

Village of Rye Brook, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2017

Village of Rye Brook, New York

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Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of Rye Brook , New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Rye Brook, New York ("Village") as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of May 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended May 31, 2017 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules for the year ended May 31, 2017 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended May 31, 2017 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended May 31, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village as of and for the year ended May 31, 2016 (not presented herein), and have issued our report thereon dated March 8, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended May 31, 2016 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2016 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended May 31, 2016.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 30, 2017

Village of Rye Brook, New York

Management's Discussion and Analysis (MD&A) May 31, 2017

Introduction

The management of the Village of Rye Brook, New York ("Village"), offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2017. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the Village's financial performance.

Financial Highlights

- ❖ On the government-wide financial statements, the assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$17,170,548. Of this amount, a net unrestricted deficit of \$13,595,831 exists.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$7,939,894 of which \$5,759,892 is unassigned, which is available for spending at the Village's discretion. The fund balance of all governmental funds increased by \$800,276 primarily attributable to revenues and other financing sources exceeding expenditures and other financing uses.
- ❖ At the end of the fiscal years 2017 and 2016, the unassigned fund balance for the General Fund was \$6,148,372 or 30% and \$5,335,406 or 28% respectively of total General Fund expenditures and other financing uses.
- ❖ During the current fiscal year, the Village did not issue new long-term obligations. Other long-term liabilities were reduced by \$370,000 in scheduled payments. The Village's bond rating is Aa1.
- ❖ As of May 31, 2017, the Village had outstanding bond anticipation note liability of \$2,949,318, which was comprised of \$500,000 for authorized capital projects in 2017, plus \$2,449,318 for prior year capital project BANs. Existing bond anticipation notes used to finance the cost of various capital projects were reduced by \$693,068.
- ❖ In the prior year, the Village implemented the provisions of the Governmental Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions". This pronouncement established new accounting and financial reporting requirements associated with the Village's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employee's Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS"). Under the new standards, cost-sharing employers are required to report in the government-wide financial statements a net pension liability (asset), pension expense and pension-related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all of the municipalities and school districts

in the plan. At May 31, 2017 the Village reported in its Statement of Net Position a liability of \$3,367,353 for its proportionate share of the ERS and PFRS net pension liabilities. More detailed information about the Village's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to the financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements, which consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information, which is intended to give the reader additional detail in support of the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Village's assets and liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes, earned but unused vacation leave and other post-employment benefit obligations ("OPEB")).

The government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Village include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

Fund Financial Statements

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The Village, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Village's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows* of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two major governmental funds: The General Fund and the Capital Projects Fund. This information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The Friends of Rye Brook and the Recreation Trust Fund are grouped together as a Special Purpose non-major governmental fund.

Budgetary comparison statements have been provided for the General Fund within the basic financial statements to demonstrate compliance with the respective budget.

Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support Village programs. The Village maintains one fiduciary fund: The Agency Fund. The resources of the Agency Fund are held by the Village in a custodial capacity for individuals, private organizations and other governments.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for fair presentation and that is not otherwise displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements and should be read in conjunction with the financial statements. The notes focus on the primary government – specifically, its governmental activities, major funds and non-major funds in the aggregate.

Other Information

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information (RSI) concerning the Village's progress in funding its obligation to provide other post-employment benefits (OPEB) to its employees and its proportionate share of the net pension liability for its participation in the NYSLRS. RSI immediately follows the notes to the financial statements.

This report also includes supplementary information (SI), which immediately follows RSI and gives the reader further detail on the information presented in the basic financial statements. Included in SI are the individual and combining non-major governmental fund financial statements and schedules; the project length schedule for the Capital Projects Fund.

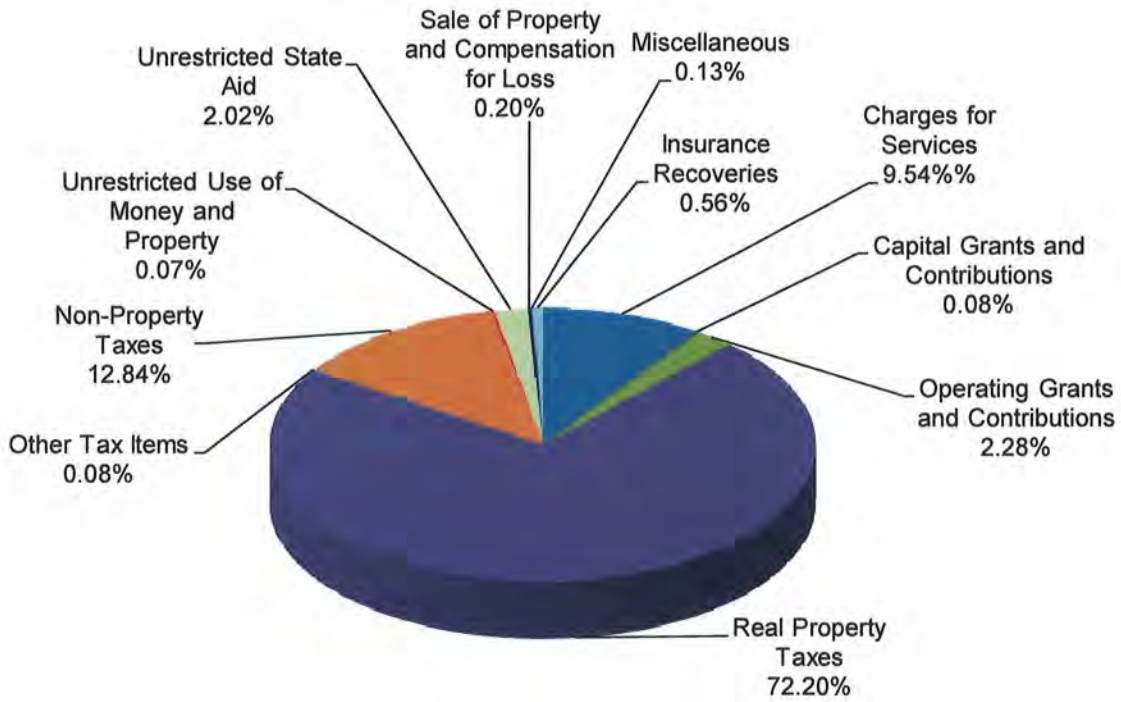
Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the Village, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$17,170,548 at the close of the fiscal year 2016-2017. The largest portion of the Village's net position is its investment in capital assets (land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

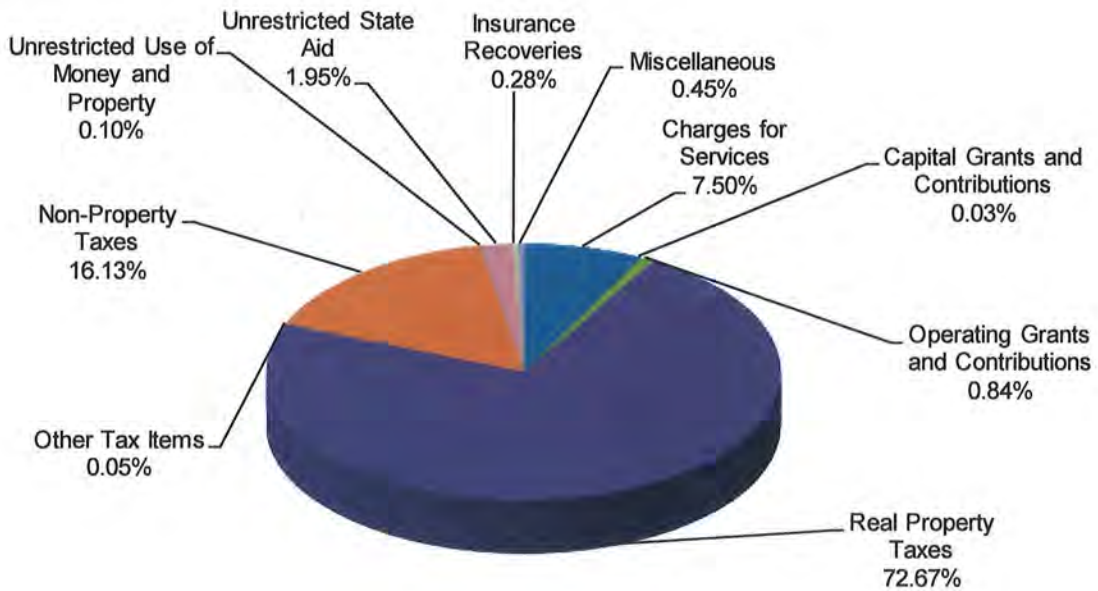
The following table reflects the condensed Statement of Net Position:

	May 31,	
	2017	2016
Current Assets	\$ 11,912,121	\$ 11,602,548
Capital Assets, net	31,806,280	31,620,864
Total Assets	43,718,401	43,223,412
Deferred outflows of resources	2,742,757	5,382,752
Current Liabilities	3,999,060	4,490,890
Long-term Liabilities	24,606,259	24,710,032
Total Liabilities	28,605,319	29,200,922
Deferred inflows of resources	685,291	836,999
Net Position		
Net Investment in Capital Assets	28,438,956	26,406,524
Restricted	2,327,423	3,548,519
Unrestricted	(13,595,831)	(11,386,800)
Total Net Position	\$ 17,170,548	\$ 18,568,243

