NYSLRS Pension Plan**  
**For the Fiscal Year Ended May 31, \*\***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Village's proportion of the net pension liability (asset)	0.0013998%	0.0014565%	0.0015840%	0.0016791%	0.0016495%	0.0014053%	0.0014464%	0.0013630%	0.0013794%	0.0012388%
Village's proportionate share of the net pension liability (asset)	\$ 240,007	\$ 214,455	\$ 339,674	\$ (137,258)	\$ 1,642	\$ 372,130	\$ 102,483	\$ 43,990	\$ 129,640	\$ 198,034
Village's covered payroll	\$ 842,340	\$ 831,033	\$ 805,220	\$ 770,106	\$ 742,495	\$ 749,381	\$ 762,178	\$ 651,035	\$ 621,894	\$ 633,306
Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.49%	25.81%	42.18%	(17.82%)	0.22%	49.66%	13.45%	6.76%	20.85%	31.27%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

**Notes to Schedule:**

\*\* The amounts presented for the fiscal year were determined as of the March 31, 2025 measurement date.

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2025**  
**(Unaudited)**

**Schedule of Local Government Contributions**

**NYSLRS Pension Plan**  
**For the Last Ten Fiscal Years Ended May 31,**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$101,281	\$ 82,813	\$ 71,375	\$ 92,477	\$ 91,187	\$ 91,215	\$ 86,758	\$ 86,725	\$ 96,430	\$129,794
Contributions in relation to the contractually required contribution	<u>101,281</u>	<u>82,813</u>	<u>71,375</u>	<u>92,477</u>	<u>91,187</u>	<u>91,215</u>	<u>86,758</u>	<u>86,725</u>	<u>96,430</u>	<u>129,794</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$842,340	\$831,033	\$805,220	\$770,106	\$742,495	\$749,381	\$762,178	\$651,035	\$621,894	\$633,306
Contributions as a percentage of covered-employee payroll	12.02%	9.97%	8.86%	12.01%	12.28%	12.17%	11.38%	13.32%	15.51%	20.49%

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2025**  
**(Unaudited)**

**Schedule of Changes in Total OPEB Liability and Related Ratios**

<b><u>Total OPEB Liability</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Service cost	\$ 256,854	\$ 234,802	\$ 224,648	\$ 316,005	\$ 271,583	\$ 261,520	\$ 266,416
Interest	254,493	218,796	142,963	74,813	103,249	114,684	123,702
Changes of benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(708,719)	456,992	1,518,616	47,886	88,709	(286,284)	(522,092)
Changes in assumptions	(287,755)	(99,569)	(401,464)	(1,097,971)	496,404	252,208	-
Benefits payments	(185,751)	(189,018)	(187,683)	(176,470)	(184,587)	(168,355)	(159,021)
Net change in total OPEB liability	(670,878)	622,003	1,297,080	(835,737)	775,358	173,773	(290,995)
Total OPEB liability - beginning of year	5,876,800	5,254,797	3,957,717	4,793,454	4,018,096	3,844,323	4,135,318
Total OPEB liability - end of year	<u>\$5,205,922</u>	<u>\$5,876,800</u>	<u>\$5,254,797</u>	<u>\$3,957,717</u>	<u>\$4,793,454</u>	<u>\$4,018,096</u>	<u>\$3,844,323</u>
<b><u>Plan Fiduciary Net Position</u></b>							
Contributions - employer	\$ 185,751	\$ 189,018	\$ 187,683	\$ 176,470	\$ 184,587	\$ 168,355	\$ 159,021
Net investment income	-	-	-	-	-	-	-
Benefit payments	(185,751)	(189,018)	(187,683)	(176,470)	(184,587)	(168,355)	(159,021)
Administrative expense	-	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position - beginning of year	-	-	-	-	-	-	-
Plan fiduciary net position - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's net OPEB liability - ending	<u>\$5,205,922</u>	<u>\$5,876,800</u>	<u>\$5,254,797</u>	<u>\$3,957,717</u>	<u>\$4,793,454</u>	<u>\$4,018,096</u>	<u>\$3,844,323</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 842,340	\$ 831,033	\$ 805,220	\$ 770,106	\$ 742,495	\$ 749,381	\$ 762,178
Village's net OPEB liability as a percentage of covered-employee payroll	618.03%	707.17%	652.59%	513.92%	645.59%	536.19%	504.39%
Discount Rate	4.81%	4.40%	4.24%	3.70%	1.59%	2.63%	3.05%

**Notes to Schedule:**

*Benefit changes - None*

*Assumption Changes -*

*FYE2021: RP2014 Mortality with MP2016 projection changed to RP2006 with MP2020.*

*FYE2023: RP2006 Mortality with MP2020 projection changed to PUB2010 with MP2021.*

*FYE2025: Healthcare trend rates changed from 8% decreasing to 5% over 7 years to 7% decreasing to 4.5% over 10 years.*

Additional years will be presented as they become available for a full 10-year trend.

