

Village of Rye Brook, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2018

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, 2018, 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, 2018, 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, 2018 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, 2018 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, 2018 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, 2018.

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, 2017 (not presented herein), and have issued our report thereon dated October 30, 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, 2017 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 2017 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2017 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, 2017.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

November 1, 2018

Village of Rye Brook, New York

Management's Discussion and Analysis (MD&A) May 31, 2018

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, 2018. 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 2018 by \$14,092,378. Of this amount, a net unrestricted deficit of \$17,915,484 exists.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$7,572,850 of which \$4,380,561 is unassigned, which is available for spending at the Village's discretion. The fund balance of all governmental funds decreased by \$367,044 primarily attributable to expenditures and other financing uses exceeding revenues and other financing sources.
- ❖ At the end of the fiscal years 2018 and 2017, the unassigned fund balance for the General Fund was \$5,684,869 or 26% and \$6,148,372 or 30% 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 \$375,000 in scheduled payments. The Village's bond rating is Aa1.
- ❖ As of May 31, 2018, the Village had outstanding bond anticipation note liability of \$2,480,125, which was comprised of \$535,000 for authorized capital projects in 2018, plus \$1,945,125 for prior year capital project BANs. Existing bond anticipation notes used to finance the cost of various capital projects were reduced by \$1,004,193.
- ❖ Since the fiscal year ending May 31, 2016, 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, 2018 the Village reported in its Statement of Net Position a liability of \$1,467,697 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.

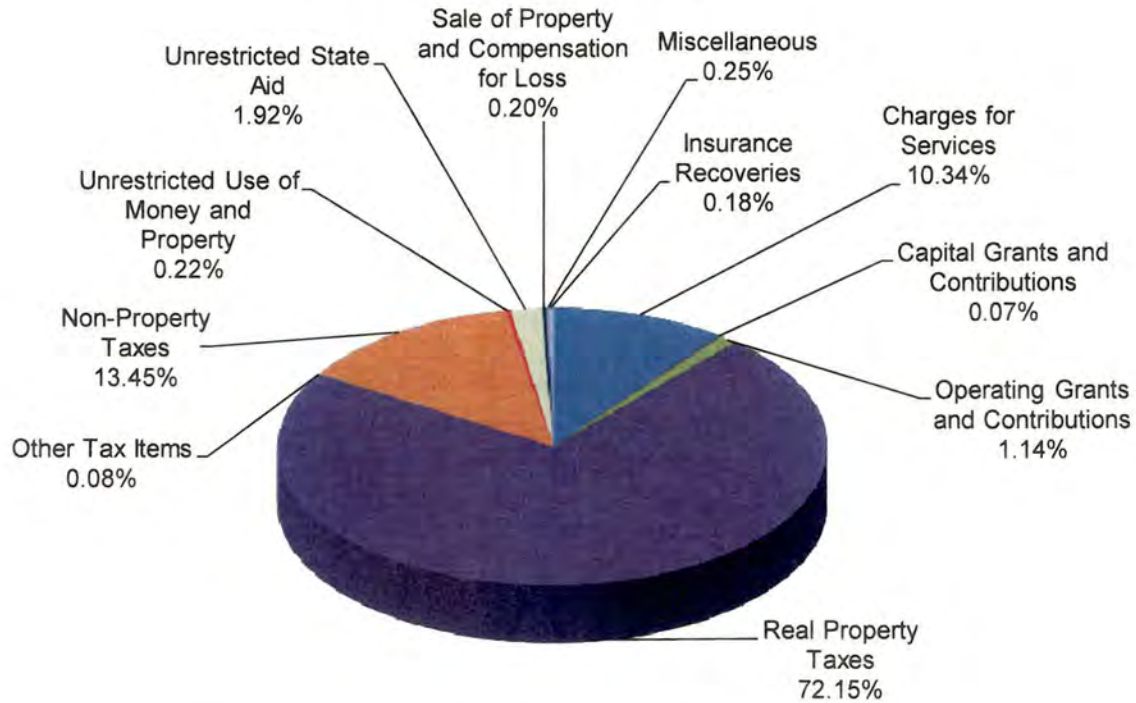
Government-wide Financial Analysis

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 \$14,092,378 at the close of the fiscal year 2017-2018. 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.

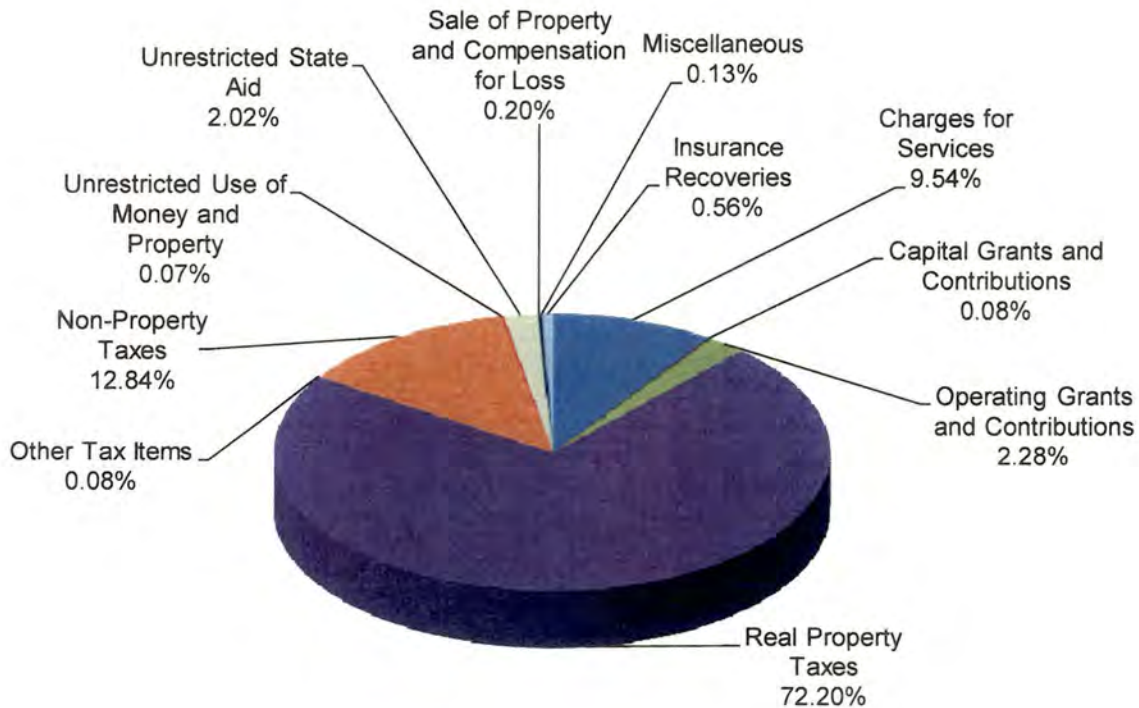
The following table reflects the condensed Statement of Net Position:

