

FINANCIAL REPORT
AUDITED
INCORPORATED VILLAGE OF MALVERNE, NEW YORK
For the Year Ended May 31, 2025

Audited for:

Board of Trustees

INCORPORATED VILLAGE OF MALVERNE, NEW YORK

Audited By:

RBT CPAs, LLP
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Newburgh, NY 12550
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INCORPORATED VILLAGE OF MALVERNE, NEW YORK

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Incorporated Village of Malverne
99 Church Street
Malverne, New York 11565

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Incorporated Village of Malverne, New York (the "Village"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Incorporated Village of Malverne as of May 31, 2025, and the 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedules of changes in the net OPEB liability and related ratios, OPEB contributions and assumptions, proportionate share of the net pension liability and related ratios, employer contributions, changes in LOSAP liabilities and budgetary comparison information on pages 4 through 9 and 46 through 54 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Incorporated Village of Malverne's basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
November 19, 2025

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management discussion and analysis of the Incorporated Village of Malverne's financial performance has been prepared to provide an overview of the Village's financial activities for the year ended May 31, 2025. This discussion and analysis is only an introduction and should be read in conjunction with the Village's financial statements.

Requests For Information

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Village.

Financial Highlights

- At the government-wide level, the liabilities of the Incorporated Village of Malverne exceeded its assets at the close of the fiscal year by \$23,403,416.
- As of the close of the current fiscal year, the Incorporated Village of Malverne's governmental funds reported a combined ending fund balance of \$2,477,992, a decrease of \$(3,121,625) during the year ended May 31, 2025.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,540,942. The General Fund also had \$500,000 assigned for the subsequent year's budget.

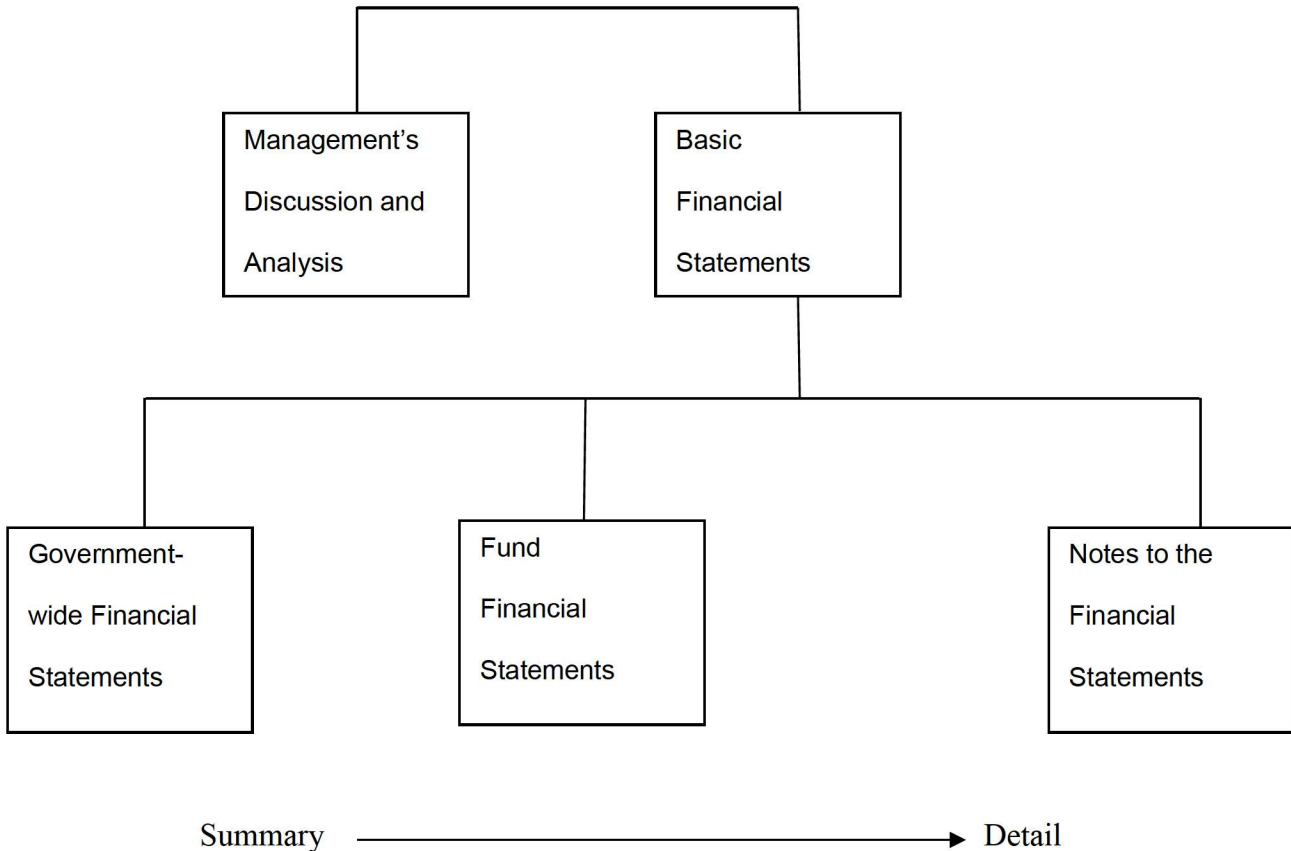
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Incorporated Village of Malverne's basic financial statements. The Village's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Village's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail to follow in this narrative. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Incorporated Village of Malverne, New York.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Required Components of the Village’s Basic Financial Statements

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Village’s financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village’s government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental and fiduciary fund statements and 2) the budgetary comparison schedules. The budgetary comparison schedules are presented as required supplementary information.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Village’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Village’s financial status as a whole.

The two government-wide statements report the Village’s net position and how it has changed. Net position is the difference between the Village’s total assets and deferred outflows and the total liabilities and deferred inflows. Measuring net position is one way to gauge the Village’s financial condition.

Governmental activities include most of the Village’s basic services such as public safety, road maintenance and administration. Property taxes, sales tax and charges for services finance most of these activities.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements

The fund financial statements provide a more detailed look at the Village's most significant activities. A fund is a group of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Incorporated Village of Malverne, like all other governmental entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as New York State General Municipal Law and Local Finance Law or the Village's budget ordinance. All of the funds of the Incorporated Village of Malverne are classified as governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Village's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Village's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

The Incorporated Village of Malverne adopts an annual budget for certain funds as required by municipal law. The budget is a legally adopted document that incorporates input from the citizens of the Village, the management of the Incorporated Village of Malverne, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedules demonstrate how well the Village complied with the budget ordinance and whether or not the Village succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedules use the budgetary basis of accounting and are presented using the same format, language and classifications as the legal budget document. The schedules show four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures.

Notes to the Financial Statements

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

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

INCORPORATED VILLAGE OF MALVERNE'S NET POSITION

	<u>2025</u>	Restated <u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
Current and Other Assets	\$ 8,876,933	\$ 11,937,974	\$ (3,061,041)	-25.64%
Capital Assets	<u>26,694,657</u>	19,135,740	7,558,917	39.50%
Total Assets	<u>35,571,590</u>	31,073,714	4,497,876	14.47%
Deferred Outflows of Resources	<u>6,376,873</u>	7,842,907	(1,466,034)	-18.69%
Current Liabilities	<u>8,836,046</u>	7,939,185	896,861	11.30%
Long-Term Liabilities	<u>45,612,527</u>	47,678,345	(2,065,818)	-4.33%
Total Liabilities	<u>54,448,573</u>	55,617,530	(1,168,957)	-2.10%
Deferred Inflows of Resources	<u>10,903,306</u>	13,242,167	(2,338,861)	-17.66%
Net Position:				
Net Investment in Capital Assets	<u>16,389,007</u>	8,231,076	8,157,931	99.11%
Restricted	<u>3,926,144</u>	2,311,667	1,614,477	69.84%
Unrestricted	<u>(43,718,567)</u>	(40,485,819)	(3,232,748)	-7.98%
Total Net Position	<u>\$ (23,403,416)</u>	\$ (29,943,076)	\$ 6,539,660	21.84%

Current Assets decreased by \$3,061,041 due to decreases in restricted cash and cash and cash equivalents. Capital assets increased by \$7,558,917 due to increases in construction in progress during 2025. Current Liabilities increased by \$896,861 due to an increase in accounts payable and amounts due to retirement systems. Long-Term Liabilities decreased by \$2,065,818 primarily due to a decrease in the Village's OPEB liability and payments made on long-term debt.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

INCORORATED VILLAGE OF MALVERNE'S CHANGES IN NET POSITION

	2025	%	Restated 2024	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,633,952	6.56%	\$ 1,554,707	8.05%	\$ 79,245	5.10%
Operating and Capital Grants	5,785,344	23.22%	927,701	4.80%	4,857,643	523.62%
General Revenues:						
Real Property Taxes	15,675,344	62.92%	15,359,443	79.49%	315,901	2.06%
Real Property Tax Items	72,639	0.29%	52,696	0.27%	19,943	37.85%
Non Property Taxes	372,011	1.49%	358,644	1.86%	13,367	3.73%
Tax Revenue Sharing	234,333	0.94%	216,165	1.12%	18,168	8.40%
Use of Money and Property	574,456	2.31%	658,390	3.41%	(83,934)	-12.75%
Sale of Property and Compensation for Loss	146,283	0.59%	174,381	0.90%	(28,098)	-16.11%
Miscellaneous	419,223	1.68%	20,169	0.10%	399,054	1978.55%
Total Revenues	24,913,585	100.00%	19,322,296	100.00%	5,591,289	28.94%
Expenses:						
General Government	2,865,528	15.60%	3,439,375	16.36%	(573,847)	-16.68%
Public Safety	9,635,257	52.44%	11,100,282	52.79%	(1,465,025)	-13.20%
Public Health	5,553	0.03%	2,969	0.01%	2,584	87.03%
Transportation	2,015,875	10.97%	1,870,139	8.89%	145,736	7.79%
Economic Assistance and Development	72,853	0.40%	1,493	0.01%	71,360	4779.64%
Culture and Recreation	1,101,686	6.00%	1,214,172	5.77%	(112,486)	-9.26%
Home and Community Services	2,316,501	12.60%	3,124,882	14.86%	(808,381)	-25.87%
Interest on Debt	360,672	1.96%	274,482	1.31%	86,190	31.40%
Total Expenses	18,373,925	100.00%	21,027,794	100.00%	(2,653,869)	-12.62%
Increase/(Decrease) in Net Position	\$ 6,539,660		\$ (1,705,498)			

Operating and Capital Grants increased by about \$4,857,643 primarily due to State aid received. Public Safety expense decreased by about \$1,465,025 mostly due to the increase in employee benefits in the prior year related to changes in compensated absences.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Incorporated Village of Malverne Funds

As noted earlier, the Incorporated Village of Malverne uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Incorporated Village of Malverne's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing the Incorporated Village of Malverne's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Incorporated Village of Malverne. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,540,942. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 12 percent of total General Fund expenditures.