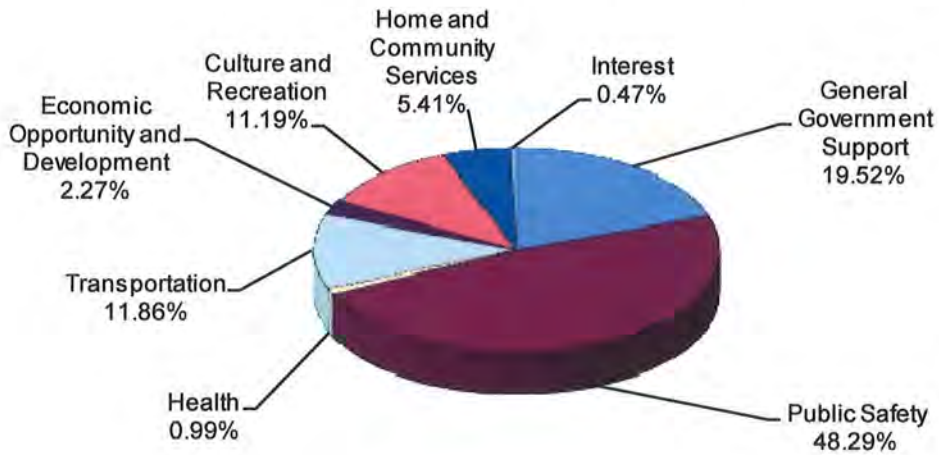
Sources of Revenue for Fiscal Year 2017 Governmental Activities



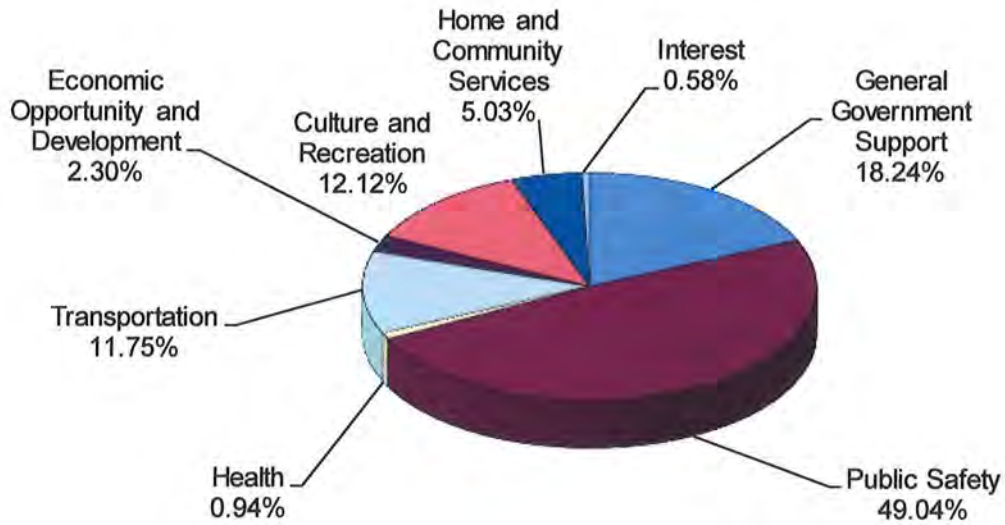
Sources of Revenue for Fiscal Year 2016 Governmental Activities



Sources of Expenses for Fiscal Year 2017 Governmental Activities



Sources of Expenses for Fiscal Year 2016 Governmental Activities



Statement of Activities

	2017	2016
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,952,708	\$ 1,500,569
Operating Grants and Contributions	466,174	167,873
Capital Grants and Contributions	15,975	5,081
Total Program Revenues	2,434,857	1,673,523
General Revenues:		
Real Property Taxes	14,768,923	14,534,433
Other Tax Items - Interest and penalties on real property taxes	17,159	10,434
Non-Property Taxes	2,626,620	3,226,976
Unrestricted Use of Money and Property	15,329	20,965
Sale of property and compensation for loss	39,999	-
Unrestricted State Aid	412,554	390,623
Insurance Recoveries	114,543	56,757
Miscellaneous	26,920	90,748
Total General Revenues	18,022,047	18,330,936
Total Revenues	20,456,904	20,004,459
Program Expenses:		
General Government Support	4,266,917	3,852,583
Public Safety	10,554,466	10,363,091
Health	215,412	198,842
Transportation	2,592,185	2,482,153
Economic Opportunity and Development	495,259	486,704
Culture and Recreation	2,445,271	2,560,305
Home and Community Services	1,183,080	1,061,911
Interest	102,009	121,606
Total Expenses	21,854,599	21,127,195
Change in Net Position	(1,397,695)	(1,122,736)
NET POSITION		
Beginning, as reported	18,568,243	20,014,108
Cumulative Effect of Change in Accounting Principle **	-	(323,129)
Beginning, as restated	18,568,243	19,690,979
Ending	\$ 17,170,548	\$ 18,568,243

** Cumulative effect of Change in Accounting Principal Fiscal Year End May 31, 2016

For the year ended May 31, 2016, the Village implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". These statements seek to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows/inflows of resources and expenses/expenditures. These statements also require the identification of the

methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the government-wide financial statements reflect a cumulative effect for the change in accounting principle of \$(323,129).

Governmental Activities

Governmental activities decreased the Village's net position by \$1,397,695 and \$1,122,736 in 2017 and 2016 respectively.

For the fiscal years ended May 31, 2017 and 2016, revenues from governmental activities totaled \$20,456,904 and \$20,004,459, respectively. Tax revenues (\$17,412,702, in 2017 and \$17,771,843, in 2016), were comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (85% in 2017 and 89% in 2016 respectively).

The largest components of governmental activities' expenses are public safety (48% in 2017 and 49% in 2016), general government support (20% in 2017 and 18% in 2016) and transportation (12% in 2017 and 2016 respectively). The major changes are as follows:

Revenues:

- Total general revenues increased \$43,061 or .23% with real property taxes increasing by \$234,490 due to an increase in the tax levy,
- Non-property tax items decreasing by \$600,356 mainly due to recognition of deferred revenue recorded to hotel occupancy tax in fiscal year 2016 which originated from a non-challenged exemption of tax for rooms rented by Doral-Arrowwood to Pfizer,
- Miscellaneous revenue increasing by \$288,122 which was due to transfers-in for capital projects. All other revenue sources increased by \$120,805.

Expenses:

- Total general expenses increased by \$727,404 or 3.44% mainly due to increases in public safety of \$191,375 and \$414,334 in general government support respectively.
- All other functions/programs had a net increase by a total of \$121,695.

Financial Analysis of the Village's Funds

Fund Balance Reporting

Governmental Accounting Standards Board ("GASB") issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables, advances) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law of the State of New York.

Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the Village removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Trustees.

Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds, other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$7,939,894. Of this amount \$1,038,215 has been classified as restricted, \$1,141,787 has been classified as assigned and \$5,759,892 has been classified as unassigned.

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,148,372, representing 76% of the total General Fund balance of \$8,129,407. Revenues and other financing sources were \$20,846,493, which was \$1,791,923 greater than the final budget. The major areas where revenues exceeded the budget were non-property taxes, departmental income and state aid. Expenditures and other financing uses were \$20,380,058, which was \$514,040 less than the final budget.

General Fund Budgetary Highlights

The net change in total General Fund fund balance was \$466,435 inclusive of Other Financing Sources (Uses). Actual revenues were \$982,153 greater than the final budget. Revenues that exceeded projections were from the following revenue categories: Non-property taxes which was \$285,320 greater than budget, Departmental Income which was \$479,976 higher than anticipated primarily due to an increase in safety inspections fees of \$327,002 and afterschool program \$139,335, and State Aid which was \$139,797 greater than budget.

Actual expenditures were \$514,040 less than the final budget, with savings primarily in General Government Support (\$87,000), Culture & Recreation (\$182,558), Home & Community Services (\$161,796) and Employee Benefits (\$60,955).

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2017, net of \$24,838,541 of accumulated depreciation, was \$31,806,280. This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment and construction-in-progress.

Major capital asset activity during the current fiscal year included the following:

**Capital Assets
May 31,**

Class	2017	2016
Land	\$ 13,660,376	\$ 13,660,376
Land Improvements	6,460,477	6,200,677
Building and Improvements	8,054,563	7,977,465
Machinery and Equipment	6,251,263	5,411,464
Infrastructure	22,094,781	21,564,716
Construction-in-Progress	123,361	348,514
Less - accumulated depreciation*	(24,838,541)	(23,542,348)
Total (net of depreciation)	\$ 31,806,280	\$ 31,620,864

*Construction in progress is comprised of:

	2017	2016
Village Hall Improvements	\$ -	\$ 6,504
Laser Fiche Project	-	286,768
Springbrook Accounting Software	55,242	55,242
Architectural Plan for Turf Replacement	9,374	-
Highway Garage Feasibility Study	58,745	-
	\$ 123,361	\$ 348,514

Additional information on the Village's capital assets can be found in Note 3 in the notes to the financial statements.