	May 31,	
	2018	2017
Current Assets	\$ 11,372,624	\$ 11,912,121
Capital Assets, net	32,898,088	31,806,280
Total Assets	44,270,712	43,718,401
Deferred outflows of resources	3,512,144	2,742,757
Current Liabilities	3,742,122	3,999,060
Long-term Liabilities	26,564,065	24,606,259
Total Liabilities	30,306,187	28,605,319
Deferred inflows of resources	3,384,291	685,291
Net Position		
Net Investment in Capital Assets	29,115,645	28,438,956
Restricted	2,892,217	2,327,423
Unrestricted	(17,915,484)	(13,595,831)
Total Net Position	\$ 14,092,378	\$ 17,170,548

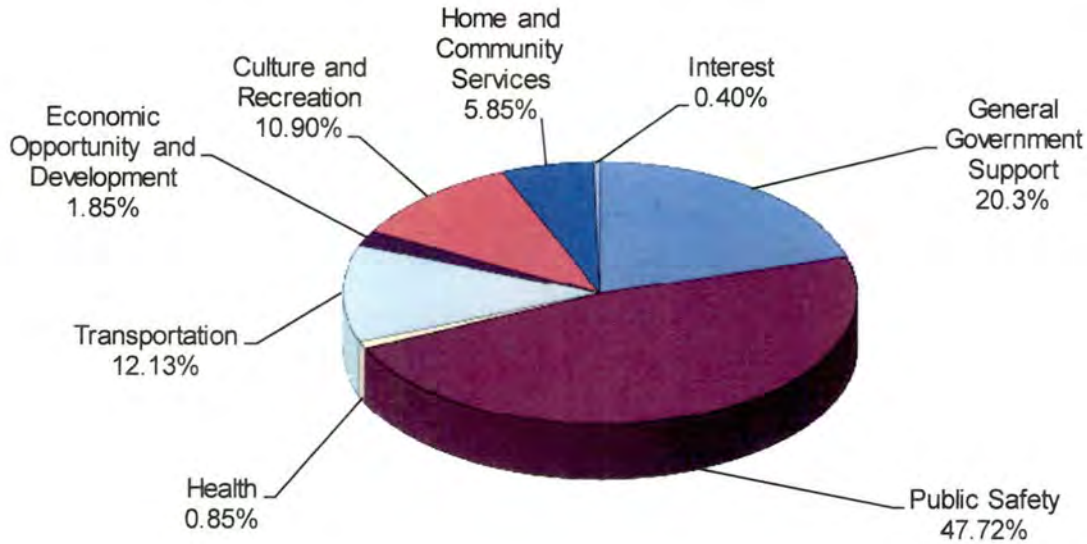
Sources of Revenue for Fiscal Year 2018 Governmental Activities



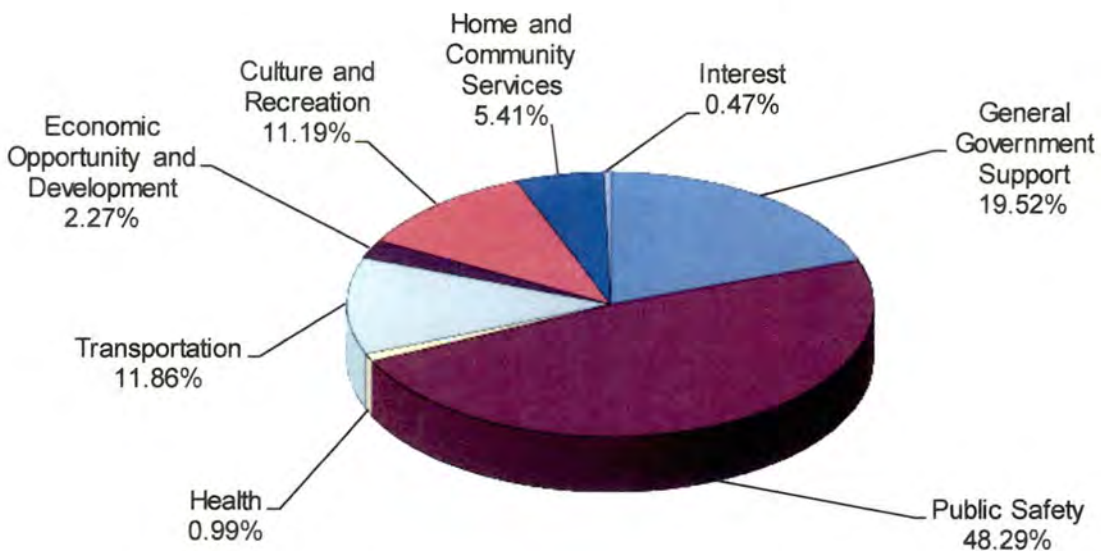
Sources of Revenue for Fiscal Year 2017 Governmental Activities