At May 31, 2025, the governmental funds of the Incorporated Village of Malverne reported a combined fund balance of \$2,477,992, a 56 percent decrease over the prior year restated fund balance.

General Fund Budgetary Highlights: During the year, the Village revised the General Fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: The Village's investment in capital assets for its governmental activities as of May 31, 2025, totaled \$26,694,657 (net of accumulated depreciation). These assets include land, buildings, improvements, construction in progress, machinery and equipment, and roads and infrastructure.

Debt: As of May 31, 2025, the Village had total debt outstanding of \$9,905,199. The debt is backed by the full faith and credit of the Village. The Village's total debt decreased by \$1,419,801 during the 2024-2025 fiscal year.

For more detailed information on capital assets and long-term debt, see the notes to the basic financial statements.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2025

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 6,235,154
Restricted Cash	102,153
Accounts Receivable	58,106
Due from Other Governments	15,676
Prepaid Expenses	263,393
LOSAP Assets (Note VII)	2,185,128
Inventory	17,323
Total Current Assets	<u>8,876,933</u>
Capital Assets, Not Being Depreciated	5,932,448
Capital Assets, Being Depreciated - Net	<u>20,762,209</u>
Total Capital Assets, Net (Note V)	<u>26,694,657</u>
Total Assets	<u>35,571,590</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note VI)	3,985,787
LOSAP (Note VII)	1,421,294
Other Postemployment Benefits (Note VIII)	969,792
Total Deferred Outflows of Resources	<u>6,376,873</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>41,948,463</u>

See accompanying notes to basic financial statements.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
STATEMENT OF NET POSITION
MAY 31, 2025

	<u>Governmental Activities</u>
LIABILITIES	
Accounts Payable	975,920
Retainage Payable	400,451
Accrued Liabilities	340,943
Unearned Revenue	29,469
Due to Retirement Systems	355,753
BANs Payable (Note IX)	4,355,000
Noncurrent Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Note X)	520,000
Installment Purchase Obligations (Note X)	24,773
Compensated Absences (Note X)	617,429
Other Post Employment Benefits (Note VII)	1,216,308
Due and Payable More Than One Year:	
Bonds Payable (Note X)	4,925,000
Installment Purchase Obligations (Note X)	80,426
Compensated Absences (Note X)	5,556,863
ERS Net Pension Liability - Proportionate Share (Note VI)	1,600,459
PFRS Net Pension Liability - Proportionate Share (Note VI)	4,618,362
LOSAP Liability (Note VII)	3,197,092
Other Post Employment Benefits (Note VIII)	25,634,325
Total Liabilities	<u>54,448,573</u>
DEFERRED INFLOWS OF RESOURCES	
Pension (Note VI)	308,957
LOSAP (Note VII)	1,458,903
Other Postemployment Benefits (Note VIII)	9,135,446
Total Deferred Inflows of Resources	<u>10,903,306</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>65,351,879</u>
NET POSITION	
Net Investment in Capital Assets	16,389,007
Restricted	3,926,144
Unrestricted	(43,718,567)
TOTAL NET POSITION	<u>\$ (23,403,416)</u>

See accompanying notes to basic financial statements.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	\$ (2,865,528)	\$ 9,900	\$ -	\$ -	\$ (2,855,628)
Public Safety	(9,635,257)	1,417,809	3,222	222,041	(7,992,185)
Public Health	(5,553)	-	-	-	(5,553)
Transportation	(2,015,875)	-	377,840	5,173,132	3,535,097
Economic Assistance and Development	(72,853)	-	-	-	(72,853)
Culture and Recreation	(1,101,686)	47,686	2,794	6,315	(1,044,891)
Home and Community Services	(2,316,501)	158,557	-	-	(2,157,944)
Interest on Debt	(360,672)	-	-	-	(360,672)
Total Governmental Activities	\$ (18,373,925)	\$ 1,633,952	\$ 383,856	\$ 5,401,488	(10,954,629)
General Revenues:					
Real Property Taxes					15,675,344
Real Property Tax Items					72,639
Non Property Tax Items					372,011
Tax Revenue Sharing					234,333
Use of Money and Property					574,456
Sale of Property and Compensation for Loss					146,283
Miscellaneous					419,223
Total General Revenues					<u>17,494,289</u>
Change in Net Position					<u>6,539,660</u>
Net Position - Beginning					(27,892,330)
Prior Period Adjustments (Note XIII)					866,778
Cumulative Effect Adjustment (Note XIII)					<u>(2,917,524)</u>
Net Position - Beginning, as Adjusted					<u>(29,943,076)</u>
Net Position - Ending					<u>\$ (23,403,416)</u>

See accompanying notes to basic financial statements.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
MAY 31, 2025

	General Fund	Capital Projects Fund	Public Library Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 4,315,634	\$ 1,780,554	\$ 138,966	\$ 6,235,154
Restricted Cash	102,153	-	-	102,153
Receivables	58,106	-	-	58,106
Due from Other Governments	15,676	-	-	15,676
Due from Other Funds (Note IV)	530,490	130,711	-	661,201
Prepaid Expenses	263,393	-	-	263,393
LOSAP Assets (Note VII)	2,185,128	-	-	2,185,128
Inventory	17,323	-	-	17,323
Total Assets	\$ 7,487,903	\$ 1,911,265	\$ 138,966	\$ 9,538,134
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 232,775	\$ 743,145	\$ -	\$ 975,920
Retainage Payable	-	400,451	-	400,451
Accrued Liabilities	201,753	70,310	10,285	282,348
Unearned Revenue	29,469	-	-	29,469
Due to Other Funds (Note IV)	130,711	530,490	-	661,201
Due to Retirement Systems	347,846	-	7,907	355,753
BANs Payable (Note IX)	-	4,355,000	-	4,355,000
Total Liabilities	942,554	6,099,396	18,192	7,060,142
Fund Balances:				
Nonspendable	280,716	-	-	280,716
Fund Balance - Restricted				
Reserves	3,223,691	702,453	-	3,926,144
Fund Balance - Assigned				
Assigned for Subsequent Year's Budget	500,000	-	53,600	553,600
Assigned for Fund Purposes	-	-	67,174	67,174
Fund Balance - Unassigned	2,540,942	(4,890,584)	-	(2,349,642)
Total Fund Balances	6,545,349	(4,188,131)	120,774	2,477,992
Total Liabilities and Fund Balances	\$ 7,487,903	\$ 1,911,265	\$ 138,966	\$ 9,538,134

See accompanying notes to basic financial statements.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2025

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 6,235,154	\$ -	\$ -	\$ 6,235,154
Restricted Cash	102,153	-	-	102,153
Accounts Receivable	58,106	-	-	58,106
Due from Other Governments	15,676	-	-	15,676
Due from Other Funds	661,201	-	(661,201)	-
Prepaid Expenses	263,393	-	-	263,393
LOSAP Assets	2,185,128	-	-	2,185,128
Inventory	17,323	-	-	17,323
Deferred Outflows of Resources - Pension	-	3,985,787	-	3,985,787
Deferred Outflows of Resources - LOSAP	-	1,421,294	-	1,421,294
Deferred Outflows of Resources - OPEB	-	969,792	-	969,792
Capital Assets, Net	-	26,694,657	-	26,694,657
Total Assets and Deferred Outflows of Resources	\$ 9,538,134	\$ 33,071,530	\$ (661,201)	\$ 41,948,463
LIABILITIES				
Accounts Payable	\$ 975,920	\$ -	\$ -	\$ 975,920
Retainage Payable	400,451	-	-	400,451
Accrued Liabilities	282,348	58,595	-	340,943
Unearned Revenue	29,469	-	-	29,469
Due to Other Funds	661,201	-	(661,201)	-
Due to Retirement Systems	355,753	-	-	355,753
BANs Payable	4,355,000	-	-	4,355,000
Bonds Payable	-	5,445,000	-	5,445,000
Installment Purchase Obligations	-	105,199	-	105,199
Compensated Absences Payable	-	6,174,292	-	6,174,292
ERS Net Pension Liability - Proportionate Share	-	1,600,459	-	1,600,459
PFRS Net Pension Liability - Proportionate Share	-	4,618,362	-	4,618,362
LOSAP Liability	-	3,197,092	-	3,197,092
Other Postemployment Benefits	-	26,850,633	-	26,850,633
Deferred Inflows of Resources - Pension	-	308,957	-	308,957
Deferred Inflows of Resources - LOSAP	-	1,458,903	-	1,458,903
Deferred Inflows of Resources - OPEB	-	9,135,446	-	9,135,446
Total Liabilities and Deferred Inflows of Resources	7,060,142	58,952,938	(661,201)	65,351,879
Total Fund Balances/Net Position	2,477,992	(25,881,408)	-	(23,403,416)
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	\$ 9,538,134	\$ 33,071,530	\$ (661,201)	\$ 41,948,463

See accompanying notes to basic financial statements.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
MAY 31, 2025

	General Fund	Capital Projects Fund	Public Library Fund	Total Governmental Funds
Revenues:				
Real Property Taxes	\$ 15,675,344	\$ -	\$ -	\$ 15,675,344
Real Property Tax Items	72,639	-	-	72,639
Non Property Tax Items	394,593	-	-	394,593
Departmental Income	317,310	-	12,564	329,874
Intergovernmental/Grant Income	520,630	-	85,700	606,330
Use of Money and Property	498,835	68,499	7,122	574,456
Licenses and Permits	235,679	-	-	235,679
Fines and Forfeitures	459,049	-	3,020	462,069
Sale of Property and Compensation for Loss	157,729	-	-	157,729
Miscellaneous	126,362	259,376	2,995	388,733
State and Federal Aid	268,791	5,725,510	2,794	5,997,095
Total Revenues	18,726,961	6,053,385	114,195	24,894,541
Expenditures:				
General Government	2,231,335	-	-	2,231,335
Public Safety	5,983,332	33,502	-	6,016,834
Public Health	1,751	-	-	1,751
Transportation	1,061,977	19,661	-	1,081,638
Economic Assistance and Development	601	-	-	601
Culture and Recreation	265,844	-	580,608	846,452
Home and Community Services	1,788,383	-	-	1,788,383
Employee Benefits	6,105,839	-	193,975	6,299,814
Capital Outlay	48,926	8,564,279	-	8,613,205
Debt Service	1,440,662	-	-	1,440,662
Total Expenditures	18,928,650	8,617,442	774,583	28,320,675
Excess/(Deficiency) of Revenues Over Expenditures	(201,689)	(2,564,057)	(660,388)	(3,426,134)
Other Financing Sources/(Uses):				
BANs Redeemed from Appropriations	-	145,000	-	145,000
Proceeds from Obligations	-	129,019	-	129,019
Premium on Obligations	-	30,490	-	30,490
Operating Transfers In	65,679	336,069	680,000	1,081,748
Operating Transfers Out	(1,016,069)	(65,679)	-	(1,081,748)
Total Financing Sources/(Uses)	(950,390)	574,899	680,000	304,509
Change in Fund Balances	(1,152,079)	(1,989,158)	19,612	(3,121,625)
Fund Balances - Beginning	7,766,127	2,301,027	108,130	10,175,284
Prior Period Adjustment (Note XIII)	(68,699)	(4,500,000)	(6,968)	(4,575,667)
Fund Balances - Beginning, Restated	7,697,428	(2,198,973)	101,162	5,599,617
Fund Balances - Ending	\$ 6,545,349	\$ (4,188,131)	\$ 120,774	\$ 2,477,992