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2025**  
**(Unaudited)**

<b>Schedule of Contributions and Assumptions</b>							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarial determined contribution	\$ 704,734	\$ 629,721	\$ 508,180	\$ 597,686	\$ 532,509	\$ 521,115	\$ 545,661
Contributions relating to the actuarially determined contribution	<u>185,751</u>	<u>189,018</u>	<u>187,683</u>	<u>176,470</u>	<u>184,587</u>	<u>168,355</u>	<u>159,021</u>
Contribution excess/(deficiency)	<u>\$ (518,983)</u>	<u>\$ (440,703)</u>	<u>\$ (320,497)</u>	<u>\$ (421,216)</u>	<u>\$ (347,922)</u>	<u>\$ (352,760)</u>	<u>\$ (386,640)</u>
Covered-employee payroll	\$ 842,340	\$ 831,033	\$ 805,220	\$ 770,106	\$ 742,495	\$ 749,381	\$ 762,178
Contributions as a percentage of covered-employee payroll	22.05%	22.74%	23.31%	22.92%	24.86%	22.47%	20.86%

**Notes to Schedule:**

Valuation date:	5/31/2025	6/1/2023	6/1/2022	6/1/2021	6/1/2020	6/1/2019	6/1/2018
Census date:	5/31/2025	5/31/2023	5/31/2023	5/31/2021	5/31/2021	5/31/2019	5/31/2019

Actuarially determined contributions are calculated as of May 31 of the fiscal year prior to which contributions are reported.

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Entry Age Normal						
Amortization method	N/A						
Amortization period	N/A						
Asset valuation method	Market						
Inflation	3.00%						
Participation rate	100%						
Healthcare cost trend rates	7.0% decrease to 4.5% ultimate						
Salary increases	3.00%						
Retirement age	All: Rates from age 55						
Mortality	PUB 2010 w/ MP2021 projection						
Investment rate of return	4.81%	4.40%	4.24%	3.70%	1.59%	2.63%	3.05%

Additional years will be presented as they become available for a full 10-year trend.

*See Notes to the Financial Statements*

**INCORPORATED VILLAGE OF NORTH HILLS**  
**Required Supplementary Information**  
**For the Year Ended May 31, 2025**  
**(Unaudited)**

**Schedule of Proportionate Share of the Total Pension Liability and Contributions**  
**for Participation in LOSAP Plan**

**Schedule of Village's Proportionate Share of the Total Pension Liability for the Roslyn Volunteer Firefighter Service Award Program**

Measurement date as of December 31,	2024	2023	2022	2021	2020	2019	2018	2017
Village's proportion of the total pension liability	1.5802%	1.4366%	1.2319%	1.8509%	1.8417%	1.8502%	1.8477%	1.7047%
Village's proportionate share of the total pension liability	\$96,465	\$89,967	\$72,987	\$150,409	\$158,279	\$124,025	\$114,302	\$110,758

**Schedule of Village's Contributions:**

Actuarially determined contribution in accordance with NYS General Municipal Law	\$ 4,770	\$ 3,701	\$ 3,385	\$ 4,622	\$ 4,939	\$ 4,895	\$ 4,884	\$ 4,045
Contribution in relation to the actuarially required contribution	4,770	3,701	3,385	4,622	4,939	4,895	4,884	4,045
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Additional years will be presented as they become available for a full 10-year trend.

**Notes to Required Supplementary Information:**

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

December 31, 2019:	3.26%
December 31, 2020:	1.93%
December 31, 2021:	2.24%
December 31, 2022:	4.31%
December 31, 2023:	4.00%
December 31, 2024:	4.28%

*Trust Assets.* There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement Number 73 to pay related benefits.

Additional years will be presented as they become available for a full 10-year trend.

*See Notes to the Financial Statements*