Sources of Expenses for Fiscal Year 2018 Governmental Activities



Sources of Expenses for Fiscal Year 2017 Governmental Activities



Statement of Activities

	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,097,385	\$ 1,952,708
Operating Grants and Contributions	230,896	466,174
Capital Grants and Contributions	15,146	15,975
Total Program Revenues	<u>2,343,427</u>	<u>2,434,857</u>
General Revenues:		
Real Property Taxes	14,624,313	14,768,923
Other Tax Items - Interest and penalties on real property taxes	17,159	17,159
Non-Property Taxes	2,725,925	2,626,620
Unrestricted Use of Money and Property	44,498	15,329
Sale of property and compensation for loss	40,782	39,999
Unrestricted State Aid	388,550	412,554
Insurance Recoveries	35,555	114,543
Miscellaneous	49,936	26,920
Total General Revenues	<u>17,926,718</u>	<u>18,022,047</u>
Total Revenues	<u>20,270,145</u>	<u>20,456,904</u>
Program Expenses:		
General Government Support	4,737,972	4,266,917
Public Safety	11,142,538	10,554,466
Health	198,842	215,412
Transportation	2,831,521	2,592,185
Economic Opportunity and Development	434,513	495,259
Culture and Recreation	2,545,198	2,445,271
Home and Community Services	1,365,017	1,183,080
Interest	92,714	102,009
Total Expenses	<u>23,348,315</u>	<u>21,854,599</u>
Change in Net Position	(3,078,170)	(1,397,695)
Net Position - Beginning	<u>17,170,548</u>	<u>18,568,243</u>
Net Position - Ending	<u>\$ 14,092,378</u>	<u>\$ 17,170,548</u>

Governmental Activities

Governmental activities decreased the Village's net position by \$3,078,170 and \$1,397,695 in 2018 and 2017 respectively due primarily to the change of \$2,671,395 in the Other Post-Employment Benefits (OPEB) liability.

For the fiscal years ended May 31, 2018 and 2017, revenues from governmental activities totaled \$20,270,145 and \$20,456,904, respectively. Tax revenues (\$17,367,397, in 2018 and \$17,412,702, in 2017), were comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (86% in 2018 and 85% in 2017 respectively).

The largest components of governmental activities' expenses are public safety (48% in 2018 and 2017 respectively), general government support (20% in 2018 and 2017 respectively) and transportation (12% in 2018 and 2017 respectively). The major changes are as follows:

Revenues:

- Total general revenues decreased \$93,841 or .52% with real property taxes decreasing by \$144,610, due in part to the decrease in the current year tax levy, resulting from large tax certiorari settlements paid to Doral Conference Center Associates and Reckson Operating Partnership L.P. in the amount of \$314,883 and \$226,491 respectively.
- Non-property tax items increased by \$99,305 mainly due to an increase in sales tax revenue.
- Insurance recoveries decreased by \$78,988 which was due to a reduction in commercial automobile claims. All other revenue sources increased by \$30,452.

Expenses:

- Total general expenses increased by \$1,493,716 or 6.83% mainly due to increases in public safety of \$588,072, general government support of \$471,055 and transportation of \$239,336.
- All other functions/programs had a net increase by a total of \$195,253.

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 \$7,572,850. Of this amount \$4,280 has been classified as non-spendable, \$1,122,742 has been classified as restricted, \$1,952,366 has been classified as committed; \$112,901 has been classified as assigned and \$4,380,561 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 \$5,684,869, representing 66% of the total General Fund balance of \$8,657,580. Revenues and other financing sources were \$22,093,609, which was \$1,274,301 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 \$21,565,436, which was \$712,983 less than the final budget.

General Fund Budgetary Highlights

The net change in total General Fund fund balance was \$528,173 inclusive of Other Financing Sources (Uses). Actual revenues were \$800,615 greater than the final budget. Revenues that exceeded projections were from the following revenue categories: Non-property taxes which was

\$238,246 greater than budget, Departmental Income which was \$357,551 higher than anticipated primarily due to an increase in safety inspections fees of \$249,300, and State Aid which was \$99,670 greater than budget.

Actual expenditures were \$712,983 less than the final budget, with savings primarily in General Government Support (\$349,637), Home & Community Services (\$177,435), Employee Benefits (\$90,024) and Public Safety (\$61,745).

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2018, net of \$26,314,341 of accumulated depreciation, was \$32,898,088. 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	2018	2017
Land	\$ 13,660,376	\$ 13,660,376
Land Improvements	7,281,611	6,460,477
Building and Improvements	8,775,447	8,054,563
Machinery and Equipment	6,735,941	6,251,263
Infrastructure	22,597,663	22,094,781
Construction-in-Progress *	161,391	123,361
Less - accumulated depreciation	(26,314,341)	(24,838,541)
Total (net of depreciation)	<u>\$ 32,898,088</u>	<u>\$ 31,806,280</u>

*Construction in progress is comprised of:

	2018	2017
Sanitary Sewer Improvement	\$ 106,149	\$ -
Springbrook Accounting Software	55,242	55,242
Architectural Plan for Turf Replacement	-	9,374
Highway Garage Feasibility Study	-	58,745
	<u>\$ 161,391</u>	<u>\$ 123,361</u>

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 \$1,290,000. 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 \$535,000 of short-term debt (bond anticipation notes/BAN's), and paid down \$1,004,193 (all from General Fund appropriations) on existing BAN's for capital projects. In addition, the Village also issued another short-term bond anticipation note in the amount of \$1,517,808 on March 21, 2018 that matures on June 20, 2018 for payment of court ordered tax certiorari settlements. This short term issuance is recorded and disclosed as an "Other Financing Sources" rather than as a "liability" of the fund that received the proceeds because a serial bond was issued subsequent to the fiscal year end, on June 19, 2018 to replace the BAN prior to the issuance of these fiscal year end May 31, 2018 financial statements.