See accompanying notes to basic financial statements.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Related Items	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Net Position Totals
Revenues:						
Real Property Taxes	\$ 15,675,344	\$ -	\$ -	\$ -	\$ -	\$ 15,675,344
Real Property Tax Items	72,639	-	-	-	-	72,639
Non Property Tax Items	394,593	-	-	-	-	394,593
Departmental Income	329,874	-	-	-	-	329,874
Intergovernmental/Grant Income	606,330	-	-	-	-	606,330
Use of Money and Property	574,456	-	-	-	-	574,456
Licenses and Permits	235,679	-	-	-	-	235,679
Fines and Forfeitures	462,069	-	-	-	-	462,069
Sale of Property and Compensation for Loss	157,729	-	(11,446)	-	-	146,283
Miscellaneous	388,733	-	-	-	-	388,733
State and Federal Aid	5,997,095	-	-	-	-	5,997,095
Total Revenues	24,894,541	-	(11,446)	-	-	24,883,095
Expenditures:						
General Government	2,231,335	-	91,459	-	542,734	2,865,528
Public Safety	6,016,834	-	332,862	-	3,285,561	9,635,257
Public Health	1,751	-	3,802	-	-	5,553
Transportation	1,081,638	-	502,405	-	431,832	2,015,875
Economic Assistance and Development	601	-	72,252	-	-	72,853
Culture and Recreation	846,452	-	40,062	-	215,172	1,101,686
Home and Community Services	1,788,383	-	-	-	528,118	2,316,501
Employee Benefits	6,299,814	(1,296,397)	-	-	(5,003,417)	-
Capital Outlay	8,613,205	-	(8,613,205)	-	-	-
Debt Service	1,440,662	(31,170)	-	(1,048,820)	-	360,672
Total Expenditures/Expenses	28,320,675	(1,327,567)	(7,570,363)	(1,048,820)	-	18,373,925
Excess/(Deficiency) of Revenues Over Expenditures/Expenses	(3,426,134)	1,327,567	7,558,917	1,048,820	-	6,509,170
Other Financing Sources/(Uses):						
BANs Redeemed from Appropriations	145,000	-	-	(145,000)	-	-
Proceeds from Obligations	129,019	-	-	(129,019)	-	-
Premium on Obligations	30,490	-	-	-	-	30,490
Operating Transfers In	1,081,748	-	-	-	(1,081,748)	-
Operating Transfers Out	(1,081,748)	-	-	-	1,081,748	-
Total Financing Sources/(Uses)	304,509	-	-	(274,019)	-	30,490
Change in Fund Balances/Net Position	\$ (3,121,625)	\$ 1,327,567	\$ 7,558,917	\$ 774,801	\$ -	\$ 6,539,660

See accompanying notes to basic financial statements.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Incorporated Village of Malverne (the “Village”), incorporated in 1912, is governed by the Code of the Incorporated Village of Malverne and other general laws of the State of New York (the “State”) and various local laws. The Village Board of Trustees is the legislative body responsible for overall operations; the Village Mayor serves as chief executive officer and the Treasurer serves as the chief fiscal officer.

The accounting policies of the Village conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The notes to the financial statements are an integral part of the statements and are intended to be read with them. As of May 31, 2025, the Village had determined that the Malverne Public Library is a component unit of the Incorporated Village of Malverne, based on criteria established by the Governmental Accounting Standards Board (“GASB”). GASB is the accepted standard setting board for establishing governmental accounting and financial reporting principles.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenue.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenses generally are recorded when a liability is incurred, as under accrual accounting.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The principal source of financing is from other funds, federal and state grants, the sale of bonds or bond anticipation notes.

The *Public Library Fund* is used to record operation and maintenance transactions related to the Malverne Public Library.

D. Pervasiveness of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

E. Budgetary Data

The Village's budget policies are as follows:

1. No later than March 20th, the budget officer submits a tentative budget to the Village Board for the year commencing the following June 1. The tentative budget includes proposed expenditures and estimated revenue as the means of financing for all funds except the capital projects fund.
 - a. After public hearings are conducted to obtain taxpayers' comments, the governing body adopts the budget no later than April 15th.
 - b. All modifications of the budget must be approved by the Village Board; however, the Village Treasurer or Mayor is authorized to transfer certain budgeted amounts within the departments.
2. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in all funds. Encumbrances are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Property Taxes

Village real property taxes are levied annually on June 1 and become a lien on that date. Taxes are collected during the period June 1 to October 31. The Village collects all real estate taxes for its purposes. The Village is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

G. Cash and Investments

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

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

The 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 or New York State. Underlying securities must have market value of at least the cost of the repurchase agreement.

H. Accounts Receivable

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

I. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note IV for a schedule detailing the inter-fund balances.

J. Inventories and Prepaid Items

Purchases of inventoriable items are recorded as expenditures in the Governmental Funds at the time of purchase. Inventory-type items are considered immaterial and, consequently, are not provided in the Government-wide statements.

Prepaid items represent payments made by the Village for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Capital Assets

Capital assets are reported at historical cost. The Village depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 2,000	20 years
Buildings and Building Improvements	2,000	40 years
Machinery and Equipment	2,000	2 - 20 years

L. Infrastructure

The Village includes long-lived improvements to roads, water and sewer systems as infrastructure capital assets in the Government-wide statements. Infrastructure is reported at historical cost and is depreciated using the straight-line method over the estimated useful lives.

Capitalization thresholds and estimated useful lives for infrastructure are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Road Systems	\$ 2,000	50 years
Sidewalks	2,000	50 years

M. Vested Employee Benefits

Village employees are granted vacation, sick and personal leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee may be entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations. A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading "Compensated Absences." See Note X.

The Village's employees participate in the New York State Employees' Retirement System and New York State Police and Fire Retirement System. See Note VI.

In addition to providing pension benefits, the Village provides health insurance coverage for retired employees. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the Incorporated Village of Malverne. The Village recognizes the cost of providing benefits by recording its share of insurance premiums as a governmental fund expenditure in the year paid.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

N. Unemployment Insurance

Village employees are covered by unemployment insurance. The Village has chosen to discharge its liability to the New York State Unemployment Insurance Fund by means of the benefit reimbursement method. This is a dollar-for-dollar reimbursement to the Unemployment Insurance Fund for the benefits paid to former employees and charged to the Village's account. The Village is exempt from federal unemployment insurance tax.

O. Deferred Compensation

The Village, through the New York State Deferred Compensation Board, offers their employees a Deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all eligible participants, permits participants to defer a portion of their salary (up to the IRS limits) until future years. Amounts deferred under the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. The Village does not contribute to the Plan.

P. Risk Retention

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.

Q. Net Position and Fund Balance Classification

1. Government-wide Statements

Net position is displayed in three components:

- Net Investment in Capital Assets

Consists of capital assets, including restricted capital assets, net of accumulated depreciation 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.

- Restricted Net Position

Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted Net Position

Any remaining net position that does not meet the definition of "restricted" or "net investment in capital assets."

2. Fund Financial Statements

The following is a brief description of the five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds:

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Q. Net Position and Fund Balance - continued

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

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.

Various New York State statutes allow local governments to establish reserve funds for various purposes. Since the State regulates the establishment, funding and use of these reserves, the Village has classified the following reserve and restricted funds as restricted fund balances:

The General Fund includes reserve funds established for retiree benefits. The balance at May 31, 2025 was \$10,000.

The General Fund includes reserve funds established for police termination leave. The balance at May 31, 2025 was \$819,152.

The General Fund includes reserve funds established for capital improvements. The balance at May 31, 2025 was \$14,969.

The General Fund includes reserve funds established for repairs to Village buildings. The balance at May 31, 2025 was \$88,011.

The General Fund includes restricted funds for unspent bond proceeds. The balance at May 31, 2025 was \$10,276.

The General Fund includes restricted funds for scholarships. The balance at May 31, 2025 was \$16,582.

The General Fund includes restricted funds for cable grants. The balance at May 31, 2025 was \$79,573.

The General Fund includes restricted funds for LOSAP. The balance at May 31, 2025 was \$2,185,128.

The Capital Projects Fund includes restricted funds for unspent Bond and BAN proceeds for roads. The balance at May 31, 2025 was \$502,333.

The Capital Projects Fund includes restricted funds for vehicles and building repair donations. The balance at May 31, 2025 was \$200,120.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision making authority (the Village Board) before the end of the fiscal year. The same level of formal action is required to remove the constraint.

Assigned:

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.

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this should only be used to report a deficit balance.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

R. Interfund Transfers

The operations of the Village give rise to certain transactions between funds, including transfers to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds for inter-fund transfers have been eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided in Note IV.

S. Leases

a. Lessee

The Village implemented GASB 87 and has elected not to capitalize lease assets or liabilities for immaterial leases. The Village will continue to account for immaterial lease arrangements under extant standards.

T. Subsequent Events

The date to which events occurring after May 31, 2025, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is November 19, 2025, which is the date on which the financial statements were available to be issued.

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the Village's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

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

Original Cost of Capital Assets	\$ 66,542,894
Accumulated Depreciation	<u>(39,848,237)</u>
Capital Assets, Net	<u><u>\$ 26,694,657</u></u>

- (2) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Interest Payable at May 31, 2025	<u><u>\$ 58,595</u></u>
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**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

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

- (3) Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Bonds Payable	\$ 5,445,000
Installment Purchase Obligations	105,199
ERS and PFRS Pension Liability - Proportionate Share	6,218,821
Compensated Absences Payable	6,174,292
LOSAP	3,197,092
Other Postemployment Benefits	26,850,633
	<u>\$ 47,991,037</u>

- (4) Deferred Outflows and Inflows related to pension and OPEB are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

Deferred Outflows of Resources	<u>\$ 6,376,873</u>
Deferred Inflows of Resources	<u>\$ 10,903,306</u>

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities:

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories.