Long-Term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total bonded debt outstanding of \$1,665. As required by New York State Law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village.

During the current fiscal year, the Village issued \$500,000 of short-term debt (bond anticipation notes/BAN's), and paid down \$693,068 (all from General Fund appropriations) on existing BAN's for capital projects.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the Village is subject to a "constitutional debt limit". This debt limit is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property within the Village. At May 31, 2017, the Village has the authority to issue \$178,656,061 of general obligation long-term debt.

Additional information on the Village's long-term and short-term debt can be found in Note 3 in the notes to the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Village of Rye Brook, New York's finances. Questions and comments concerning any of the information provided in this report should be addressed to:

Patricia Lepre, Treasurer
Village of Rye Brook
938 King Street, Rye Brook
New York 10573

Village of Rye Brook, New York

Statement of Net Position
May 31, 2017

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 10,815,991
Receivables	
Taxes	263,314
Accounts	320,294
Due from other governments	512,522
Capital assets	
Not being depreciated	13,783,737
Being depreciated, net	<u>18,022,543</u>
Total Assets	<u>43,718,401</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>2,742,757</u>
LIABILITIES	
Accounts payable	548,365
Accrued liabilities	66,170
Deposits and other liabilities	7,741
Due to retirement systems	292,234
Unearned revenues	108,399
Bond anticipation notes payable	2,949,318
Accrued interest payable	26,833
Non-current liabilities	
Due within one year	515,000
Due in more than one year	<u>24,091,259</u>
Total Liabilities	<u>28,605,319</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>685,291</u>
NET POSITION	
Net investment in capital assets	28,438,956
Restricted	
Capital projects	1,289,208
Debt service	839,248
Special purposes	198,967
Unrestricted	<u>(13,595,831)</u>
Total Net Position	<u>\$ 17,170,548</u>

The notes to the financial statements are an integral part of this statement.

Village of Rye Brook, New York

Statement of Activities
Year Ended May 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 4,266,917	\$ 60,409	\$ -	\$ -
Public safety	10,554,466	1,248,812	7,575	-
Health	215,412	-	-	-
Transportation	2,592,185	49,000	90,848	-
Economic opportunity and development	495,259	-	-	-
Culture and recreation	2,445,271	297,375	365,751	-
Home and community services	1,183,080	297,112	2,000	10,950
Interest	102,009	-	-	5,025
Total Governmental Activities	<u>\$ 21,854,599</u>	<u>\$ 1,952,708</u>	<u>\$ 466,174</u>	<u>\$ 15,975</u>

General revenues

 Real property taxes

 Other tax items

 Interest and penalties on real property taxes

 Non-property taxes

 Non-property tax distribution from County

 Utilities gross receipts taxes

 Hotel occupancy tax

 Franchise fees

 Unrestricted use of money and property

 Sale of property and compensation for loss

 Unrestricted State aid

 Miscellaneous

 Insurance recoveries

 Total General Revenues

 Change in Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense)
Revenue and
Changes in
Net Position

\$ (4,206,508)
(9,298,079)
(215,412)
(2,452,337)

(495,259)
(1,782,145)

(873,018)
(96,984)

(19,419,742)

14,768,923

17,159

1,379,984

217,372

724,201

305,063

15,329

39,999

412,554

26,920

114,543

18,022,047

(1,397,695)

18,568,243

\$ 17,170,548

Village of Rye Brook, New York

Balance Sheet
 Governmental Funds
 May 31, 2017

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 7,338,625	\$ 2,847,320	\$ 630,046	\$ 10,815,991
Taxes receivable	263,314	-	-	263,314
Other receivables				
Accounts	320,294	-	-	320,294
Due from other governments	512,522	-	-	512,522
Due from other funds	756,258	555,434	-	1,311,692
Total Assets	<u>\$ 9,191,013</u>	<u>\$ 3,402,754</u>	<u>\$ 630,046</u>	<u>\$ 13,223,813</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 468,148	\$ 76,617	\$ 3,600	\$ 548,365
Accrued liabilities	66,170	-	-	66,170
Deposits and other liabilities	7,741	-	-	7,741
Due to retirement systems	292,234	-	-	292,234
Due to other funds	118,914	765,299	427,479	1,311,692
Unearned revenues	108,399	-	-	108,399
Bond anticipation notes payable	-	2,949,318	-	2,949,318
Total Liabilities	<u>1,061,606</u>	<u>3,791,234</u>	<u>431,079</u>	<u>5,283,919</u>
Fund balances (deficits)				
Restricted	839,248	-	198,967	1,038,215
Assigned	1,141,787	-	-	1,141,787
Unassigned	6,148,372	(388,480)	-	5,759,892
Total Fund Balances (Deficits)	<u>8,129,407</u>	<u>(388,480)</u>	<u>198,967</u>	<u>7,939,894</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 9,191,013</u>	<u>\$ 3,402,754</u>	<u>\$ 630,046</u>	<u>\$ 13,223,813</u>

The notes to the financial statements are an integral part of this statement.

Village of Rye Brook, New York

Reconciliation of Governmental Funds Balance Sheet to
the Government-Wide Statement of Net Position
May 31, 2017

Amounts Reported for Governmental Activities in the Statement of Net
Position are Different Because

Fund Balances - Total Governmental Funds	<u>\$ 7,939,894</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>31,806,280</u>
Governmental funds do not report the effect of assets or liabilities related to net pension liabilities whereas these amounts are deferred and amortized in the statement of activities. Deferred amounts on net pension liabilities	<u>2,057,466</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(26,833)
Bonds payable	(1,689,636)
Compensated absences	(1,431,322)
Net pension liability	(3,367,353)
Other post employment benefit obligations payable	<u>(18,117,948)</u>
	<u>(24,633,092)</u>
Net Position of Governmental Activities	<u><u>\$ 17,170,548</u></u>

The notes to the financial statements are an integral part of this statement.

Village of Rye Brook, New York

Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Governmental Funds
 Year Ended May 31, 2017

	General	Capital Projects	Non-Major Governmental
REVENUES			
Real property taxes	\$ 14,768,923	\$ -	\$ -
Other tax items	17,159	-	-
Non-property taxes	2,626,620	-	-
Departmental income	1,674,776	-	-
Intergovernmental charges	230,457	-	-
Use of money and property	20,354	-	164
Fines and forfeitures	49,475	-	-
Sale of property and compensation for loss	39,999	-	-
State aid	511,968	-	-
Miscellaneous	26,920	10,950	364,596
Total Revenues	19,966,651	10,950	364,760
EXPENDITURES			
Current			
General government support	3,039,861	-	-
Public safety	5,744,758	-	-
Health	215,412	-	-
Transportation	1,188,158	-	-
Economic opportunity and development	304,216	-	-
Culture and recreation	1,532,539	-	19,205
Home and community services	1,084,731	-	-
Employee benefits	4,503,154	-	-
Debt service			
Principal	370,000	-	-
Interest	115,454	-	-
Capital outlay	-	1,539,140	-
Total Expenditures	18,098,283	1,539,140	19,205
Excess (Deficiency) of Revenues Over Expenditures	1,868,368	(1,528,190)	345,555
OTHER FINANCING SOURCES (USES)			
Insurance recoveries	114,543	-	-
Transfers in	765,299	2,671,226	-
Transfers out	(2,281,775)	(765,299)	(389,451)
Total Other Financing Sources (Uses)	(1,401,933)	1,905,927	(389,451)
Net Change in Fund Balances	466,435	377,737	(43,896)
FUND BALANCES (DEFICITS)			
Beginning of Year	7,662,972	(766,217)	242,863
End of Year	\$ 8,129,407	\$ (388,480)	\$ 198,967

The notes to the financial statements are an integral part of this statement.

Total
Governmental
Funds

\$ 14,768,923
17,159
2,626,620
1,674,776
230,457
20,518
49,475
39,999
511,968
402,466

20,342,361

3,039,861
5,744,758
215,412
1,188,158
304,216
1,551,744
1,084,731
4,503,154

370,000
115,454
1,539,140

19,656,628

685,733

114,543
3,436,525
(3,436,525)

114,543

800,276

7,139,618

\$ 7,939,894

Village of Rye Brook, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended May 31, 2017

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 800,276</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.</p>	
Capital outlay expenditures	1,481,609
Depreciation expense	<u>(1,296,193)</u>
	<u>185,416</u>
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal paid on serial bonds	370,000
Amortization of premium	<u>12,318</u>
	<u>382,318</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	1,127
Compensated absences	(5,709)
Pension liabilities	(467,135)
Other post employment benefit obligations	<u>(2,293,988)</u>
	<u>(2,765,705)</u>
Change in Net Position of Governmental Activities	<u>\$ (1,397,695)</u>

The notes to the financial statements are an integral part of this statement.