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, 2018, the Village has the authority to issue \$183,637,715 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

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Village of Rye Brook, New York

**Statement of Net Position
May 31, 2018**

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 10,287,570
Receivables	
Taxes	36,384
Accounts	502,099
State and Federal aid	9,744
Due from other governments	532,547
Prepaid expenses	4,280
Capital assets	
Not being depreciated	13,821,767
Being depreciated, net	19,076,321
Total Assets	44,270,712
DEFERRED OUTFLOWS OF RESOURCES	3,512,144
LIABILITIES	
Accounts payable	736,161
Accrued liabilities	87,482
Deposits and other liabilities	5,731
Due to retirement systems	285,173
Unearned revenues	119,123
Bond anticipation notes payable	2,480,125
Accrued interest payable	28,327
Non-current liabilities	
Due within one year	2,042,808
Due in more than one year	24,521,257
Total Liabilities	30,306,187
DEFERRED INFLOWS OF RESOURCES	3,384,291
NET POSITION	
Net investment in capital assets	29,115,645
Restricted	
Capital projects	1,769,475
Debt service	859,209
Special purposes	219,578
Life insurance	43,955
Unrestricted	(17,915,484)
Total Net Position	\$ 14,092,378

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 4,737,972	\$ 216,813	\$ -	\$ -
Public safety	11,142,538	1,157,317	9,160	-
Health	198,842	-	-	-
Transportation	2,831,521	40,000	154,107	-
Economic opportunity and development	434,513	-	-	-
Culture and recreation	2,545,198	587,184	67,629	-
Home and community services	1,365,017	96,071	-	10,950
Interest	92,714	-	-	4,196
Total Governmental Activities	<u>\$ 23,348,315</u>	<u>\$ 2,097,385</u>	<u>\$ 230,896</u>	<u>\$ 15,146</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.

<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>	
\$	(4,521,159)
	(9,976,061)
	(198,842)
	(2,637,414)
	(434,513)
	(1,890,385)
	(1,257,996)
	<u>(88,518)</u>
	<u>(21,004,888)</u>
	14,624,313
	17,159
	1,474,772
	246,917
	746,362
	257,874
	44,498
	40,782
	388,550
	49,936
	<u>35,555</u>
	<u>17,926,718</u>
	(3,078,170)
	<u>17,170,548</u>
\$	<u><u>14,092,378</u></u>

Village of Rye Brook, New York

Balance Sheet
Governmental Funds
May 31, 2018

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 8,122,604	\$ 1,945,388	\$ 219,578	\$ 10,287,570
Taxes receivable	36,384	-	-	36,384
Other receivables				
Accounts	502,099	-	-	502,099
State and Federal aid	9,744	-	-	9,744
Due from other governments	532,547	-	-	532,547
Due from other funds	634,524	-	-	634,524
Prepaid expenditures	4,280	-	-	4,280
Total Assets	<u>\$ 9,842,182</u>	<u>\$ 1,945,388</u>	<u>\$ 219,578</u>	<u>\$ 12,007,148</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 601,114	\$ 135,047	\$ -	\$ 736,161
Accrued liabilities	87,482	-	-	87,482
Deposits and other liabilities	5,731	-	-	5,731
Due to retirement systems	285,173	-	-	285,173
Due to other funds	-	634,524	-	634,524
Unearned revenues	119,123	-	-	119,123
Bond anticipation notes payable	-	2,480,125	-	2,480,125
Total Liabilities	1,098,623	3,249,696	-	4,348,319
Deferred inflows of resources				
Deferred revenues	85,979	-	-	85,979
Total Liabilities and Deferred Inflows of Resources	<u>1,184,602</u>	<u>3,249,696</u>	<u>-</u>	<u>4,434,298</u>
Fund balances (deficits)				
Nonspendable	4,280	-	-	4,280
Restricted	903,164	-	219,578	1,122,742
Committed	1,952,366	-	-	1,952,366
Assigned	112,901	-	-	112,901
Unassigned	5,684,869	(1,304,308)	-	4,380,561
Total Fund Balances (Deficits)	<u>8,657,580</u>	<u>(1,304,308)</u>	<u>219,578</u>	<u>7,572,850</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 9,842,182</u>	<u>\$ 1,945,388</u>	<u>\$ 219,578</u>	<u>\$ 12,007,148</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, 2018

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

Fund Balances - Total Governmental Funds	\$ 7,572,850
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>32,898,088</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>127,853</u>
Other long-term assets that are not available to pay for current period expenditures are deferred in the funds.	
Deferred revenues	<u>85,979</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(28,327)
Bonds payable	(1,302,318)
Compensated absences	(1,486,899)
Bond anticipation notes payable	(1,517,808)
Net pension liability	(1,467,697)
Other post employment benefit obligations payable	<u>(20,789,343)</u>
	<u>(26,592,392)</u>
Net Position of Governmental Activities	\$ <u>14,092,378</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, 2018**

	General	Capital Projects	Non-Major Governmental
REVENUES			
Real property taxes	\$ 14,624,313	\$ -	\$ -
Other tax items	17,159	-	-
Non-property taxes	2,725,925	-	-
Departmental income	1,783,745	-	-
Intergovernmental charges	52,093	-	-
Use of money and property	181,402	-	834
Fines and forfeitures	42,860	-	-
Sale of property and compensation for loss	40,782	-	-
State aid	553,900	-	-
Miscellaneous	49,936	10,950	64,712
Total Revenues	20,072,115	10,950	65,546
EXPENDITURES			
Current			
General government support	3,516,025	-	-
Public safety	6,119,220	-	3,159
Health	198,842	-	-
Transportation	1,318,497	-	-
Economic opportunity and development	307,439	-	-
Culture and recreation	1,637,888	-	41,776
Home and community services	1,048,790	-	-
Employee benefits	4,724,330	-	-
Debt service			
Principal	375,000	-	-
Interest	103,538	-	-
Capital outlay	-	2,674,514	-
Total Expenditures	19,349,569	2,674,514	44,935
Excess (Deficiency) of Revenues Over Expenditures	722,546	(2,663,564)	20,611
OTHER FINANCING SOURCES (USES)			
Bond anticipation notes issued	1,517,808	-	-
Insurance recoveries	35,555	-	-
Transfers in	468,131	2,215,867	-
Transfers out	(2,215,867)	(468,131)	-
Total Other Financing Sources (Uses)	(194,373)	1,747,736	-
Net Change in Fund Balances	528,173	(915,828)	20,611
FUND BALANCES (DEFICITS)			
Beginning of Year	8,129,407	(388,480)	198,967
End of Year	\$ 8,657,580	\$ (1,304,308)	\$ 219,578

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

Total
Governmental
Funds

\$ 14,624,313
17,159
2,725,925
1,783,745
52,093
182,236
42,860
40,782
553,900
125,598

20,148,611

3,516,025
6,122,379
198,842
1,318,497
307,439
1,679,664
1,048,790
4,724,330

375,000
103,538
2,674,514

22,069,018

(1,920,407)

1,517,808
35,555
2,683,998
(2,683,998)

1,553,363

(367,044)

7,939,894

\$ 7,572,850

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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ (367,044)
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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.