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
- Capital asset related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, whereas interest payments are recorded in the Statement of Activities as incurred and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total Revenues reported in governmental funds	\$ 24,894,541
Sale of Capital Assets	(11,446)
Total Revenues reported in the Statement of Activities	<u>\$ 24,883,095</u>

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND GOVERNMENT-WIDE STATEMENTS - CONTINUED**

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities –
Continued

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$ 28,320,675
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences decreased during the year.	(277,618)
In the Statement of Activities, the expenses for other postemployment benefits are measured based on the changes in the actuarially determined OPEB liability and related deferred inflows of resources of the Village. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which the changes in the OPEB liability and related deferred inflows of resources was less than the amount of financial resources used during the year.	(733,014)
In the Statement of Activities, pension expense related to ERS and PFRS defined benefit plans is measured as the change in the Village's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds, however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was less than the amount of financial resources expended during the year.	(304,023)
The Length of Service Award Program ("LOSAP") liability and related deferred outflows/inflows of resources are not reported in the governmental funds. This liability and the corresponding deferred amounts are reported in the Statement of Net Position as a noncurrent liability and deferred inflows/outflows of resources and the change in these balances is reported as an expense in the Statement of Activities. This is the amount by which LOSAP expense was more than the amount of financial resources expended during the year.	18,258
Interest payable is recognized in the entity wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year was less than the interest payable for the prior year.	(31,170)
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$1,042,842 was less than capital acquisitions of \$8,613,205.	(7,570,363)
Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	<u>(1,048,820)</u>
Total expenditures reported in the Statement of Activities	<u>\$ 18,373,925</u>

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

III. CASH

At May 31, 2025, the carrying amount of the Village’s deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$6,336,607 and the bank balance was \$6,424,683. The Village’s deposits at May 31, 2025, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Village’s agent bank in the Village’s name. Petty Cash is included in Cash and Cash Equivalents and totaled \$700 at year end.

IV. INTERFUND ACTIVITY

Interfund receivables and payables at May 31, 2025 were as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 530,490	\$ 130,711
Capital Projects	130,711	530,490
TOTAL	<u>\$ 661,201</u>	<u>\$ 661,201</u>

Interfund transfers for the year ended May 31, 2025 were as follows:

<u>Funds</u>	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
General	\$ 65,679	\$ 1,016,069
Capital Projects	336,069	65,679
Public Library	680,000	-
TOTAL	<u>\$ 1,081,748</u>	<u>\$ 1,081,748</u>

Interfund transfers were made for the following purposes:

- To fund capital projects
- To transfer funds for in-kind labor
- To transfer BAN premium

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

V. CAPITAL ASSETS

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

	Restated Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 162,033	\$ -	\$ -	\$ -	\$ 162,033
Construction in Progress	5,820,371	7,785,523	-	(7,835,479)	5,770,415
Total capital assets, not being depreciated	<u>5,982,404</u>	<u>7,785,523</u>	<u>-</u>	<u>(7,835,479)</u>	<u>5,932,448</u>
Capital assets, being depreciated:					
Land Improvements	1,650,421	-	-	-	1,650,421
Buildings and Improvements	8,547,868	-	-	7,542,961	16,090,829
Machinery and Equipment	14,470,581	827,682	(219,892)	-	15,078,371
Infrastructure	27,498,307	-	-	292,518	27,790,825
Total capital assets being depreciated	<u>52,167,177</u>	<u>827,682</u>	<u>(219,892)</u>	<u>7,835,479</u>	<u>60,610,446</u>
Accumulated depreciation for:					
Land Improvements	(1,547,463)	(59,505)	-	-	(1,606,968)
Buildings and Improvements	(4,953,289)	(282,894)	-	-	(5,236,183)
Machinery and Equipment	(11,502,676)	(443,210)	208,446	-	(11,737,440)
Infrastructure	(21,010,413)	(257,233)	-	-	(21,267,646)
Total accumulated depreciation	<u>(39,013,841)</u>	<u>(1,042,842)</u>	<u>208,446</u>	<u>-</u>	<u>(39,848,237)</u>
Total capital assets, being depreciated, net	<u>13,153,336</u>	<u>(215,160)</u>	<u>(11,446)</u>	<u>7,835,479</u>	<u>20,762,209</u>
Governmental activities capital assets, net	<u>\$ 19,135,740</u>	<u>\$ 7,570,363</u>	<u>\$ (11,446)</u>	<u>\$ -</u>	<u>\$26,694,657</u>

Depreciation expense was charged to functions/programs of the Village as follows:

Governmental Activities:	
General Government	\$ 91,459
Public Safety	332,862
Public Health	3,802
Transportation	502,405
Culture and Recreation	72,252
Home and Community Services	40,062
Total Depreciation Expense	<u>\$ 1,042,842</u>

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. PENSION PLANS

Plan Description

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

Funding Policy

The Systems are noncontributory except for Tier III, IV, V and VI employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier III or IV member with ten or more years of membership, or ten years credited service, is not required to contribute to the Retirement System. Tier V and VI members must continue to contribute throughout their employment.

The Incorporated Village of Malverne is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	Village ERS	PFRS	Library ERS
2025	\$ 508,971	\$ 1,326,960	\$ 41,810
2024	\$ 378,871	\$ 1,094,100	\$ 33,575
2023	\$ 347,603	\$ 1,008,386	\$ 23,933

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

At May 31, 2025, the Village reported liabilities of \$1,507,094, \$4,618,362, and \$93,365 for its proportionate share of the net pension liability for Village ERS, PFRS, and Library ERS, respectively. The net pension liability was measured as of March 31, 2025 for ERS and PFRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Village’s proportion of the net pension liability was based on a projection of the Village’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, as actuarially determined. This information was provided by the ERS and PFRS Systems in reports provided to the Village.

At March 31, 2025, the Village’s proportion of the Village ERS net pension liability was 0.0087899%. At March 31, 2024, the Village’s proportion of the ERS net pension liability was 0.0087643%.

At March 31, 2025, the Village’s proportion of the NYPFRS net pension liability was 0.0759992%. At March 31, 2024, the Village’s proportion of the NYPFRS net pension liability was 0.0812203%.

At March 31, 2025, the Village’s proportion of the Library ERS net pension liability was 0.0005445%. At March 31, 2024, the Village’s proportion of the ERS net pension liability was 0.0007331%.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS – CONTINUED

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

For the year ended May 31, 2025, the Village recognized pension expense of \$359,503 for Village ERS, \$1,229,864 for PFRS, and \$34,373 for Library ERS. At May 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources			
	Village ERS	PFRS	Library ERS	Total
Differences between expected and actual experience	\$ 374,071	\$ 1,538,315	\$ 23,174	\$ 1,935,560
Changes of assumptions	63,205	693,500	3,916	760,621
Net difference between projected and actual earnings on pension plan investments	118,242	177,515	7,325	303,082
Changes in proportion and difference between the Village's contributions and proportionate share of contributions	140,225	451,905	38,641	630,771
Village's contributions subsequent to the measurement date	88,795	259,051	7,907	355,753
Total	\$ 784,538	\$ 3,120,286	\$ 80,963	\$ 3,985,787

	Deferred Inflows of Resources			
	Village ERS	PFRS	Library ERS	Total
Differences between expected and actual experience	\$ 17,645	\$ -	\$ 1,093	\$ 18,738
Changes in proportion and difference between the Village's contributions and proportionate share of contributions	43,119	228,982	18,118	290,219
Total	\$ 60,764	\$ 228,982	\$ 19,211	\$ 308,957

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS – CONTINUED

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

Village contributions subsequent to the measurement date will be recognized as a reduction of the net 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:	Village		Library	
	ERS	PFRS	ERS	
2026	\$ 302,820	\$ 1,268,069	\$ 28,055	
2027	405,749	775,421	30,345	
2028	(107,516)	98,310	(4,145)	
2029	33,926	330,454	(410)	
2030	-	159,999	-	
	<u>\$ 634,979</u>	<u>\$ 2,632,253</u>	<u>\$ 53,845</u>	

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement Date	March 31, 2025	March 31, 2025
Investment Rate of Return	5.9% compounded annually net of investment expense	5.9% compounded annually net of investment expense
Projected Salary Increases	4.30%	6.00%
Cost of Living Adjustments	1.5% Annually	1.5% Annually
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.9%	2.9%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

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

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

VI. PENSION PLANS – CONTINUED

Actuarial Assumptions - Continued

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for both retirement systems are summarized below:

Measurement Date	ERS and PFRS	
	March 31, 2025	
	Target	Long-term
	allocation	expected
		real rate of return
Asset Class:		
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%
Total	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 5.9% for PFRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Village's proportionate share of the ERS and PFRS net pension liability calculated using the discount rates referred to above, as well as what the Village's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate referred to above

	1%	Current	1%
	Decrease	Assumption	Increase
Village ERS	4.9%	5.9%	6.9%
Village's Proportionate Share of the Net Pension (Asset)/Liability	\$ 4,361,719	\$ 1,507,094	\$ (876,520)
PFRS	4.9%	5.9%	6.9%
Village's Proportionate Share of the Net Pension (Asset)/Liability	\$ 9,738,013	\$ 4,618,362	\$ 392,827

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. PENSION PLANS – CONTINUED

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

Library ERS	1% Decrease 4.9%	Current Assumption 5.9%	1% Increase 6.9%
Village's Proportionate Share of the Net Pension (Asset)/Liability	\$ 270,211	\$ 93,365	\$ (54,301)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2024, were as follows:

Measurement Date	(Dollars in thousands)	
	ERS March 31, 2025	PFRS March 31, 2025
Employers' total pension liability	\$ 247,600,239	\$ 48,718,477
Plan net position	230,454,512	42,641,620
Employers' net pension liability	<u>\$ 17,145,727</u>	<u>\$ 6,076,857</u>
Ratio of plan net position to the employers' total pension liability	93.08%	87.53%

Payables to the Pension Plan

For Village ERS, employer contributions for the year ended March 31, 2025 were paid to the System in December 2024. Accrued retirement contributions as of May 31, 2025 amounted to \$88,795.

For PFRS, employer contributions for the year ended March 31, 2025 were paid to the System in December 2024. Accrued retirement contributions as of May 31, 2025 amounted to \$259,051.

For Library ERS, employer contributions for the year ended March 31, 2025 were paid to the System in December 2024. Accrued retirement contributions as of May 31, 2025 amounted to \$7,907.

VII. LENGTH OF SERVICE AWARD PROGRAMS

Plan Description

The information contained in this note is based on information for the Incorporated Village of Malverne's Volunteer Firefighter and Ambulance Service Award Programs for the program years ended on May 31, 2025 and December 31, 2024, respectively, which is the most recent program year for which complete information is available.