Village of Rye Brook, New York

Statement of Revenues, Expenditures And Changes

In Fund Balance - Budget And Actual

General Fund

Year Ended May 31, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 14,777,892	\$ 14,777,892	\$ 14,768,923	\$ (8,969)
Other tax items	8,000	8,000	17,159	9,159
Non-property taxes	2,374,000	2,341,300	2,626,620	285,320
Departmental income	1,153,000	1,194,800	1,674,776	479,976
Intergovernmental charges	208,518	201,018	230,457	29,439
Use of money and property	16,000	16,000	20,354	4,354
Fines and forfeitures	40,000	40,000	49,475	9,475
Sale of property and compensation for loss	15,000	15,000	39,999	24,999
State aid	372,171	372,171	511,968	139,797
Miscellaneous	7,600	18,317	26,920	8,603
Total Revenues	<u>18,972,181</u>	<u>18,984,498</u>	<u>19,966,651</u>	<u>982,153</u>
EXPENDITURES				
Current				
General government support	2,962,018	3,126,861	3,039,861	87,000
Public safety	5,998,391	5,755,146	5,744,758	10,388
Health	198,842	215,412	215,412	-
Transportation	1,341,723	1,197,886	1,188,158	9,728
Economic opportunity and development	304,533	305,831	304,216	1,615
Culture and recreation	1,676,695	1,715,097	1,532,539	182,558
Home and community services	1,174,242	1,246,527	1,084,731	161,796
Employee benefits	4,451,846	4,564,109	4,503,154	60,955
Debt service				
Principal	370,000	370,000	370,000	-
Interest	114,501	115,454	115,454	-
Total Expenditures	<u>18,592,791</u>	<u>18,612,323</u>	<u>18,098,283</u>	<u>514,040</u>
Excess of Revenues Over Expenditures	<u>379,390</u>	<u>372,175</u>	<u>1,868,368</u>	<u>1,496,193</u>
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	15,000	70,072	114,543	44,471
Transfers in	-	-	765,299	765,299
Transfers out	(1,873,781)	(2,281,775)	(2,281,775)	-
Total Other Financing Uses	<u>(1,858,781)</u>	<u>(2,211,703)</u>	<u>(1,401,933)</u>	<u>809,770</u>
Net Change in Fund Balance	<u>(1,479,391)</u>	<u>(1,839,528)</u>	<u>466,435</u>	<u>2,305,963</u>
FUND BALANCE				
Beginning of Year	<u>1,479,391</u>	<u>1,839,528</u>	<u>7,662,972</u>	<u>5,823,444</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,129,407</u>	<u>\$ 8,129,407</u>

The notes to the financial statements are an integral part of this statement.

Village of Rye Brook, New York

Statement of Assets and Liabilities

Fiduciary Fund

May 31, 2017

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 106,805
Cash and equivalents - senior services	20,148
Accounts receivable	<u>203,629</u>
 Total Assets	 <u><u>\$ 330,582</u></u>
 LIABILITIES	
Accounts payable	\$ 67,785
Deposits	247,796
Deposits - senior services	<u>15,001</u>
 Total Liabilities	 <u><u>\$ 330,582</u></u>

The notes to the financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Village of Rye Brook, New York ("Village") was incorporated in 1982 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Village Board of Trustees is the legislative body responsible for overall operation. The Village Administrator serves as the chief administrative officer and the Village Treasurer serves as the chief financial officer. The Village provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Village's more significant accounting policies:

A. Financial Reporting Entity

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

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Village as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment is 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Village in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The Village also reports the following non-major governmental fund -

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. The non-major Special Revenue Fund of the Village is as follows:

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the Village in accordance with the terms of a trust agreement.

- b. Fiduciary Funds - (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes 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 for 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.

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 to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with original maturities of less than three months.

The Village's investment policies are governed by State statutes. The Village has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold their deposits. These

Note 1 - Summary of Significant Accounting Policies (Continued)

agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Village follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Village does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2017.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Village does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Village's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of May 1st and are levied and payable in two installments due in June and February. The Town of Rye is responsible for the billing and collection of the Village's real property taxes.

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2017, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Land and construction-in-progress are not depreciated. Property, plant, equipment and infrastructure of the Village are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Land improvements	20
Buildings and improvements	15 - 45
Machinery and equipment	5 - 20
Infrastructure	15 - 50

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the government-wide financial statements, unearned revenues consist of amounts received in advance and/or amounts from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Village has reported unearned revenues of \$108,399 for summer recreation programs received in advance in the General Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The Village reports deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Village's pension plans in Note 3F.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such accumulated leave is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Net Pension Liability - The net pension liability represents the Village's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions made Subsequent to the Measurement Date*".

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, restricted for capital projects, debt service and special purposes. The balance is classified as unrestricted.

Note 1 - Summary of Significant Accounting Policies (Continued)

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Trustees is the highest level of decision making authority for the Village that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Trustees.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the

Note 1 - Summary of Significant Accounting Policies (Continued)

order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 30, 2017

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the means of financing for all funds.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- f) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not legally adopted by the Board for the Special Purpose Fund.
- g) The Village Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Village Administrator. However, any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations require a majority vote by the Board.
- h) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitation

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for 2016-2017 was \$51,044,589 which exceeded the actual levy by \$36,266,697.

On June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 ("Tax Levy Limitation Law"). This applies to all local governments.

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a Village in a particular year. The original legislation that established the Tax levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020.

The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price

Note 2 - Stewardship, Compliance and Accountability (Continued)

Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Board may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board first enacts, by a vote of at least sixty percent of the total voting power of the Board, a local law to override such limit for such coming fiscal year.

C. Capital Projects Fund Deficits

The unassigned deficit in the Capital Projects Fund of \$388,480 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. The deficit will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2017 consisted of the following:

Current Year \$ 263,314

B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2017 were as follows:

Fund	Due From	Due To
General	\$ 756,258	\$ 118,914
Capital Projects	555,434	765,299
Non-Major Governmental	-	427,479
	<u>\$ 1,311,692</u>	<u>\$ 1,311,692</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets

Changes in the Village's capital assets are as follows:

Class	Balance June 1, 2016	Additions	Deletions	Balance May 31, 2017
Capital Assets, not being depreciated				
Land	\$ 13,660,376	\$ -	\$ -	\$ 13,660,376
Construction-in-Progress	348,514	68,119	293,272	123,361
Total Capital Assets, not being depreciated	<u>\$ 14,008,890</u>	<u>\$ 68,119</u>	<u>\$ 293,272</u>	<u>\$ 13,783,737</u>
Capital Assets, being depreciated				
Land Improvements	\$ 6,200,677	\$ 259,800	\$ -	\$ 6,460,477
Buildings and Improvements	7,977,465	77,098	-	8,054,563
Machinery and Equipment	5,411,464	839,799	-	6,251,263
Infrastructure	21,564,716	530,065	-	22,094,781
Total Capital Assets, being depreciated	<u>41,154,322</u>	<u>1,706,762</u>	<u>-</u>	<u>42,861,084</u>
Less Accumulated Depreciation for				
Land Improvements	2,720,291	338,209	-	3,058,500
Buildings and Improvements	2,617,272	182,715	-	2,799,987
Machinery and Equipment	3,601,903	279,969	-	3,881,872
Infrastructure	14,602,882	495,300	-	15,098,182
Total Accumulated Depreciation	<u>23,542,348</u>	<u>1,296,193</u>	<u>-</u>	<u>24,838,541</u>
Total Capital Assets, being depreciated, net	<u>\$ 17,611,974</u>	<u>\$ 410,569</u>	<u>\$ -</u>	<u>\$ 18,022,543</u>
Capital Assets, net	<u>\$ 31,620,864</u>	<u>\$ 478,688</u>	<u>\$ 293,272</u>	<u>\$ 31,806,280</u>

Depreciation expense was charged to the Village's functions and programs as follows:

General Government Support	\$ 90,820
Public Safety	155,650
Transportation	590,408
Economic Opportunity and Development	845
Culture and Recreation	360,235
Home and Community Services	<u>98,235</u>
Total Depreciation Expense	<u>\$ 1,296,193</u>

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

D. Accrued Liabilities

The Village has reported accrued liabilities for payroll and employee benefits of \$66,170 in the General Fund.

E. Short-Term Capital Borrowings - Bond Anticipation Notes

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2016	New Issues	Redemptions	Balance May 31, 2017
Various Capital Projects	2012	01/18	1.56 %	\$ 630,886	\$ -	\$ 288,943	\$ 341,943
Land and Highway Garage	2013	10/17	1.45	562,500	-	187,500	375,000
Various Capital Projects	2015	08/17	1.66	491,500	-	122,875	368,625
Various Capital Projects	2015	03/18	1.49	375,000	-	93,750	281,250
Various Capital Projects	2016	10/17	1.30	1,082,500	-	-	1,082,500
Various Capital Projects	2017	05/18	1.68	-	500,000	-	500,000
				<u>\$ 3,142,386</u>	<u>\$ 500,000</u>	<u>\$ 693,068</u>	<u>\$ 2,949,318</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgments or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$36,066 were recorded in the fund financial statements in the General Fund. Interest expense of \$36,736 was recorded in the government-wide financial statements for governmental activities.