Capital outlay expenditures	2,567,608
Depreciation expense	<u>(1,475,800)</u>
	<u>1,091,808</u>

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenues	<u>85,979</u>
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt 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.

Principal paid on serial bonds	375,000
Bond anticipation notes issued	(1,517,808)
Amortization of premium	<u>12,318</u>
	<u>(1,130,490)</u>

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.

Accrued interest	(1,494)
Compensated absences	(55,577)
Pension liabilities	(29,957)
Other post employment benefit obligations	<u>(2,671,395)</u>
	<u>(2,758,423)</u>

Change in Net Position of Governmental Activities	<u>\$ (3,078,170)</u>
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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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 15,167,140	\$ 14,625,765	\$ 14,624,313	\$ (1,452)
Other tax items	12,500	10,000	17,159	7,159
Non-property taxes	2,492,000	2,487,679	2,725,925	238,246
Departmental income	1,414,825	1,426,194	1,783,745	357,551
Intergovernmental charges	40,000	49,744	52,093	2,349
Use of money and property	155,458	155,208	181,402	26,194
Fines and forfeitures	45,000	41,680	42,860	1,180
Sale of property and compensation for loss	15,000	15,000	40,782	25,782
State aid	455,208	454,230	553,900	99,670
Miscellaneous	6,000	6,000	49,936	43,936
Total Revenues	19,803,131	19,271,500	20,072,115	800,615
EXPENDITURES				
Current				
General government support	2,982,834	3,865,662	3,516,025	349,637
Public safety	6,245,019	6,180,965	6,119,220	61,745
Health	198,842	198,842	198,842	-
Transportation	1,288,380	1,333,961	1,318,497	15,464
Economic opportunity and development	310,025	310,025	307,439	2,586
Culture and recreation	1,714,422	1,653,979	1,637,888	16,091
Home and community services	1,219,506	1,226,225	1,048,790	177,435
Employee benefits	4,744,164	4,814,354	4,724,330	90,024
Debt service				
Principal	375,000	375,000	375,000	-
Interest	98,101	103,539	103,538	1
Total Expenditures	19,176,293	20,062,552	19,349,569	712,983
Excess (Deficiency) of Revenues Over Expenditures	626,838	(791,052)	722,546	1,513,598
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	1,517,808	1,517,808	-
Insurance recoveries	30,000	30,000	35,555	5,555
Transfers in	-	-	468,131	468,131
Transfers out	(1,798,625)	(2,215,867)	(2,215,867)	-
Total Other Financing Uses	(1,768,625)	(668,059)	(194,373)	473,686
Net Change in Fund Balance	(1,141,787)	(1,459,111)	528,173	1,987,284
FUND BALANCE				
Beginning of Year	1,141,787	1,459,111	8,129,407	6,670,296
End of Year	\$ -	\$ -	\$ 8,657,580	\$ 8,657,580

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, 2018

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 131,372
Cash and equivalents - senior services	24,861
Accounts receivable	<u>11,762</u>
 Total Assets	 <u><u>\$ 167,995</u></u>
 LIABILITIES	
Accounts payable	\$ 49,222
Deposits	100,306
Deposits - senior services	<u>18,467</u>
 Total Liabilities	 <u><u>\$ 167,995</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 short-term investments with original maturities of less than three months from the date of acquisition.

The Village's deposits 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

Note 1 - Summary of Significant Accounting Policies (Continued)

entered into custodial agreements with the various banks which hold their deposits. These 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, 2018.

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, 2018, 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 \$119,123 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 reported deferred inflows of resources of \$85,979 for permit revenue from a Sanitary Sewer Agreement that does not meet the availability period in the General Fund. This amount is deferred and recognized as inflows of resources in the period that the amounts become available.

The Village also reported 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

Note 1 - Summary of Significant Accounting Policies (Continued)

capital assets, restricted for capital projects, debt service and special purposes. The balance is classified as unrestricted.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 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 November 1, 2018.

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 "Constitutional Tax Limit" for 2017-2018 was \$52,467,919 which exceeded the actual tax levy net of exclusions by \$38,594,004.

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 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

Note 2 - Stewardship, Compliance and Accountability (Continued)

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 \$1,304,308 arises in-part 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. Other deficits where no bond anticipation notes were issued or outstanding to the extent of the project deficit, arise because of expenditures exceeding current financing on the projects.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2018 consisted of the following:

Current Year	<u>\$ 36,384</u>
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B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2018 were as follows:

Fund	Due From	Due To
General	\$ 634,524	\$ -
Capital Projects	-	634,524
	<u>\$ 634,524</u>	<u>\$ 634,524</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, 2018