The Village 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) established effective March 1, 1995, for the active volunteer firefighters of the Malverne Fire Department and January 1, 2005 for active volunteer ambulance members of the Malverne Volunteer Ambulance Corps. The Service Award Programs were established in accordance with Article 11-A of the New York State General Municipal Law. The Board of Trustees of the Incorporated Village of Malverne is the trustee and plan administrator for the Service Award Programs.

Under the programs, participating volunteers begin to be paid a service award upon attainment of the program "entitlement age". The amount of the service award paid to a volunteer is based upon the number of years of service credit the volunteer earned under the program for performing active volunteer firefighter or ambulance member activities.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LENGTH OF SERVICE AWARD PROGRAMS - CONTINUED

Participation, Vesting and Service Credit

Malverne Fire Department:

Active volunteer firefighters who have reached the age of 18 and who have completed one (1) year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five (5) years of firefighter service, upon attaining the program's entitlement age while an active volunteer, or becoming totally and permanently disabled. The program's entitlement age is age 65. An active volunteer firefighter is credited with a year of firefighter service for each calendar year after the establishment of the program in which he or she has completed a year of credit service. A participant may also receive credit for five (5) years of active volunteer firefighter service rendered prior to the establishment of the program as an active volunteer member of the Malverne Fire Department.

Malverne Volunteer Ambulance Corps:

Active volunteer ambulance members who have reached the age of 18 and who have completed one (1) year of ambulance member service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five (5) years of ambulance member service, upon attaining the program's entitlement age while an active volunteer, or becoming totally and permanently disabled. The program's entitlement age is age 65. An active volunteer ambulance member is credited with a year of ambulance service for each calendar year after the establishment of the program in which he or she has completed a year of credit service. A participant may also receive credit for five (5) years of active volunteer ambulance member service rendered prior to the establishment of the program as an active volunteer ambulance member of the Malverne Volunteer Ambulance Corps.

Benefits

Malverne Fire Department:

An individual firefighter's earned Service Award equals \$20 per month for each year of service credit earned with lifetime monthly Service Award payments commencing upon attainment of age 65. The maximum number of years of service credit a participant may earn is 40 years under the program.

Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Death and disability benefits are also provided to volunteer firefighters under the Service Award Program.

Malverne Volunteer Ambulance Corps:

An individual ambulance member earned Service Award equals \$15 per month for each year of service credit earned with lifetime monthly Service Award payments or a lump sum payment commencing upon the later of the attainment of age 65 or 5 years of service credit. The maximum number of years of service credit a participant may earn is 40 years under the program.

Currently, there are no other forms of payment of a volunteer's earned service award under the Program. Except in the case of death or total and permanent disablement, service awards commence to be paid when a participant attains the entitlement age. Death and disability benefits are also provided to volunteer firefighters under the Service Award Program.

For a complete explanation of the program, a copy of the Program Document is available from the Plan Sponsor.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LENGTH OF SERVICE AWARD PROGRAMS - CONTINUED

Participants Covered by the Benefit Terms

At the May 31, 2025 measurement date, the following participants were covered by the benefit terms:

Malverne Fire Department:

Retired and Beneficiaries	15
Vested - Terminated	39
Active participants	57
Total	<u><u>111</u></u>

Malverne Volunteer Ambulance Corps:

Retired and Beneficiaries	9
Vested - Terminated	5
Inactive participants	14
Total	<u><u>28</u></u>

Contributions

New York State General Municipal Law §219(d) requires the fire department and ambulance corps to contribute actuarially determined contributions on an annual basis. The actuarially determined contributions shall be appropriated annually by the fire department and ambulance corps.

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 Incorporated Village of Malverne. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Plan Investments

Program assets can be invested in Money Market Funds, Mutual Funds, U.S. Government Securities, Certificates of Deposit and insurance contracts and are recorded at fair market value, except for insurance contracts which are valued at contract value. They are not subject to the collateral requirements described in Note IG.

The amount shown below as the pension benefit obligation is a standardized disclosure measure of the present value of earned service awards (i.e. for this purpose, a member's earned service award is considered to be a pension benefit), estimated to be payable in the future as a result of volunteer service rendered to date. The difference between the pension benefit obligation and the accumulated plan assets is the unfunded portion of the pension benefit obligation (i.e. the unfunded pension benefit obligation). This measure is intended to assess the funding status of the Award Program on a going concern basis and assess progress made in accumulating sufficient assets to pay earned Service Awards when due. The calculation of the pension benefit obligation is independent of the actuarial funding method used to determine annual contributions payable to the Service Award Program Trust Fund.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LENGTH OF SERVICE AWARD PROGRAMS - CONTINUED

Plan Investments - Continued

Malverne Fire Department:
Receipts and Disbursements

LOSAP Assets, June 1, 2024	\$ 1,543,373
Changes during the year:	
+ Plan Contributions	171,000
+ Investment Income Earned	63,215
- Benefit Payments	(107,765)
	1,669,823
LOSAP Assets, May 31, 2025	\$ 1,669,823

Contributions

Amount of contribution recommended by actuary:	Not Available
Amount of actual contribution:	\$ 171,000

Malverne Volunteer Ambulance Corps:
Receipts and Disbursements

LOSAP Assets, June 1, 2024	\$ 492,138
Changes during the year:	
+ Plan Contributions	8,400
+ Investment Income Earned	41,269
- Benefit Payments	(26,502)
	515,305
LOSAP Assets, May 31, 2025	\$ 515,305

Contributions

Amount of contribution recommended by actuary:	\$ 8,400
Amount of actual contribution:	\$ 8,400

Funding Methodology and Actuarial Assumptions

The total LOSAP liability at the May 31, 2025 measurement date was determined using an actuarial valuation as of that date. The total LOSAP liability in the May 31, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Malverne Fire Department:

Actuarial Assumptions:

Actuarial cost method	Entry Age Normal
Inflation	2.25%
Mortality Table	RP2014 Combined

Malverne Volunteer Ambulance Corps:

Actuarial Assumptions:

Actuarial cost method	Entry Age Normal
Inflation	2.25%
Mortality Table	RP2014 Combined

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LENGTH OF SERVICE AWARD PROGRAMS - CONTINUED

Funding Methodology and Actuarial Assumptions - Continued

Mortality rates were based on the RP-2014 Mortality Table projected for mortality improvement to the year 2025 with scale MP2020.

The discount rate used to measure the total LOSAP liability for the Malverne Fire Department was 4.19%. This was based on the Fidelity 20-Year GO AA Bond Index. The discount rate used to measure the total LOSAP liability for the Malverne Volunteer Ambulance Corps was 4.28%. This was based on the S&P Municipal Bond 20-Year High Grade Index.

The following presents the total LOSAP liability for the service award as of the May 31, 2025 measurement date, calculated using the discount rate of 4.19% for the Malverne Fire Department and 4.28% for the Malverne Volunteer Ambulance Corps, as well as what the total LOSAP liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Malverne Fire Department:

Sensitivity of the Total LOSAP Liability to Changes in the Discount Rate:

	1% Decrease	Discount Rate	1% Increase
	3.19%	4.19%	5.19%
Total LOSAP Liability	\$ 3,281,000	\$ 2,742,717	\$ 2,309,000

Malverne Volunteer Ambulance Corps:

Sensitivity of the Total LOSAP Liability to Changes in the Discount Rate:

	1% Decrease	Discount Rate	1% Increase
	3.28%	4.28%	5.28%
Total LOSAP Liability	\$ 523,204	\$ 454,375	\$ 399,666

LOSAP Expense and Deferred Outflows and Inflows of Resources Related to LOSAP

Malverne Fire Department:

For the year ended May 31, 2025, the Village recognized pension expense of \$134,620 related to the LOSAP liability for the Malverne Fire Department:

Components of Pension Expense

Service Cost	\$ 39,465
Interest on Total Pension Liability	104,078
Changes of Assumptions or Other Inputs	(37,099)
Differences Between Expected and Actual Experience	28,176
Total LOSAP Expense	<u>\$ 134,620</u>

Malverne Volunteer Ambulance Corps:

For the year ended May 31, 2025, the Village recognized pension expense of \$21,059 related to the LOSAP liability for the Malverne Volunteer Ambulance Corps:

Components of Pension Expense

Service Cost	\$ 4,669
Interest on Total Pension Liability	18,922
Changes of Assumptions or Other Inputs	(3,656)
Differences Between Expected and Actual Experience	(2,030)
Pension Plan Administrative Expenses	3,154
Total LOSAP Expense	<u>\$ 21,059</u>

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LENGTH OF SERVICE AWARD PROGRAMS - CONTINUED

LOSAP Expense and Deferred Outflows and Inflows of Resources Related to LOSAP - Continued

At May 31, 2025, the Village reported deferred outflows of resources and deferred inflows of resources related to LOSAP from the following sources:

Malverne Fire Department:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 374,588	\$ -
Changes of Assumptions or Other Inputs	931,913	1,298,889
Total	<u>\$ 1,306,501</u>	<u>\$ 1,298,889</u>

Malverne Volunteer Ambulance Corps:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 2,726	\$ 11,316
Changes of Assumptions or Other Inputs	101,039	148,698
Benefit Payment & Administration Expenses Subsequent to the Measurement Date	11,028	-
Total	<u>\$ 114,793</u>	<u>\$ 160,014</u>

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

Other Amounts reported as deferred outflows of resources related to LOSAP will be recognized in LOSAP expense as follows:

Malverne Fire Department:

<u>Year Ending May 31,</u>	<u>Amount</u>
2026	\$ 1,747
2027	1,747
2028	1,747
2029	1,747
2030	1,747
Thereafter	(1,123)
	<u>\$ 7,612</u>

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VII. LENGTH OF SERVICE AWARD PROGRAMS - CONTINUED

LOSAP Expense and Deferred Outflows and Inflows of Resources Related to LOSAP - Continued

Malverne Volunteer Ambulance Corps:

Year Ending May 31,	Amount
2026	\$ (5,686)
2027	(5,686)
2028	(5,686)
2029	(2,552)
2030	(989)
Thereafter	(35,650)
	<u>\$ (56,249)</u>

VIII. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Village provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Village’s contractual agreements. A trust that meets the criteria in paragraph 4 of GASB Statement 75 has not been established.