F. Long-Term Liabilities

The following table summarizes changes in the Village's long-term liabilities for the year ended May 31, 2017:

	Balance June 1, 2016	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2017	Due Within One-Year
Bonds Payable	\$ 2,035,000	\$ -	\$ 370,000	\$ 1,665,000	\$ 375,000
Add - Unamortized premium on bonds	36,954	-	12,318	24,636	-
	<u>2,071,954</u>	<u>-</u>	<u>382,318</u>	<u>1,689,636</u>	<u>375,000</u>
Other Non-current Liabilities					
Compensated Absences	1,425,613	145,709	140,000	1,431,322	140,000
Net Pension Liability	5,388,505	-	2,021,152	3,367,353	-
Other Post Employment Benefit Obligations Payable	15,823,960	3,201,556	907,568	18,117,948	-
Total Non-current Liabilities	<u>22,638,078</u>	<u>3,347,265</u>	<u>3,068,720</u>	<u>22,916,623</u>	<u>140,000</u>
Total Long-Term Liabilities	<u>\$ 24,710,032</u>	<u>\$ 3,347,265</u>	<u>\$ 3,451,038</u>	<u>\$ 24,606,259</u>	<u>\$ 515,000</u>

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for bonds, compensated absences, net pension liability and other post employment benefit obligations are liquidated by the General Fund.

Bonds Payable

Bonds payable at May 31, 2017 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at May 31, 2017</u>
Various Village Purposes	2003	\$ 3,100,000	April, 2023	4.00-4.25 %	\$ 1,040,000
Various Village Purposes	2010	2,200,000	November, 2020	3.00-5.00	625,000
					<u>\$ 1,665,000</u>

Interest expenditures of \$79,388 were recorded in the fund financial statements in the General Fund. Interest expense of \$65,273 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2017 including interest payments of \$191,171 are as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 375,000	\$ 63,388	\$ 438,388
2019	375,000	50,138	425,138
2020	400,000	34,513	434,513
2021	175,000	21,669	196,669
2022	175,000	14,450	189,450
2023	165,000	7,013	172,013
	<u>\$ 1,665,000</u>	<u>\$ 191,171</u>	<u>\$ 1,856,171</u>

The above general obligation bonds are direct obligations of the Village for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the Village.

Compensated Absences

Pursuant to the terms of existing collective bargaining agreements, certain employees are permitted to accumulate sick and personal leave. The maximum accumulation varies with each agreement. Upon termination, employees will be compensated for such accumulated leave at varying amounts according to the terms of each agreement. The value of the compensated absences has been reflected in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Pension Plans

New York State and Local Retirement System

The Village 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") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2017 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15/41J	16.0 %
	5 A15/41J	13.1
	6 A15/41J1	9.3
PFRS	2 384D	24.1
	5 384D	19.5
	6 384D	14.5

At May 31, 2017, the Village reported a liability of \$1,162,624 for its proportionate share of the net pension liability of ERS and a liability of \$2,204,729 for its proportionate share of the net pension liability of PFRS. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

employer relative to the total of all participating members. At March 31, 2017, the Village's proportion was 0.0123733% for ERS and 0.1063724% for PFRS, which was a decrease of .0008207% and .0040993%, respectively from its proportion measured as of March 31, 2016.

For the year ended May 31, 2017, the Village recognized pension expense in the government-wide financial statements of \$625,851 for ERS and \$1,316,363 for PFRS. Pension expenditures of \$481,109 for ERS and \$993,970 for PFRS were recorded in the General Fund.

At May 31, 2017, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,134	\$ 176,551	\$ 289,223	\$ 380,928
Changes of assumptions	397,195	-	1,086,177	-
Net difference between projected and actual earnings on pension plan investments	232,223	-	329,273	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	-	112,569	87,298	15,243
Village contributions subsequent to the measurement date	90,495	-	201,739	-
	<u>\$ 749,047</u>	<u>\$ 289,120</u>	<u>\$ 1,993,710</u>	<u>\$ 396,171</u>

\$90,495 and \$201,739 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Village's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2018	\$ 179,972	\$ 456,698
2019	179,972	456,698
2020	177,793	432,122
2021	(168,305)	(9,288)
2022	-	59,570

The total pension liability for the March 31, 2017 measurement date was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liabilities to March 31, 2017. Significant actuarial assumptions used in the April 1, 2016 valuation were as follows:

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

Inflation	2.5%
Salary scale	3.8% in ERS, 4.5% in PFRS indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.3% annually

Annuitant mortality rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

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

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.55 %
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Assets	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.50
	<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Village's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the ERS net pension liability (asset)	\$ 3,713,190	\$ 1,162,624	\$ (993,875)
Village's proportionate share of the PFRS net pension liability (asset)	\$ 6,250,280	\$ 2,204,729	\$ (1,188,497)

The components of the collective net pension liability as of the March 31, 2017 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 177,400,586,000	\$ 31,670,483,000	\$ 209,071,069,000
ERS fiduciary net position	168,004,363,000	29,597,831,000	197,602,194,000
Employers' net pension liability	\$ 9,396,223,000	\$ 2,072,652,000	\$ 11,468,875,000
ERS fiduciary net position as a percentage of total pension liability	94.7%	93.5%	94.5%

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of May 31, 2017 represent the employer contribution for the period of April 1, 2017 through May 31, 2017 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the two months ended May 31, 2017 were \$90,495 and \$201,739, respectively.

Voluntary Defined Contribution Plan

The Village can offer a defined contribution plan to all non-union employees hired on or after June 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Village will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service.

Note 3 - Detailed Notes on All Funds (Continued)

The cost of providing post-employment health care benefits is shared between the Village and the retired employee. Substantially all of the Village's employees may become eligible for these benefits if they reach normal retirement age while working for the Village. The cost of retiree health care benefits is recognized as expenditure as claims are paid in the fund financial statements.

The Village's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. GASB Statement 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Village is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the balance not paid by plan members. Funding for the Plan has been established on a pay-as-you-go basis.

The assumed rates of increase in postretirement benefits are as follows:

Year	Non-Medicare Eligible Medical & Rx	Medicare Eligible Medical	Medicare Part B Reimbursement	Dental
2018	7.0 %	5.0 %	5.0 %	5.0 %
2019	6.5	5.0	5.0	5.0
2020	6.0	5.0	5.0	5.0
2021	5.5	5.0	5.0	5.0
2022+	5.0	5.0	5.0	5.0

The amortization basis is the level percentage of payroll method with a closed group amortization approach with 23 years remaining in the amortization period. The actuarial assumptions include a 4% rate of return. The entry age method was used to determine the actuarial value of the assets of the OPEB plan, however, the Village currently has no assets set aside for the purpose of paying postemployment benefits. The actuarial cost method utilized was the entry age method.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

The number of participants as of May 31, 2017 was as follows:

Active Employees	68
Retired Employees	<u>46</u>
Total	<u>114</u>

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2016	\$ 40,000,152
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability	<u>\$ 40,000,152</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 6,252,366</u>
UAAL as a Percentage of Covered Payroll	<u>639.76%</u>
Annual Required Contribution	\$ 3,376,561
Adjustment on annual required contribution	(807,963)
Interest on Net OPEB Obligation	<u>632,958</u>
Annual OPEB Cost	3,201,556
Contributions Made	<u>(907,568)</u>
Increase in Net OPEB Obligation	2,293,988
Net OPEB Obligation - Beginning of Year	<u>15,823,960</u>
Net OPEB Obligation - End of Year	<u>\$ 18,117,948</u>

The Village's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and two preceding years is as follows:

Fiscal Year Ended May 31,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 3,201,556	28.35 %	\$ 18,117,948
2016	3,063,563	27.40	15,823,960
2015	2,928,018	26.65	13,599,742

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actual accrued liability for the benefits over time.

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without the equivalent flow of assets in return. The interfund transfers reflected below have been reflected as transfers:

Transfers Out	Transfers In		Total
	General Fund	Capital Projects Fund	
General Fund	\$ -	\$ 2,281,775	\$ 2,281,775
Capital Fund	765,299	-	765,299
Non-Major Governmental Funds	-	389,451	389,451
	<u>\$ 765,299</u>	<u>\$ 2,671,226</u>	<u>\$ 3,436,525</u>

Transfers are used to 1) move amounts earmarked in the General Fund to fulfill commitments for Capital Projects Fund expenditures and 2) move amounts earmarked in the operating funds to fulfill commitments for other fund's expenditures.

H. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bonds proceeds and unrestricted interest earnings.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by Local Finance Law.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities of certain programs that consist of assets with constraints placed on their use by either external parties and/or statute.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2017

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2017				2016			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Prepaid expenditures	\$ -	\$ -	\$ -	\$ -	\$ 33,481	\$ -	\$ -	\$ 33,481
Restricted								
Debt service	839,248	-	-	839,248	814,694	-	-	814,694
Parklands	-	-	135,314	135,314	-	-	183,601	183,601
Trusts	-	-	63,653	63,653	-	-	59,262	59,262
Total Restricted	839,248	-	198,967	1,038,215	814,694	-	242,863	1,057,557
Assigned								
Purchases on order								
General government support	22,075	-	-	22,075	74,595	-	-	74,595
Public safety	6,033	-	-	6,033	6,533	-	-	6,533
Transportation	-	-	-	-	9,443	-	-	9,443
Culture and recreation	35,821	-	-	35,821	26,191	-	-	26,191
Home and community services	99,358	-	-	99,358	88,167	-	-	88,167
Subsequent years' expenditures	163,287	-	-	163,287	204,929	-	-	204,929
Total Assigned	978,500	-	-	978,500	1,274,462	-	-	1,274,462
Unassigned								
Total Assigned	1,141,787	-	-	1,141,787	1,479,391	-	-	1,479,391
Unassigned	6,148,372	(388,480)	-	5,759,892	5,335,406	(766,217)	-	4,569,189
Total Fund Balances	\$ 8,129,407	\$ (388,480)	\$ 198,967	\$ 7,939,894	\$ 7,662,972	\$ (766,217)	\$ 242,863	\$ 7,139,618

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the statement of net position but are reported in the governmental funds balance sheet are described below.

The Restriction for Parklands has been established to account for funds received by the Village in lieu of parklands as a condition precedent to the approval of a parcel of land by the Planning Board. These funds may be used only for recreation purposes.

The Restriction for Trusts has been established to set aside funds in accordance with the terms of the grants.

Purchases on order are assigned and represent the Village's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at May 31, 2017, the Board of Trustees has assigned the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as non-spendable, restricted or assigned. Unassigned fund balance in the Capital Projects Funds represents deficit balances.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Village, in common with other municipalities, receives numerous notices of claims for money damages arising from false arrest, property damage or personal injury. Of the claims currently pending, none are expected to have a material effect on the financial position of the Village, if adversely settled.

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Village, if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

The Village participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the Village's compliance with applicable grant requirements may be established at a future date. The amount of expenditures, which may be disallowed by the granting agencies cannot be determined at this time, although the Village anticipates such amounts, if any, to be immaterial.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

C. Risk Management

The Village purchases various conventional insurance coverages to reduce its exposure to loss. The Village maintains a general liability policy, public official's liability and law enforcement liability with coverage up to \$1 million per occurrence and \$2 million in the aggregate. In addition, the Village also maintains an umbrella policy with coverage up to \$20 million. The Village purchases conventional workers' compensation insurance with coverage at statutory limits. The Village also purchases conventional health insurance from one provider. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 5 - Subsequent Events

The Village, on August 11, 2017, issued a renewal of a bond anticipation note in the amount of \$245,750 which was used to finance various capital projects. The note matures on August 11, 2018 and bears interest at a rate of 1.80% per annum.

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Village of Rye Brook, New York

Required Supplementary Information - Schedule of Funding Progress
 Other Post Employment Benefits
 Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
June 1, 2014	\$ -	\$ 36,081,549	\$ 36,081,549	- %	\$ 5,951,092	606.30 %
June 1, 2015	-	38,016,131	38,016,131	-	6,099,869	623.23
June 1, 2016	-	40,000,152	40,000,152	-	6,252,366	639.76

See independent auditors' report.

Village of Rye Brook, New York

Required Supplementary Information - Schedule of the
 Village's Proportionate Share of the Net Pension Liability
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016 (2)</u>
Village's proportion of the net pension liability	<u>0.0123733%</u>	<u>0.0131940%</u>
Village's proportionate share of the net pension liability	<u>\$ 1,162,624</u>	<u>\$ 2,117,674</u>
Village's covered payroll	<u>\$ 2,919,670</u>	<u>\$ 2,948,292</u>
Village's proportionate share of the net pension liability as a percentage of its covered payroll	<u>39.82%</u>	<u>71.83%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.70%</u>	<u>90.70%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date.

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement.

Village of Rye Brook, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 461,117	\$ 550,949
Contributions in relation to the contractually required contribution	<u>(461,117)</u>	<u>(550,949)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	<u>\$ 2,927,244</u>	<u>\$ 2,925,051</u>
Contributions as a percentage of covered payroll	<u>15.75%</u>	<u>18.84%</u>

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Village of Rye Brook, New York

Required Supplementary Information - Schedule of the
 Village's Proportionate Share of the Net Pension Liability
 New York State and Local Police and Fire Retirement System
 Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016 (2)</u>
Village's proportion of the net pension liability	<u>0.1063724%</u>	<u>0.1104717%</u>
Village's proportionate share of the net pension liability	<u>\$ 2,204,729</u>	<u>\$ 3,270,831</u>
Village's covered payroll	<u>\$ 4,018,503</u>	<u>\$ 3,798,173</u>
Village's proportionate share of the net pension liability as a percentage of its covered payroll	<u>54.86%</u>	<u>86.12%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>93.50%</u>	<u>90.20%</u>

Note - The amounts presented for each fiscal year were determined as of the March 31 measurement date.

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(2) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement.

Village of Rye Brook, New York

Required Supplementary Information - Schedule of Contributions
New York State and Local Police and Fire Retirement System
Last Ten Fiscal Years (1)

	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 944,674	\$ 884,771
Contributions in relation to the contractually required contribution	<u>(944,674)</u>	<u>(884,771)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	<u>\$ 4,720,743</u>	<u>\$ 4,043,564</u>
Contributions as a percentage of covered payroll	<u>20.01%</u>	<u>21.88%</u>

(1) Data not available prior to fiscal year 2016 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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Village of Rye Brook, New York

General Fund
Comparative Balance Sheet
May 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 7,338,625	\$ 9,537,085
Investments	-	211,323
Taxes receivable	263,314	51,186
Other receivables		
Accounts	320,294	278,730
Due from other governments	512,522	479,400
Due from other funds	756,258	-
	<u>1,589,074</u>	<u>758,130</u>
Prepaid expenditures	-	33,481
Total Assets	<u>\$ 9,191,013</u>	<u>\$ 10,591,205</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 468,148	\$ 407,535
Accrued liabilities	66,170	274,654
Deposits and other liabilities	7,741	4,590
Due to retirement systems	292,234	222,911
Due to other funds	118,914	2,018,543
Unearned revenues	108,399	-
Total Liabilities	<u>1,061,606</u>	<u>2,928,233</u>
Fund balance		
Nonspendable	-	33,481
Restricted	839,248	814,694
Assigned	1,141,787	1,479,391
Unassigned	6,148,372	5,335,406
Total Fund Balance	<u>8,129,407</u>	<u>7,662,972</u>
Total Liabilities and Fund Balance	<u>\$ 9,191,013</u>	<u>\$ 10,591,205</u>

See independent auditors' report.

Village of Rye Brook, New York

General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended May 31,

	2017			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 14,777,892	\$ 14,777,892	\$ 14,768,923	\$ (8,969)
Other tax items	8,000	8,000	17,159	9,159
Non-property taxes	2,374,000	2,341,300	2,626,620	285,320
Departmental income	1,153,000	1,194,800	1,674,776	479,976
Intergovernmental charges	208,518	201,018	230,457	29,439
Use of money and property	16,000	16,000	20,354	4,354
Fines and forfeitures	40,000	40,000	49,475	9,475
Sale of property and compensation for loss	15,000	15,000	39,999	24,999
State aid	372,171	372,171	511,968	139,797
Miscellaneous	7,600	18,317	26,920	8,603
Total Revenues	18,972,181	18,984,498	19,966,651	982,153
EXPENDITURES				
Current				
General government support	2,962,018	3,126,861	3,039,861	87,000
Public safety	5,998,391	5,755,146	5,744,758	10,388
Health	198,842	215,412	215,412	-
Transportation	1,341,723	1,197,886	1,188,158	9,728
Economic opportunity and development	304,533	305,831	304,216	1,615
Culture and recreation	1,676,695	1,715,097	1,532,539	182,558
Home and community services	1,174,242	1,246,527	1,084,731	161,796
Employee benefits	4,451,846	4,564,109	4,503,154	60,955
Debt service				
Principal	370,000	370,000	370,000	-
Interest	114,501	115,454	115,454	-
Total Expenditures	18,592,791	18,612,323	18,098,283	514,040
Excess of Revenues Over Expenditures	379,390	372,175	1,868,368	1,496,193
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	15,000	70,072	114,543	44,471
Transfers in	-	-	765,299	765,299
Transfers out	(1,873,781)	(2,281,775)	(2,281,775)	-
Total Other Financing Uses	(1,858,781)	(2,211,703)	(1,401,933)	809,770
Net Change in Fund Balance	(1,479,391)	(1,839,528)	466,435	2,305,963
FUND BALANCE				
Beginning of Year	1,479,391	1,839,528	7,662,972	5,823,444
End of Year	\$ -	\$ -	\$ 8,129,407	\$ 8,129,407

See independent auditors' report.