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, 2017	Additions	Deletions	Balance May 31, 2018
Capital Assets, not being depreciated				
Land	\$ 13,660,376	\$ -	\$ -	\$ 13,660,376
Construction-in-Progress	123,361	106,149	68,119	161,391
Total Capital Assets, not being depreciated	<u>\$ 13,783,737</u>	<u>\$ 106,149</u>	<u>\$ 68,119</u>	<u>\$ 13,821,767</u>
Capital Assets, being depreciated				
Land Improvements	\$ 6,460,477	\$ 821,134	\$ -	\$ 7,281,611
Buildings and Improvements	8,054,563	720,884	-	8,775,447
Machinery and Equipment	6,251,263	484,678	-	6,735,941
Infrastructure	22,094,781	502,882	-	22,597,663
Total Capital Assets, being depreciated	<u>42,861,084</u>	<u>2,529,578</u>	<u>-</u>	<u>45,390,662</u>
Less Accumulated Depreciation for				
Land Improvements	3,058,500	376,150	-	3,434,650
Buildings and Improvements	2,799,987	199,067	-	2,999,054
Machinery and Equipment	3,881,872	371,750	-	4,253,622
Infrastructure	15,098,182	528,833	-	15,627,015
Total Accumulated Depreciation	<u>24,838,541</u>	<u>1,475,800</u>	<u>-</u>	<u>26,314,341</u>
Total Capital Assets, being depreciated, net	<u>\$ 18,022,543</u>	<u>\$ 1,053,778</u>	<u>\$ -</u>	<u>\$ 19,076,321</u>
Capital Assets, net	<u>\$ 31,806,280</u>	<u>\$ 1,159,927</u>	<u>\$ 68,119</u>	<u>\$ 32,898,088</u>

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

General Government Support	\$ 120,296
Public Safety	176,700
Transportation	691,929
Economic Opportunity and Development	1,689
Culture and Recreation	386,951
Home and Community Services	<u>98,235</u>
Total Depreciation Expense	<u>\$ 1,475,800</u>

D. Accrued Liabilities

The Village has reported accrued liabilities for payroll and employee benefits of \$87,482 in the General Fund and government-wide financial statements.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

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, 2017	New Issues	Redemptions	Balance May 31, 2018
Various Capital Projects	2012	08/18	1.30 %	\$ 341,943	\$ -	\$ 229,443	\$ 112,500
Land and Highway Garage	2013	03/19	1.97	375,000	-	187,500	187,500
Various Capital Projects	2015	08/18	1.80	368,625	-	122,875	245,750
Various Capital Projects	2015	08/18	1.30	281,250	-	93,750	187,500
Various Capital Projects	2016	08/18	1.30	1,082,500	-	270,625	811,875
Various Capital Projects	2017	03/19	1.97	500,000	-	100,000	400,000
Sanitary Sewer Improvement	2018	03/19	1.97	-	535,000	-	535,000
				<u>\$ 2,949,318</u>	<u>\$ 535,000</u>	<u>\$ 1,004,193</u>	<u>\$ 2,480,125</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 \$40,151 were recorded in the fund financial statements in the General Fund. Interest expense of \$38,045 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, 2018:

	Balance June 1, 2017	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2018	Due Within One-Year
Bonds Payable	\$ 1,665,000	\$ -	\$ 375,000	\$ 1,290,000	\$ 375,000
Add - Unamortized premium on bonds	24,636	-	12,318	12,318	-
	<u>1,689,636</u>	<u>-</u>	<u>387,318</u>	<u>1,302,318</u>	<u>375,000</u>
Other Non-current Liabilities					
Bond Anticipation Notes Payable	-	1,517,808	-	1,517,808	1,517,808
Compensated Absences	1,431,322	195,577	140,000	1,486,899	150,000
Net Pension Liability	3,367,353	-	1,899,656	1,467,697	-
Other Post Employment Benefit Obligations Payable	18,117,948	3,467,540	796,145	20,789,343	-
Total Non-current Liabilities	<u>22,916,623</u>	<u>5,180,925</u>	<u>2,835,801</u>	<u>25,261,747</u>	<u>1,667,808</u>
Total Long-Term Liabilities	<u>\$ 24,606,259</u>	<u>\$ 5,180,925</u>	<u>\$ 3,223,119</u>	<u>\$ 26,564,065</u>	<u>\$ 2,042,808</u>

Village of Rye Brook, New York**Notes to Financial Statements (Continued)**
May 31, 2018**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, 2018 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2018
Various Village Purposes	2003	\$ 3,100,000	April, 2023	4.00-4.25 %	\$ 865,000
Various Village Purposes	2010	2,200,000	November, 2020	3.00-5.00	425,000
					<u>\$ 1,290,000</u>

Interest expenditures of \$63,387 were recorded in the fund financial statements in the General Fund. Interest expense of \$49,652 was recorded in the government-wide financial statements.

Bond Anticipation Notes Payable

The Village issued a bond anticipation note for the payment of judgements and claims resulting from court orders for \$1,517,808 on March 21, 2018. The Village, pursuant to FASB guidance, has not recorded these liabilities in the fund financial statements since it has demonstrated ability to consummate refinancing. The ability to consummate refinancing was evidenced by obtaining permanent financing or a renewal of the notes prior to the issuance of the financial statements. The note matures on June 20, 2018, with interest at 1.70%.

Interest expense of \$5,017 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and bond anticipation notes debt outstanding as of May 31, 2018 including interest payments of \$134,162 are as follows:

Year Ending May 31,	Bonds		Bond Anticipation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 375,000	\$ 50,138	\$ 1,517,808	\$ 6,379	\$ 1,892,808	\$ 56,517
2020	400,000	34,513	-	-	400,000	34,513
2021	175,000	21,669	-	-	175,000	21,669
2022	175,000	14,450	-	-	175,000	14,450
2023	165,000	7,013	-	-	165,000	7,013
	<u>\$ 1,290,000</u>	<u>\$ 127,783</u>	<u>\$ 1,517,808</u>	<u>\$ 6,379</u>	<u>\$ 2,807,808</u>	<u>\$ 134,162</u>

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and bond anticipation notes 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.

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 2018 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

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
PFRS	2 384D	24.6 %
	5 384D	19.9
	6 384D	14.8

At May 31, 2018, the Village reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Net pension liability	\$ 370,245	\$ 1,097,452
Villages' proportion of the net pension liability	0.0114718 %	0.1085772 %
Change in proportion since the prior measurement date	(0.0009015) %	0.0022048 %

The net pension liability was measured as of March 31, 2018, 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 employer relative to the total of all participating members.