Benefits Provided

The Village’s OPEB plan subsidizes the cost of healthcare to eligible retired employees and their spouses and dependent children. Eligibility is based on the respective rules of the New York State and Local Employees Retirement System (“ERS”) as well as the provisions of the Village’s agreements with its employees. The following eligibility rules currently apply to the Village’s employees:

Group	Years of Service	After Age
Non-Uniformed Employees	5	55
Police	5	55

Medical and prescription drug benefits are offered to retirees on a Village-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Village’s plan providing an additional layer of coverage.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Benefits Provided - Continued

The benefit terms are dependent on which contract covers each employee. Contribution rates for new retirees are as follows:

Group	Provider Options	Hire Date	Village Contributions (%)		Reimburse Part B Premium
			Individual	Family	Individual and Spouse
PBA	NYSHIP	Pre 7/22/14	100%	100%	Y
		Between 7/22/14 and 9/16/21	90%	90%	Y
		After 9/16/21	85%	85%	Y
DPW	NYSHIP	Pre 6/1/01	100%	100%	Y
		Between 6/1/01 and 1/1/16	85%	85%	Y
		After 1/1/16	80%	80%	Y
Village Hall	NYSHIP	Pre 6/1/15	100%	100%	Y
		After 6/1/15	85%	85%	Y

The Village’s contribution is equivalent to the portion of health insurance premiums paid that are allocated to retirees, estimated to be \$1,216,308 during the year ended May 31, 2025.

Employees Covered by Benefit Terms

As of the June 1, 2024 valuation, the following employees were covered by benefit terms:

Active Employees	64
Retirees and Surviving Spouses	67
Retiree Spouses	46
Total Employees Covered by Benefit Terms	<u>177</u>

Total OPEB Liability

The Village obtained an actuarial valuation as of June 1, 2024. The liability for other postemployment benefits was measured as of May 31, 2025 and totaled \$26,850,633.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Actuarial Assumptions and Other Inputs

The total OPEB liability in the May 31, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Projected Salary Increases, Including Wage Inflation	3.50%
Discount Rate	5.25%
Healthcare Cost Trend Rates	7.5% decreasing to 5%
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement

- The discount rate was based on the Bond Buyer's 20 Bond Index.
- Mortality Rates were based on the PUB 2010 mortality table with MP-2021 projection.

Changes in the Total OPEB Liability during the year ended 5/31/25:

Changes for the Year:	
Service Cost	\$ 736,484
Interest	1,260,971
Changes in Benefit Terms	1,144,204
Differences Between Expected and Actual Experience	509,994
Changes in Assumptions or Other Inputs	(3,725,032)
Benefit Payments	(1,216,308)
Net Changes in Total OPEB Liability	(1,289,687)
Total OPEB Liability - Beginning	28,140,320
Total OPEB Liability - Ending	26,850,633
Current Portion	1,216,308
Long-Term Portion	\$ 25,634,325

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table 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 or higher than the current discount rate.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate:

	1% Decrease 4.25%	Discount Rate 5.25%	1% Increase 6.25%
Total OPEB Liability	\$ 30,663,326	\$ 26,850,633	\$ 23,752,599

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table 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 healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

Sensitivity of the total OPEB Liability to Changes in the Healthcare Cost Trends:

	1% Decrease 6.5% decreasing to 4%	Healthcare Cost Trend Rate 7.5% decreasing to 5%	1% Increase 8.5% decreasing to 6%
Total OPEB Liability	\$ 23,387,728	\$ 26,850,633	\$ 31,148,568

OPEB Expense

For the year ended May 31, 2025, the Village recognized OPEB expense of \$483,294.

At May 31, 2025, the Village reported the following deferred inflows/outflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 969,792	\$ 1,934,362
Changes of assumptions or other inputs	-	7,201,084
Total	\$ 969,792	\$ 9,135,446

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

OPEB Expense - Continued

Village contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended May 31, 2026. Other amounts recognized in the deferred outflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year Ending May 31,	Amount
2026	\$ (3,471,006)
2027	(3,236,962)
2028	(1,056,684)
2029	(401,002)
	<u>\$ (8,165,654)</u>

IX. SHORT-TERM DEBT

Bond anticipation notes can be used for any purpose for which bonds are authorized, and are generally accounted for in the Capital Projects Fund, since maturities cannot exceed one year. Local finance law allows the notes to be renewed, up to five years for capital purposes and up to the period of probable usefulness for assessable improvements, provided that stipulated annual reductions of principal are made.

The following is a summary of the Village’s outstanding bond anticipation notes as of May 31, 2025:

Description	Original Date of Issue	Original Borrowing	Current Interest Rate	Date of Final Maturity	Outstanding Principal 5/31/2025
BAN 2025	04/30/25	\$ 5,000,000	4.25%	04/30/26	\$ 4,355,000

Interest on short-term debt for the year ended May 31, 2025 was:

Interest Paid	\$ 212,500
Less: BAN Premium Amortization - prior year	(21,862)
Plus: Interest accrued - current year	<u>15,424</u>
	<u>\$ 206,062</u>

X. LONG-TERM DEBT

Bonds: The Incorporated Village of Malverne borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers, who benefit from the capital assets.

At May 31, 2025, the total long-term principal indebtedness outstanding of the Incorporated Village of Malverne, aggregated \$5,550,199.

Interest on long-term debt for the year ended May 31, 2025 was:

Interest Paid	\$ 179,342
Less: Interest accrued - prior year	(67,903)
Plus: Interest accrued - current year	<u>43,171</u>
	<u>\$ 154,610</u>

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

X. LONG-TERM DEBT – CONTINUED

Long-term liability balances and activity for the year are summarized below:

Governmental Activities	Beginning Balance	Issued/ Increase	Redeemed/ Decrease	Ending Balance	Due Within One Year
Serial Bonds	\$ 6,325,000	\$ -	\$ (880,000)	\$ 5,445,000	\$ 520,000
Installment Purchase Obligations	-	129,019	(23,820)	105,199	24,773
Other Liabilities:					
Compensated Absences	6,451,910	-	(277,618)	6,174,292	617,429
ERS Net Pension Liability	1,398,401	202,058	-	1,600,459	-
PFRS Net Pension Liability	3,852,136	766,226	-	4,618,362	-
LOSAP	3,051,114	145,978	-	3,197,092	-
Other Postemployment Benefits	28,140,320	-	(1,289,687)	26,850,633	1,216,308
Total long-term liabilities	<u>\$ 49,218,881</u>	<u>\$ 1,243,281</u>	<u>\$ (2,471,125)</u>	<u>\$ 47,991,037</u>	<u>\$ 2,378,510</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

The following is a summary of the maturity of serial bond indebtedness:

	Principal	Interest	Total
2026	\$ 520,000	\$ 134,338	\$ 654,338
2027	625,000	130,525	755,525
2028	530,000	115,300	645,300
2029	540,000	101,100	641,100
2030	555,000	86,409	641,409
2031-2035	2,105,000	217,163	2,322,163
Thereafter	570,000	37,778	607,778
Total	<u>\$ 5,445,000</u>	<u>\$ 822,613</u>	<u>\$ 6,267,613</u>

The following is a summary of the maturity of installment purchase obligation indebtedness:

	Principal
2026	\$ 24,773
2027	25,764
2028	26,795
2029	27,867
Total	<u>\$ 105,199</u>

XI. OPERATING LEASES

The Village and the Library have leases for office space and various copiers. The total minimum rental commitment at May 31, 2025, under the leases mentioned above, is due during the years ending May 31:

2026	\$ 15,184
2027	12,734
2028	12,306
2029	11,450
2030	2,011
Total	<u>\$ 53,685</u>

Rental expense included in the Statement of Revenues, Expenditures, and Changes in Fund Balance for the year ended May 31, 2025 related to the leases mentioned above was \$14,923.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

XII. CONTINGENCIES

Grant Funding

The Village has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Village administration believes disallowances, if any, will be immaterial.

Certiorari Proceedings

Open tax certiorari cases, which claim excessive assessed values, exist with several taxpayers. Claims allowed, if any, will result in a refund of Village taxes previously collected by the Village. Any such refunds resulting from adverse settlements will be provided for when determinable.

Judgments and Claims

A few claims against the Village are presently pending for zoning issues and other miscellaneous matters. Although final outcome of these matters is not known at this time, management of the Village does not believe that the final settlement of these matters will have a materially adverse effect on the financial condition of the Village.

XIII. PRIOR PERIOD AND CUMULATIVE EFFECT ADJUSTMENTS

Net position and fund balance at June 1, 2024 were restated to record adjustments for the following:

Governmental Activities:

Net Position Beginning of Year	\$	(27,892,330)
Prior Period Adjustments:		
Pension Deferred Outflows Understated		305,731
Retainage Payable Overstated		476,393
Capital Assets Understated		351,709
Due to Retirement Systems Understated		(312,698)
Prepaid Expenses Understated		45,643
Total Prior Period Adjustments		<u>866,778</u>
Cumulative Effect Adjustment for Compensated Absences		<u>(2,917,524)</u>
Net Position Beginning of Year, as Restated		<u><u>(29,943,076)</u></u>

Governmental Funds:

Fund Balance Beginning of Year:	10,175,284
Prior Period Adjustments:	
Bond Anticipation Notes Payable Understated	(4,500,000)
Due to Retirement Systems Understated	(312,698)
Prepaid Expenses Understated	237,031
Total Prior Period Adjustments	<u>(4,575,667)</u>
Fund Balance Beginning of Year, as Restated	<u><u>5,599,617</u></u>

XIV. SUBSEQUENT EVENTS

During the 2026 fiscal year, the Village authorized the termination of the Malverne Volunteer Ambulance Corps LOSAP plan, wherein the eligible program participants will receive a single lump sum distribution based on an actuarial present value calculation for program assets.

During the 2025 fiscal year, the Village passed a motion authorizing the Mayor to sign a contract for the purchase of a Rescue Pumper for the Malverne Fire Department that will be purchased during the subsequent year. The contracted price is \$1,509,885.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

XV. NEW ACCOUNTING PRINCIPLES

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses several topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. The requirements regarding leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The Village implemented this portion of the standard for the year ended May 31, 2024 with no effect on the financial statements. The financial guarantees and derivatives requirements were effective for fiscal years beginning after June 15, 2023. The Village implemented this portion of the standard for the year ended May 31, 2025 with no effect on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification (“ACEC”). The statement also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement was effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The Village implemented this standard for the year ended May 31, 2025, resulting in changes to disclosures.

In June 2022, GASB issued statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The Village implemented this standard for the year ended May 31, 2025, resulting in a cumulative effect adjustment to net position of (\$2,917,524). See Note XIII, Prior Period and Cumulative Effect Adjustments.