2016

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 14,534,433	\$ 14,534,433	\$ 14,534,433	\$ -
6,000	6,000	10,434	4,434
2,374,000	2,374,000	3,226,976	852,976
1,134,250	1,134,250	1,265,769	131,519
197,516	197,516	198,055	539
16,000	16,000	26,046	10,046
40,000	40,000	38,245	(1,755)
15,000	15,000	-	(15,000)
356,271	356,271	521,100	164,829
7,600	7,600	90,748	83,148
<u>18,681,070</u>	<u>18,681,070</u>	<u>19,911,806</u>	<u>1,230,736</u>
2,737,444	2,847,617	2,565,543	282,074
5,885,466	5,866,890	5,765,787	101,103
198,842	198,842	198,842	-
1,349,709	1,278,989	1,151,634	127,355
308,883	310,383	296,819	13,564
1,656,874	1,659,174	1,600,799	58,375
1,086,038	1,093,108	963,676	129,432
4,424,300	4,371,853	4,319,502	52,351
625,000	625,000	625,000	-
126,666	133,232	133,230	2
<u>18,399,222</u>	<u>18,385,088</u>	<u>17,620,832</u>	<u>764,256</u>
<u>281,848</u>	<u>295,982</u>	<u>2,290,974</u>	<u>1,994,992</u>
15,000	15,000	56,757	41,757
-	-	-	-
<u>(1,381,675)</u>	<u>(1,405,609)</u>	<u>(1,370,620)</u>	<u>34,989</u>
<u>(1,366,675)</u>	<u>(1,390,609)</u>	<u>(1,313,863)</u>	<u>76,746</u>
<u>(1,084,827)</u>	<u>(1,094,627)</u>	<u>977,111</u>	<u>2,071,738</u>
<u>1,084,827</u>	<u>1,094,627</u>	<u>6,685,861</u>	<u>5,591,234</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,662,972</u>	<u>\$ 7,662,972</u>

Village of Rye Brook, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended May 31, 2017
 (With Comparative Actuals for 2016)

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	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
REAL PROPERTY TAXES	\$ 14,777,892	\$ 14,777,892	\$ 14,768,923	\$ (8,969)	\$ 14,534,433
OTHER TAX ITEMS					
Interest and penalties on real property taxes	8,000	8,000	17,159	9,159	10,434
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,342,000	1,342,000	1,379,984	37,984	1,368,979
Utilities gross receipts taxes	250,000	217,300	217,372	72	249,405
Hotel occupancy tax	552,000	552,000	724,201	172,201	1,343,527
Franchise fees	230,000	230,000	305,063	75,063	265,065
	<u>2,374,000</u>	<u>2,341,300</u>	<u>2,626,620</u>	<u>285,320</u>	<u>3,226,976</u>
DEPARTMENTAL INCOME					
Clerk fees	2,500	2,500	10,934	8,434	11,495
Police fees	1,500	1,152	1,152	-	1,962
Safety inspection fees	510,000	763,773	1,090,775	327,002	766,092
Alarm permits	90,000	90,000	95,205	5,205	106,910
Parks and recreation charges	500,000	289,207	289,207	-	364,620
After school program	40,000	40,000	179,335	139,335	-
Senior center rental	9,000	8,168	8,168	-	14,690
	<u>1,153,000</u>	<u>1,194,800</u>	<u>1,674,776</u>	<u>479,976</u>	<u>1,265,769</u>
INTERGOVERNMENTAL CHARGES					
Airport revenue	40,000	40,000	40,000	-	40,000
Other governmental services					
Home and community services	168,518	161,018	190,457	29,439	158,055
	<u>208,518</u>	<u>201,018</u>	<u>230,457</u>	<u>29,439</u>	<u>198,055</u>

USE OF MONEY AND PROPERTY

Interest earnings	<u>16,000</u>	<u>16,000</u>	<u>20,354</u>	<u>4,354</u>	<u>26,046</u>
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FINES AND FORFEITURES

Fines and forfeited bail	<u>40,000</u>	<u>40,000</u>	<u>49,475</u>	<u>9,475</u>	<u>38,245</u>
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	<u>15,000</u>	<u>15,000</u>	<u>39,999</u>	<u>24,999</u>	<u>-</u>
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STATE AID

Per capita	55,271	55,271	55,308	37	55,283
Mortgage tax	240,000	240,000	357,246	117,246	335,340
Consolidated highway improvement aid	70,000	70,000	90,848	20,848	81,783
Youth funding	900	900	991	91	996
Snow removal	-	-	-	-	42,601
Speed and alcohol enforcement	<u>6,000</u>	<u>6,000</u>	<u>7,575</u>	<u>1,575</u>	<u>5,097</u>

	<u>372,171</u>	<u>372,171</u>	<u>511,968</u>	<u>139,797</u>	<u>521,100</u>
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MISCELLANEOUS

Refund of prior year's expenditures	-	12,317	12,317	-	-
Unclassified	<u>7,600</u>	<u>6,000</u>	<u>14,603</u>	<u>8,603</u>	<u>90,748</u>

	<u>7,600</u>	<u>18,317</u>	<u>26,920</u>	<u>8,603</u>	<u>90,748</u>
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TOTAL REVENUES

	<u>18,972,181</u>	<u>18,984,498</u>	<u>19,966,651</u>	<u>982,153</u>	<u>19,911,806</u>
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OTHER FINANCING SOURCES

Insurance recoveries	15,000	70,072	114,543	44,471	56,757
Transfers in					
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>765,299</u>	<u>765,299</u>	<u>-</u>

TOTAL OTHER FINANCING SOURCES

	<u>15,000</u>	<u>70,072</u>	<u>879,842</u>	<u>809,770</u>	<u>56,757</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES

	<u>\$ 18,987,181</u>	<u>\$ 19,054,570</u>	<u>\$ 20,846,493</u>	<u>\$ 1,791,923</u>	<u>\$ 19,968,563</u>
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See independent auditors' report.

Village of Rye Brook, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended May 31, 2017
 (With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 20,863	\$ 22,672	\$ 22,672	\$ -	\$ 18,591
Administrator	278,607	268,762	266,507	2,255	272,822
Treasurer	593,680	652,004	650,072	1,932	464,675
Village office	115,469	92,121	88,572	3,549	80,257
Clerk	79,229	80,627	80,208	419	76,210
Village attorney	207,909	312,786	312,786	-	192,624
Engineering	114,300	120,822	120,822	-	120,108
Management information systems	255,651	251,323	251,321	2	314,549
Central communications	56,500	56,846	56,846	-	54,653
Central garage	595,394	540,640	484,128	56,512	486,526
Central supplies	31,971	23,568	20,597	2,971	24,998
Central printing and mailing	14,000	18,099	18,099	-	14,992
Unallocated insurance	232,445	241,418	241,418	-	225,711
Consulting fees	94,000	106,938	87,578	19,360	140,563
Bonding fees	20,000	11,395	11,395	-	8,930
Judgments and claims	10,000	274,931	274,931	-	21,480
Tax on property	-	26,244	26,244	-	22,679
Contingency account	215,000	-	-	-	-
Metropolitan commuter transportation mobility tax	27,000	25,665	25,665	-	25,175
	<u>2,962,018</u>	<u>3,126,861</u>	<u>3,039,861</u>	<u>87,000</u>	<u>2,565,543</u>
PUBLIC SAFETY					
Police Department	3,637,171	3,639,147	3,631,842	7,305	3,467,039
Control of animals	13,684	13,684	13,684	-	13,824
Fire protection	2,014,310	1,758,820	1,755,741	3,079	1,973,503
Safety inspection	333,226	343,495	343,491	4	311,421
	<u>5,998,391</u>	<u>5,755,146</u>	<u>5,744,758</u>	<u>10,388</u>	<u>5,765,787</u>

HEALTH

Ambulance services	198,842	215,412	215,412	-	198,842
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TRANSPORTATION

Highway maintenance	1,034,223	1,000,449	992,772	7,677	941,606
Snow removal	145,000	92,115	90,064	2,051	101,442
Street lighting	162,500	105,322	105,322	-	108,586
	<u>1,341,723</u>	<u>1,197,886</u>	<u>1,188,158</u>	<u>9,728</u>	<u>1,151,634</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Community services - Programs for the aging	304,533	305,831	304,216	1,615	296,819
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CULTURE AND RECREATION

Recreation	1,087,523	1,125,774	959,450	166,324	1,039,426
Teen center	6,120	6,120	-	6,120	-
Public library	575,671	575,822	573,089	2,733	553,992
Handicapped	7,381	7,381	-	7,381	7,381
	<u>1,676,695</u>	<u>1,715,097</u>	<u>1,532,539</u>	<u>182,558</u>	<u>1,600,799</u>

HOME AND COMMUNITY SERVICES

Part-time videotaping	5,800	5,800	2,278	3,522	5,000
Planning board	275	275	200	75	400
Disposal fees	95,715	88,000	87,834	166	91,950
Recycling and refuse collection	694,000	694,000	693,672	328	694,047
Shade trees	73,000	108,000	97,849	10,151	67,449
Sewer district	305,452	350,452	202,898	147,554	104,830
	<u>1,174,242</u>	<u>1,246,527</u>	<u>1,084,731</u>	<u>161,796</u>	<u>963,676</u>