For the year ended May 31, 2018, the Village recognized pension expense in the government-wide financial statements of \$395,644 for ERS and \$1,090,077 for PFRS. Pension expenditures of \$436,531 for ERS and \$1,019,233 for PFRS were recorded in the General Fund.

At May 31, 2018, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u>		<u>PFRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 132,054	\$ 109,125	\$ 451,700	\$ 291,618
Changes of assumptions	245,503	-	831,518	-
Net difference between projected and actual earnings on pension plan investments	537,751	1,061,467	888,259	1,788,905
Changes in proportion and differences between Village contributions and proportionate share of contributions	-	120,982	140,186	12,194
Village contributions subsequent to the measurement date	84,701	-	200,472	-
	<u>\$ 1,000,009</u>	<u>\$ 1,291,574</u>	<u>\$ 2,512,135</u>	<u>\$ 2,092,717</u>

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 583,754	\$ 400,743
Changes of assumptions	1,077,021	-
Net difference between projected and actual earnings on pension plan investments	1,426,010	2,850,372
Changes in proportion and differences between Village contributions and proportionate share of contributions	140,186	133,176
Village contributions subsequent to the measurement date	285,173	-
	<u>\$ 3,512,144</u>	<u>\$ 3,384,291</u>

\$84,701 and \$200,472 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, 2019. 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	ERS	PFRS
2019	\$ 27,295	\$ 266,442
2020	26,684	241,357
2021	(293,587)	(208,964)
2022	(136,658)	(138,639)
2023	-	58,750

The total pension liability for the March 31, 2018 measurement date was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liabilities to March 31, 2018. Significant actuarial assumptions used in the April 1, 2017 valuation were as follows:

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, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

Note 3 - Detailed Notes on All Funds (Continued)

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.

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.55
International Equity	14	6.35
Private Equity	10	7.50
Real Estate	10	5.55
Absolute Return Strategies	2	3.75
Opportunistic Portfolio	3	5.68
Real Assets	3	5.29
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	4	1.25
	<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.

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)	<u>\$ 2,801,372</u>	<u>\$ 370,245</u>	<u>\$ (1,686,391)</u>
Village's proportionate share of the PFRS net pension liability (asset)	<u>\$ 5,375,616</u>	<u>\$ 1,097,452</u>	<u>\$ (2,490,924)</u>

Note 3 - Detailed Notes on All Funds (Continued)

The components of the collective net pension liability as of the March 31, 2018 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 183,400,590,000	\$ 32,914,423,000	\$ 216,315,013,000
Fiduciary net position	180,173,145,000	31,903,666,000	212,076,811,000
Employers' net pension liability	<u>\$ 3,227,445,000</u>	<u>\$ 1,010,757,000</u>	<u>\$ 4,238,202,000</u>
Fiduciary net position as a percentage of total pension liability	<u>98.24%</u>	<u>96.93%</u>	<u>98.04%</u>

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, 2018 represent the employer contribution for the period of April 1, 2018 through May 31, 2018 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, 2018 were \$84,701 and \$200,472, 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. 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.

Note 3 - Detailed Notes on All Funds (Continued)

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	Pre-Medicare	Medicare
2019	8.0 %	5.0 %
2020	7.5	5.0
2021	7.0	5.0
2022	6.5	5.0
2023	6.0	5.0
2024	5.5	5.0
2025+	5.0	5.0

The amortization basis is the level percentage of payroll method with a closed group amortization approach with 22 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.

The number of participants as of May 31, 2018 was as follows:

Active Employees	70
Retired Employees	<u>47</u>
Total	<u>117</u>

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2018

Note 3 - Detailed Notes on All Funds (Continued)

Amortization Component:	
Actuarial Accrued Liability as of June 1, 2017	\$ 41,335,207
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 41,335,207</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 6,640,983</u>
UAAL as a Percentage of Covered Payroll	<u>622.43%</u>
Annual Required Contribution	\$ 3,688,409
Adjustment on annual required contribution	(945,587)
Interest on Net OPEB Obligation	<u>724,718</u>
Annual OPEB Cost	3,467,540
Contributions Made	<u>(796,145)</u>
Increase in Net OPEB Obligation	2,671,395
Net OPEB Obligation - Beginning of Year	<u>18,117,948</u>
Net OPEB Obligation - End of Year	<u>\$ 20,789,343</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
2018	\$ 3,467,540	23.00 %	\$ 20,789,343
2017	3,201,556	28.35	18,117,948
2016	3,063,563	27.40	15,823,960

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	\$ -	\$ 2,215,867	\$ 2,215,867
Capital Projects Fund	468,131	-	468,131
	<u>\$ 468,131</u>	<u>\$ 2,215,867</u>	<u>\$ 2,683,998</u>

Transfers are used to 1) move amounts earmarked in the General Fund to fulfill commitments for Capital Projects Fund expenditures and 2) move funds for closed capital projects from the Capital Projects Fund to the General Fund.

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.

Restricted for Life Insurance - the component of net position that reports the amounts restricted for life insurance proceeds.