In December 2023, GASB issued statement No. 102, *Certain Risk Disclosures*. This statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If these criteria are met, the government is required to disclose information regarding these risks. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, GASB issued statement No. 103, *Financial Reporting Model Improvements*. This statement makes targeted improvements to the governmental financial reporting model in order to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. Areas impacted by the changes include the MD&A, budgetary comparison information, and major component unit information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires leases, intangible right-to-use assets, and subscription based information technology arrangements to be disclosed separately in the capital asset not disclosures. Additionally, this statement mandates the separate disclosure of all other intangible assets by major class, excluding the aforementioned types. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the potential impact of these statements, if any, on the Village’s financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF CHANGES IN THE VILLAGE'S NET OPEB LIABILITY AND RELATED RATIOS

<u>Total OPEB Liability</u>	May 31, 2025	May 31, 2024	May 31, 2023	May 31, 2022	May 31, 2021	May 31, 2020	May 31, 2019
Service Cost	\$ 736,484	\$ 697,763	\$ 780,220	\$ 1,462,515	\$ 1,442,713	\$ 924,278	\$ 819,116
Interest	1,260,971	1,085,909	992,976	919,613	883,677	1,071,314	1,076,527
Changes in Benefit Terms	1,144,204	-	740,981	-	-	-	-
Differences Between Expected and Actual Experience	509,994	-	(5,388,586)	-	3,318,470	(716,204)	-
Changes in Assumptions or Other Inputs	(3,725,032)	(1,904,388)	(2,760,980)	(5,811,739)	(1,285,024)	7,333,410	1,608,051
Benefit Payments	(1,216,308)	(1,248,784)	(1,140,353)	(1,239,092)	(1,143,789)	(936,102)	(872,266)
Net Change in Total OPEB Liability	(1,289,687)	(1,369,500)	(6,775,742)	(4,668,703)	3,216,047	7,676,696	2,631,428
Total OPEB liability - beginning	28,140,320	29,509,820	36,285,562	40,954,265	37,738,218	30,061,522	27,430,094
Total OPEB liability - ending (a)	\$ 26,850,633	\$ 28,140,320	\$ 29,509,820	\$ 36,285,562	\$ 40,954,265	\$ 37,738,218	\$ 30,061,522
<u>Plan Fiduciary Net Position</u>							
Contributions - Employer	\$ 1,216,308	\$ 1,248,784	\$ 1,140,353	\$ 1,239,092	\$ 1,143,789	\$ 936,102	\$ 872,266
Benefit Payments	(1,216,308)	(1,248,784)	(1,140,353)	(1,239,092)	(1,143,789)	(936,102)	(872,266)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-
Plan Fiduciary net position - beginning	-	-	-	-	-	-	-
Plan Fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's net OPEB liability - ending (a) - (b)	\$ 26,850,633	\$ 28,140,320	\$ 29,509,820	\$ 36,285,562	\$ 40,954,265	\$ 37,738,218	\$ 30,061,522
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 6,822,557	\$ 5,890,619	\$ 6,969,800	\$ 7,127,776	\$ 7,286,436	\$ 6,836,135	\$ 6,940,658
Total OPEB Liability as a percentage of covered payroll	393.56%	477.71%	423.40%	509.07%	562.06%	552.04%	433.12%

Notes to Schedule:

Changes of Benefit Terms: None

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

May 31, 2025	5.25%
May 31, 2024	4.13%
May 31, 2023	3.67%
May 31, 2022	3.16%
May 31, 2021	2.20%
May 31, 2020	2.16%
May 31, 2019	3.51%

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

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2019 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Village Employees' Retirement System					
3/31/2025	0.0087899%	\$ (1,507,094)	\$ 3,197,009	-47.14%	93.08%
3/31/2024	0.0087643%	\$ (1,290,455)	\$ 2,914,673	-44.27%	93.88%
3/31/2023	0.0092391%	\$ (1,981,236)	\$ 2,991,880	-66.22%	90.78%
3/31/2022	0.0099753%	\$ 815,442	\$ 2,984,843	27.32%	103.65%
3/31/2021	0.0090348%	\$ (8,996)	\$ 2,848,857	-0.32%	99.95%
3/31/2020	0.0101368%	\$ (2,684,282)	\$ 2,988,327	-89.83%	86.39%
3/31/2019	0.0104798%	\$ (742,524)	\$ 2,935,716	-25.29%	96.27%
3/31/2018	0.0107627%	\$ (347,361)	\$ 2,925,494	-11.87%	98.24%
3/31/2017	0.0105970%	\$ (995,718)	\$ 2,753,362	-36.16%	94.70%
3/31/2016	0.0112880%	\$ (1,811,762)	\$ 2,798,504	-64.74%	90.70%

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Police and Fire Retirement System					
3/31/2025	0.0759992%	\$ (4,618,362)	\$ 4,525,265	-102.06%	87.53%
3/31/2024	0.0812203%	\$ (3,852,136)	\$ 3,891,839	-98.98%	89.72%
3/31/2023	0.0083729%	\$ (4,613,848)	\$ 3,722,740	-123.94%	87.43%
3/31/2022	0.0082858%	\$ (470,668)	\$ 3,650,251	-12.89%	98.66%
3/31/2021	0.0092437%	\$ (1,604,956)	\$ 3,846,736	-41.72%	95.79%
3/31/2020	0.0897212%	\$ (4,795,540)	\$ 3,953,791	-121.29%	84.86%
3/31/2019	0.0087804%	\$ (1,472,520)	\$ 3,693,298	-39.87%	95.09%
3/31/2018	0.0924218%	\$ (934,160)	\$ 3,891,072	-24.01%	96.93%
3/31/2017	0.0925739%	\$ (1,918,735)	\$ 3,745,560	-51.23%	93.50%
3/31/2016	0.0895952%	\$ (2,652,722)	\$ 3,364,919	-78.83%	90.20%

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Actual Covered Member Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Library Employees' Retirement System					
3/31/2025	0.0005445%	\$ (93,365)	\$ 295,436	-31.60%	93.08%
3/31/2024	0.0007331%	\$ (107,946)	\$ 281,385	-38.36%	93.88%
3/31/2023	0.0005279%	\$ (113,211)	\$ 255,180	-44.37%	90.78%
3/31/2022	0.0003956%	\$ 32,337	\$ 307,992	10.50%	103.65%
3/31/2021	0.0003703%	\$ (369)	\$ 283,051	-0.13%	99.95%
3/31/2020	0.0004897%	\$ (129,669)	\$ 327,086	-39.64%	86.39%
3/31/2019	0.0005658%	\$ (40,089)	\$ 316,183	-12.68%	96.27%
3/31/2018	0.0005166%	\$ (16,674)	\$ 301,058	-5.54%	98.24%
3/31/2017	0.0011009%	\$ (103,441)	\$ 321,615	-32.16%	94.70%
3/31/2016	0.0009346%	\$ (150,006)	\$ 304,392	-49.28%	90.70%

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	as a Percentage of its Covered Payroll
Village Employees' Retirement System					
5/31/2025	\$ 508,971	\$ 508,971	\$ -	3,197,009	15.92%
5/31/2024	\$ 378,871	\$ 378,871	\$ -	2,914,673	13.00%
5/31/2023	\$ 347,603	\$ 347,603	\$ -	2,991,880	11.62%
5/31/2022	\$ 487,636	\$ 487,636	\$ -	2,984,843	16.34%
5/31/2021	\$ 424,362	\$ 424,362	\$ -	2,848,857	14.90%
5/31/2020	\$ 444,339	\$ 444,339	\$ -	2,988,327	14.87%
5/31/2019	\$ 438,671	\$ 438,671	\$ -	2,935,716	14.94%
5/31/2018	\$ 446,699	\$ 446,699	\$ -	2,925,494	15.27%
5/31/2017	\$ 426,450	\$ 426,450	\$ -	2,753,362	15.49%
5/31/2016	\$ 549,698	\$ 549,698	\$ -	2,798,504	19.64%

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of its Covered Payroll
Police and Fire Retirement System					
5/31/2025	\$ 1,326,960	\$ 1,326,960	\$ -	4,525,265	29.32%
5/31/2024	\$ 1,094,100	\$ 1,094,100	\$ -	3,891,839	28.11%
5/31/2023	\$ 1,008,386	\$ 1,008,386	\$ -	3,722,740	27.09%
5/31/2022	\$ 1,056,339	\$ 1,056,339	\$ -	3,650,251	28.94%
5/31/2021	\$ 1,011,005	\$ 1,011,005	\$ -	3,846,736	26.28%
5/31/2020	\$ 922,202	\$ 922,202	\$ -	3,953,791	23.32%
5/31/2019	\$ 831,319	\$ 831,319	\$ -	3,693,298	22.51%
5/31/2018	\$ 911,161	\$ 911,161	\$ -	3,891,072	23.42%
5/31/2017	\$ 871,337	\$ 871,337	\$ -	3,745,560	23.26%
5/31/2016	\$ 706,814	\$ 706,814	\$ -	3,364,919	21.01%

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of its Covered Payroll
Library Employees' Retirement System					
5/31/2025	\$ 41,810	\$ 41,810	\$ -	295,436	14.15%
5/31/2024	\$ 33,575	\$ 33,575	\$ -	281,385	11.93%
5/31/2023	\$ 23,933	\$ 23,933	\$ -	255,180	9.38%
5/31/2022	\$ 43,710	\$ 43,710	\$ -	307,992	14.19%
5/31/2021	\$ 38,386	\$ 38,386	\$ -	283,051	13.56%
5/31/2020	\$ 45,659	\$ 45,659	\$ -	327,086	13.96%
5/31/2019	\$ 44,846	\$ 44,846	\$ -	316,183	14.18%
5/31/2018	\$ 44,935	\$ 44,935	\$ -	301,058	14.93%
5/31/2017	\$ 49,058	\$ 49,058	\$ -	321,615	15.25%
5/31/2016	\$ 47,612	\$ 47,612	\$ -	304,392	15.64%

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF CHANGES IN THE VILLAGE'S LOSAP LIABILITY: MALVERNE FIRE DEPARTMENT

Malverne Fire Department

Measurement Date as of May 31,

	2025	2024	2023	2022	2021	2020	2019	2018
Total Pension Liability								
Service Cost	\$ 39,465	\$ 40,972	\$ 25,760	\$ 84,242	\$ 88,034	\$ 68,706	\$ 42,608	\$ 46,615
Interest	104,078	99,723	82,606	77,634	87,996	89,007	79,240	75,418
Changes in Benefit Terms	-	-	-	-	-	-	361,523	-
Differences Between Expected and Actual Experience	63,090	(102,694)	233,709	47,540	165,318	545,615	257,126	(51,437)
Changes of Assumptions or Other Inputs	73,400	68,316	89,905	(1,487,170)	27,715	24,310	112,717	44,961
Benefit Payments and Expenses	(107,765)	(177,596)	(362,217)	(59,813)	(19,238)	(32,223)	(220,581)	(28,698)
Net Change in total Pension Liability	172,268	(71,279)	69,763	(1,337,567)	349,825	695,415	632,633	86,859
Total Pension Liability - Beginning	2,570,449	2,641,728	2,571,965	3,909,532	3,559,707	2,864,292	2,231,659	2,144,800
Total Pension Liability - Ending	\$ 2,742,717	\$ 2,570,449	\$ 2,641,728	\$ 2,571,965	\$ 3,909,532	\$ 3,559,707	\$ 2,864,292	\$ 2,231,659
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required Contribution	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual Contribution	\$ 171,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 Fidelity 20-year GO AA Bond Index.