EMPLOYEE BENEFITS

State retirement	515,000	515,000	481,109	33,891	542,185
State retirement - Police	1,000,000	1,000,000	993,970	6,030	886,012
Social security	545,000	562,533	562,272	261	535,123
Workers' compensation benefits	276,000	276,000	274,099	1,901	281,096
Unemployment insurance	18,000	18,000	7,423	10,577	9,309
Disability insurance	3,500	3,500	1,970	1,530	903
Health and dental insurance	2,089,346	2,184,076	2,181,332	2,744	2,063,196
Other benefits	5,000	5,000	979	4,021	1,678
	<u>4,451,846</u>	<u>4,564,109</u>	<u>4,503,154</u>	<u>60,955</u>	<u>4,319,502</u>

(Continued)

Village of Rye Brook, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended May 31, 2017

(With Comparative Actuals for 2016)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
DEBT SERVICE					
Principal					
Serial bonds	\$ 370,000	\$ 370,000	\$ 370,000	\$ -	\$ 625,000
Interest					
Serial bonds	79,388	79,388	79,388	-	100,575
Bond anticipation notes	35,113	36,066	36,066	-	32,655
	<u>114,501</u>	<u>115,454</u>	<u>115,454</u>	<u>-</u>	<u>133,230</u>
	<u>484,501</u>	<u>485,454</u>	<u>485,454</u>	<u>-</u>	<u>758,230</u>
TOTAL EXPENDITURES	18,592,791	18,612,323	18,098,283	514,040	17,620,832
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	1,873,781	2,281,775	2,281,775	-	1,370,620
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 20,466,572</u>	<u>\$ 20,894,098</u>	<u>\$ 20,380,058</u>	<u>\$ 514,040</u>	<u>\$ 18,991,452</u>

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Village of Rye Brook, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and equivalents	\$ 2,847,320	\$ 758,560
Due from other funds	<u>555,434</u>	<u>2,026,571</u>
Total Assets	<u>\$ 3,402,754</u>	<u>\$ 2,785,131</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 76,617	\$ 408,962
Due to other funds	765,299	-
Bond anticipation notes payable	<u>2,949,318</u>	<u>3,142,386</u>
Total Liabilities	3,791,234	3,551,348
Fund deficit		
Unassigned	<u>(388,480)</u>	<u>(766,217)</u>
Total Liabilities and Fund Deficit	<u>\$ 3,402,754</u>	<u>\$ 2,785,131</u>

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Village of Rye Brook, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2017</u>	<u>2016</u>
REVENUES		
Miscellaneous	\$ 10,950	\$ -
EXPENDITURES		
Capital outlay	<u>1,539,140</u>	<u>2,502,072</u>
Deficiency of Revenues Over Expenditures	<u>(1,528,190)</u>	<u>(2,502,072)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	2,671,226	1,370,620
Transfers out	<u>(765,299)</u>	<u>-</u>
Total Other Financing Sources	<u>1,905,927</u>	<u>1,370,620</u>
Net Change in Fund Balance	377,737	(1,131,452)
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>(766,217)</u>	<u>365,235</u>
End of Year	<u>\$ (388,480)</u>	<u>\$ (766,217)</u>

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Village of Rye Brook, New York

Capital Projects Fund
 Project Length Schedule
 Inception of Project Through May 31, 2017

Project	Authorization	Expenditures and Transfers	Unexpended Balance
Replace Turf Ballfield	\$ 843,000	\$ 22,028	\$ 820,972
Land - Garibaldi Place	453,285	453,285	-
Laser Fiche Project	359,365	334,703	24,662
Leaf Loader with Attachments	38,000	38,000	-
Pick-up Truck	24,500	24,095	405
Police Car Video System	25,275	25,275	-
King Street Sidewalks	80,000	64,640	15,360
John Deere Mower	40,000	40,000	-
Highway Equipment	298,000	197,104	100,896
Talcott Road Street Lighting Replacement	42,000	41,658	342
Pine Ridge Park Tennis Wall Reconstruction	42,418	42,418	-
Land and Highway Garage	750,000	696,549	53,451
Police Vehicles	350,432	241,110	109,322
Highway Design Study	92,500	58,745	33,755
Financial Software	115,548	81,548	34,000
Playground Equipment - Pine Ridge	125,524	125,524	-
Salter And Dump Body For Hook Lift Truck	43,500	43,500	-
Street Sweeper	185,000	184,887	113
Backhoe Loader	111,432	111,432	-
Bobcat	60,000	59,717	283
528 Ellendale Avenue - Highway Garage	585,000	565,929	19,071
Replace 2002 Ford F550 (Recreation)	77,542	77,542	-
Replace Playground Equipment - Garibaldi Park	85,927	85,927	-
Replace Freightliner Large Dump Truck	215,000	202,028	12,972
Replace Fork Lift	27,500	24,657	2,843
Replace Tire Changer and Balancer	30,000	29,740	260
Replace Ford F550 Dump Truck	88,534	88,534	-
Road Resurfacing - 2016	530,436	233,386	297,050
Fire Department Renovations	17,500	10,395	7,105
Police Equipment	107,810	100,685	7,125
Highway Front End Loader Truck	220,000	-	220,000
Equipment - PEG Grant	156,123	29,094	127,029
Village Hall Renovations - 2017	63,500	45,811	17,689
Police Department Renovations - 2017	39,000	-	39,000
Fire Department - Duct Cleaning - 2017	12,000	7,382	4,618
Business District Improvements - 2017	20,000	-	20,000
Upper Lincoln Drainage Line Survey -2017	60,000	-	60,000
Avon Circle Stormwater Project - 2017	25,000	-	25,000
Road Resurfacing - 2017	500,000	-	500,000
Hawthorne Avenue Temporary Traffic Calming	7,515	-	7,515
TOTALS	\$ 6,948,166	\$ 4,387,328	\$ 2,560,838

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Total Revenues	Fund Balance (Deficit) at May 31, 2017	Bond Anticipation Notes Out- standing at May 31, 2017
\$ 563,000	\$ 540,972	\$ 280,000
137,035	(316,250)	316,250
294,365	(40,338)	65,000
28,500	(9,500)	9,500
18,375	(5,720)	6,125
18,957	(6,318)	6,318
60,000	(4,640)	20,000
30,000	(10,000)	10,000
149,000	(48,104)	149,000
21,000	(20,658)	21,000
22,418	(20,000)	20,000
375,000	(321,549)	375,000
350,432	109,322	-
92,500	33,755	-
115,548	34,000	-
50,524	(75,000)	75,000
10,875	(32,625)	32,625
46,250	(138,637)	138,750
34,182	(77,250)	77,250
15,000	(44,717)	45,000
-	(565,929)	585,000
2,542	(75,000)	75,000
10,927	(75,000)	75,000
-	(202,028)	215,000
-	(24,657)	27,500
-	(29,740)	30,000
13,534	(75,000)	75,000
530,436	297,050	-
17,500	7,105	-
107,810	7,125	-
-	-	220,000
156,123	127,029	-
63,500	17,689	-
39,000	39,000	-
12,000	4,618	-
20,000	20,000	-
60,000	60,000	-
25,000	25,000	-
500,000	500,000	-
7,515	7,515	-
<u>\$ 3,998,848</u>	<u>\$ (388,480)</u>	<u>\$ 2,949,318</u>

Village of Rye Brook, New York

Combining Balance Sheet - Sub Funds
 Non-Major Governmental Fund - Special Purpose Fund
 May 31, 2017
 (With Comparative Totals for 2016)

	Recreation Trust	Friends of Rye Brook	Totals	
			2017	2016
ASSETS				
Cash and equivalents	\$ 554,765	\$ 75,281	\$ 630,046	\$ 252,783
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 3,600	\$ 3,600	\$ 1,892
Due to other funds	419,451	8,028	427,479	8,028
Total Liabilities	419,451	11,628	431,079	9,920
Fund balances				
Restricted	135,314	63,653	198,967	242,863
Total Liabilities and Fund Balances	\$ 554,765	\$ 75,281	\$ 630,046	\$ 252,783

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Village of Rye Brook, New York

Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Sub Funds
Non-Major Governmental Fund - Special Purpose Fund
Year Ended May 31, 2017
(With Comparative Totals for 2016)

	Recreation Trust	Friends of Rye Brook	Totals	
			2017	2016
REVENUES				
Use of money and property	\$ 164	\$ -	\$ 164	\$ -
Miscellaneous	341,000	23,596	364,596	35,896
Total Revenues	341,164	23,596	364,760	35,896
EXPENDITURES				
Current				
Public safety	-	-	-	472
Culture and recreation	-	19,205	19,205	37,176
Total Expenditures	-	19,205	19,205	37,648
Excess (Deficiency) of Revenues Over Expenditures	341,164	4,391	345,555	(1,752)
OTHER FINANCING SOURCES (USES)				
Transfers out	(389,451)	-	(389,451)	-
Net Change in Fund Balances	(48,287)	4,391	(43,896)	(1,752)
FUND BALANCES				
Beginning of Year	183,601	59,262	242,863	244,615
End of Year	\$ 135,314	\$ 63,653	\$ 198,967	\$ 242,863

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