May 31, 2025:	4.19%
May 31, 2024:	4.16%
May 31, 2023:	3.90%
May 31, 2022:	3.36%
May 31, 2021:	2.00%
May 31, 2020:	2.48%
May 31, 2019:	3.57%

No pre-retirement mortality; post retirement RP2000 projected to 2030

Trust Assets: There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 73 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF CHANGES IN THE VILLAGE'S LOSAP LIABILITY: MALVERNE VOLUNTEER AMBULANCE CORPS

Malverne Volunteer Ambulance Corps

Measurement Date as of December 31,	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service Cost	\$ 4,669	\$ 6,741	\$ 13,987	\$ 14,874	\$ 13,245	\$ 12,310	\$ 13,894	\$ 18,414
Interest	18,922	19,551	13,718	12,389	16,314	16,591	15,038	15,641
Changes of Assumptions or Other Inputs	(17,660)	19,414	(160,370)	(31,480)	124,733	27,682	(34,832)	35,443
Differences Between Expected and Actual Experience	(7,631)	(975)	840	(7,600)	1,343	1,598	656	1,485
Benefit Payments and Expenses	(24,590)	(21,878)	(17,552)	(16,087)	(15,427)	(13,567)	(12,952)	(11,362)
Net Change in total Pension Liability	(26,290)	22,853	(149,377)	(27,904)	140,208	44,614	(18,196)	59,621
Total Pension Liability - Beginning	480,665	457,812	607,189	635,093	494,885	450,271	468,467	408,846
Total Pension Liability - Ending	\$ 454,375	\$ 480,665	\$ 457,812	\$ 607,189	\$ 635,093	\$ 494,885	\$ 450,271	\$ 468,467
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Required Contribution	\$ 8,400	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual Contribution	\$ 8,400	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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 S&P Municipal Bond 20-Year High Grade Index.

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

No pre-retirement mortality; post retirement RP2000 projected to 2030

Trust Assets: There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 73 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Village will present information for those years for which information is available.

**INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET –
GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2025**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Real Property Taxes	\$ 15,679,220	\$ 15,677,931	\$ 15,675,344	\$ (2,587)
Real Property Tax Items	68,410	68,410	72,639	4,229
Non Property Tax Items	397,582	397,582	394,593	(2,989)
Departmental Income	300,550	303,246	317,310	14,064
Intergovernmental/Grant Income	515,011	545,396	520,630	(24,766)
Use of Money and Property	340,000	340,000	498,835	158,835
Licenses and Permits	216,100	216,100	235,679	19,579
Fines and Forfeitures	433,000	433,000	459,049	26,049
Sale of Property and Compensation for Loss	130,800	147,346	157,729	10,383
Miscellaneous	29,500	37,870	126,362	88,492
State and Federal Aid	262,618	286,827	268,791	(18,036)
Total Revenues	18,372,791	18,453,708	18,726,961	273,253
Expenditures:				
General Government	2,246,892	2,272,192	2,231,335	40,857
Public Safety	5,110,837	5,645,418	5,983,332	(337,914)
Public Health	605	1,339	1,751	(412)
Transportation	1,006,625	1,029,148	1,061,977	(32,829)
Economic Assistance and Development	2,000	2,000	601	1,399
Culture and Recreation	205,800	263,743	265,844	(2,101)
Home and Community Services	2,001,926	1,934,685	1,788,383	146,302
Employee Benefits	6,288,346	6,130,663	6,105,839	24,824
Capital Outlay	143,800	122,828	48,926	73,902
Debt Service	1,191,000	1,191,000	1,440,662	(249,662)
Total Expenditures	18,197,831	18,593,016	18,928,650	(335,634)
Excess/(Deficiency) of Revenues Over Expenditures	174,960	(139,308)	(201,689)	(62,381)
Other Financing Sources/(Uses):				
Operating Transfers In/(Out)	(180,000)	(168,631)	(950,390)	(781,759)
Total Other Financing Sources/(Uses)	(180,000)	(168,631)	(950,390)	(781,759)
Net Change in Fund Balance	(5,040)	(307,939)	(1,152,079)	(844,140)
Appropriated Fund Balance	5,040	307,939	307,939	-
Total Change in Fund Balance	\$ -	\$ -	\$ (844,140)	\$ (844,140)

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET –
PUBLIC LIBRARY FUND
FOR THE YEAR ENDED MAY 31, 2025

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Departmental Income	\$ 11,800	\$ 11,800	\$ 12,564	\$ 764
Intergovernmental/Grant Income	85,700	85,700	85,700	-
Use of Money and Property	6,150	6,150	7,122	972
Fines and Forfeitures	2,220	2,220	3,020	800
Miscellaneous	2,500	2,500	2,995	495
State and Federal Aid	2,000	2,000	2,794	794
Total Revenues	<u>110,370</u>	<u>110,370</u>	<u>114,195</u>	<u>3,825</u>
Expenditures:				
Culture and Recreation	590,983	590,983	580,608	10,375
Employee Benefits	225,387	225,387	193,975	31,412
Total Expenditures	<u>816,370</u>	<u>816,370</u>	<u>774,583</u>	<u>41,787</u>
Excess/(Deficiency) of Revenues Over Expenditures	<u>(706,000)</u>	<u>(706,000)</u>	<u>(660,388)</u>	<u>45,612</u>
Other Financing Sources/(Uses):				
Operating Transfers In/(Out)	680,000	680,000	680,000	-
Total Other Financing Sources/(Uses)	<u>680,000</u>	<u>680,000</u>	<u>680,000</u>	<u>-</u>
Net Change in Fund Balance	<u>(26,000)</u>	<u>(26,000)</u>	<u>19,612</u>	<u>45,612</u>
Appropriated Fund Balance	26,000	26,000	-	(26,000)
Total Change in Fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,612</u>	<u>\$ 19,612</u>

**OTHER
SUPPLEMENTARY
INFORMATION**

INCORPORATED VILLAGE OF MALVERNE, NEW YORK
SCHEDULE OF INDEBTEDNESS
MAY 31, 2025

	Original Date of Issue	Date of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Interest Paid During Fiscal Year	Interest Accrued at 5/31/2024	Due Within the Next Year
<u>Bond Anticipation Notes</u>										
BAN 2025	04/30/25	04/30/26	4.25%	\$ 5,000,000	\$ -	\$ 645,000	\$ 4,355,000	\$ 212,500	\$ 15,424	\$ 4,355,000
<u>Serial Bonds</u>										
Parking Lot	04/25/12	10/15/26	2.00%	470,000	-	185,000	285,000	9,114	2,198	185,000
Roads	06/14/16	06/01/31	2.50%	1,480,000	-	370,000	1,110,000	42,434	-	-
Roads/DPW Gas Tanks/Garbage Truck	09/12/18	09/01/38	3.00%	4,375,000	-	325,000	4,050,000	127,794	40,973	335,000
Total Serial Bonds				6,325,000	-	880,000	5,445,000	179,342	43,171	520,000
<u>Installment Purchase Obligations</u>										
Axon License Plate Readers	09/15/24	09/15/28	0.00%	-	129,019	23,820	105,199	-	-	24,773
TOTAL INDEBTEDNESS				\$ 11,325,000	\$ 129,019	\$ 1,548,820	\$ 9,905,199	\$ 391,842	\$ 58,595	\$ 4,899,773

**OTHER REPORTING
REQUIRED BY
*GOVERNMENT AUDITING
STANDARDS***



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Incorporated Village of Malverne
99 Church Street
Malverne, New York 11565

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Incorporated Village of Malverne, New York as of and the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Incorporated Village of Malverne's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Incorporated Village of Malverne's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2025-001, 2025-002 and 2025-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Incorporated Village of Malverne, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2025-004.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, New York

November 19, 2025

**INCORPORATED VILLAGE OF MLAVERNE, NEW YORK
SCHEDULE OF FINDINGS
MAY 31, 2025**

A. Internal Control Findings:

Significant Deficiencies

2025-001 Compensated Absences

Condition: The Village manually tracks employees' compensated absence time earned and used through paper timesheets and calendars.

Criteria: The Village should be maintaining an accurate compensated absence listing.

Cause: Compensated absences are manually tracked and there are no controls in place to ensure that the compensated absence schedule is calculated correctly.

Effect: Adjustments had to be made to the compensated absence schedule during the audit.

Recommendation: RBT recommends that the Village implement controls to ensure that the compensated absence schedule is accurate.

2025-002 Retirement Reporting

Condition: The Village manually prepares the monthly transmissions to the retirement system.

Criteria: The Village must report accurate payroll related information to the retirement system each month.

Cause: There are no controls in place to ensure that the transmission reports are accurate.

Effect: Preparing the transmission reports manually results in validation errors and there are no controls in place to ensure the reports are accurate or to ensure that any validation errors are properly corrected on a timely basis.

Recommendation: RBT recommends that the Village implement controls to ensure that the monthly transmission reports to the retirement system are accurate.

2025-003 OPEB Census Data

Condition: During the testing of census data, RBT noted that an employee that terminated on the valuation date was still included as an active employee on the census listing. In addition, RBT noted that the Village had an incorrect date of hire for a retiree on the census listing. The Village was also unable to locate documentation to support a retiree's date of hire and date of retirement.

Criteria: The Village must maintain accurate census data to report to the actuary for the GASB 75 report.

Cause: There are no controls in place to ensure that the census data sent to the actuary is correct. The Village was missing documentation to support the information on the census listing.

Effect: Incorrect data was provided to the actuary for certain individuals, which could have an effect on the GASB 75 valuation report.

Recommendation: RBT recommends that the Village implement controls to ensure that the census data that is sent to the actuary is correct. RBT recommends that the Village maintain documentation to support the information on the census listing.

B. Compliance Finding

2025-004 Budgets

Condition: The Village has several expense categories that exceeded budgeted amounts, including debt service which exceeded the budget by \$249,000.

Criteria: The Village is required to adopt an annual budget and approve subsequent modifications providing the authority to make expenditures.

Cause: The Village did not authorize increases in appropriations.

Effect: The Village was not in compliance with budgetary regulations.

Recommendation: RBT recommends that the Village review budget to actual reports regularly and make budget amendments as necessary.