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, 2018

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2018				2017			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Prepaid expenditures	\$ 4,280	\$ -	\$ -	\$ 4,280	\$ -	\$ -	\$ -	\$ -
Restricted								
Life insurance	21,955	-	-	21,955	-	-	-	-
Life insurance - for subsequent year's expenditures	22,000	-	-	22,000	-	-	-	-
Debt service	814,209	-	-	814,209	839,248	-	-	839,248
Debt service - for subsequent year's expenditures	45,000	-	-	45,000	-	-	-	-
Parklands	-	-	170,148	170,148	-	-	135,314	135,314
Trusts	-	-	49,430	49,430	-	-	63,653	63,653
Total Restricted	903,164	-	219,578	1,122,742	839,248	-	198,967	1,038,215
Committed								
Capital projects	1,270,366	-	-	1,270,366	-	-	-	-
Capital projects - for subsequent year's expenditures	682,000	-	-	682,000	-	-	-	-
Total Committed	1,952,366	-	-	1,952,366	-	-	-	-
Assigned								
Purchases on order								
General government support	31,098	-	-	31,098	22,075	-	-	22,075
Public safety	19,995	-	-	19,995	6,033	-	-	6,033
Transportation	4,523	-	-	4,523	-	-	-	-
Culture and recreation	3,198	-	-	3,198	35,821	-	-	35,821
Home and community services	54,087	-	-	54,087	99,358	-	-	99,358
	112,901	-	-	112,901	163,287	-	-	163,287
Subsequent year's expenditures	-	-	-	-	978,500	-	-	978,500
Total Assigned	112,901	-	-	112,901	1,141,787	-	-	1,141,787
Unassigned	5,684,869	(1,304,308)	-	4,380,561	6,148,372	(388,480)	-	5,759,892
Total Fund Balances (Deficits)	\$ 8,657,580	\$ (1,304,308)	\$ 219,578	\$ 7,572,850	\$ 8,129,407	\$ (388,480)	\$ 198,967	\$ 7,939,894

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.

Prepaid Expenditures has been established to account for certain payments made in advance. The amount is classified as nonspendable to indicate that these funds are not "available" for appropriation or expenditure even though they are a component of current assets.

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.

Capital Projects represents an amount committed by the Board to be used for future capital projects.

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, 2018, 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, committed or assigned. Unassigned fund balance in the Capital Projects Funds represents deficit balances.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

An action was brought by Connecticut Funds for the Environment, Inc. d/b/a Save the Sound against a number of municipalities in Westchester County including the Village of Rye Brook and County of Westchester under Section 505(a) of the Federal Clean Water Act seeking equitable relief, civil penalties and other relief including attorney's fees and costs. The action is premised on the claim that the municipalities, including the Village, have failed to properly maintain their sanitary sewer facilities in violation of the federal law. The Village submitted this claim to its insurance carrier, NYMIR, who declined coverage. The Village has vigorously contested these allegations since the inception of this lawsuit in 2015. On or about August 24, 2018, the Court entered a Stipulated Order which suspended proceedings against Rye Brook until June 30, 2019. During this time, the Village has agreed to complete certain investigative work and publish work plans for repairs to be done based on the investigation. The Stipulated Order includes time deadlines for the completion of the work plan, and thereafter for Plaintiffs and the Village to attempt to resolve this matter. The Order states that if no agreement is reached on or before June 30, 2019, the Village will be compelled to seek a Pre-Motion Conference before the federal court or answer the Complaint on or before August 1, 2019. Because there is no final resolution of this matter, Counsel is unable to furnish an estimate of the range of potential losses in the event of an unfavorable outcome.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

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 June 19, 2018, issued \$14,250,000 public improvement serial bonds and \$1,533,000 tax certiorari serial bonds. The public improvement serial bonds have a final maturity date of March 15, 2048 with interest rates that range from 3% to 3.75%. The tax certiorari serial bonds have a final maturity date of March 15, 2028 with an interest rates of 3.5%.

The Village, on August 9, 2018, issued a renewal of a bond anticipation note in the amount of \$664,125 which was used to finance various capital projects. The note matures on August 9, 2019 and bears interest at a rate of 2.39% per annum.

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, 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
June 1, 2017	-	41,335,207	41,335,207	-	6,640,983	622.43

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)

	2018	2017	2016 (2)
Village's proportion of the net pension liability	<u>0.0114718%</u>	<u>0.0123733%</u>	<u>0.0131940%</u>
Village's proportionate share of the net pension liability	<u>\$ 370,245</u>	<u>\$ 1,162,624</u>	<u>\$ 2,117,674</u>
Village's covered payroll	<u>\$ 2,802,117</u>	<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>13.21%</u>	<u>39.82%</u>	<u>71.83%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>98.24%</u>	<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)

	2018	2017	2016
Contractually required contribution	\$ 442,325	\$ 461,117	\$ 550,949
Contributions in relation to the contractually required contribution	(442,325)	(461,117)	(550,949)
Contribution excess	\$ -	\$ -	\$ -
Village's covered payroll	\$ 2,973,848	\$ 2,927,244	\$ 2,925,051
Contributions as a percentage of covered payroll	14.87%	15.75%	18.84%

(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)

	2018	2017	2016 (2)
Village's proportion of the net pension liability	<u>0.1085772%</u>	<u>0.1063724%</u>	<u>0.1104717%</u>
Village's proportionate share of the net pension liability	<u>\$ 1,097,452</u>	<u>\$ 2,204,729</u>	<u>\$ 3,270,831</u>
Village's covered payroll	<u>\$ 4,307,617</u>	<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>25.48%</u>	<u>54.86%</u>	<u>86.12%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>96.93%</u>	<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)

	2018	2017	2016
Contractually required contribution	\$ 1,020,500	\$ 944,674	\$ 884,771
Contributions in relation to the contractually required contribution	<u>(1,020,500)</u>	<u>(944,674)</u>	<u>(884,771)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	<u>\$ 4,640,138</u>	<u>\$ 4,720,743</u>	<u>\$ 4,043,564</u>
Contributions as a percentage of covered payroll	<u>21.99%</u>	<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,

	2018	2017
ASSETS		
Cash and equivalents	\$ 8,122,604	\$ 7,338,625
Taxes receivable	36,384	263,314
Other receivables		
Accounts	502,099	320,294
State and Federal aid	9,744	-
Due from other governments	532,547	512,522
Due from other funds	634,524	756,258
	1,678,914	1,589,074
Prepaid expenditures	4,280	-
Total Assets	<u>\$ 9,842,182</u>	<u>\$ 9,191,013</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 601,114	\$ 468,148
Accrued liabilities	87,482	66,170
Deposits and other liabilities	5,731	7,741
Due to retirement systems	285,173	292,234
Due to other funds	-	118,914
Unearned revenues	119,123	108,399
Total Liabilities	1,098,623	1,061,606
Deferred inflows of resources		
Deferred revenues	85,979	-
Total Liabilities and Deferred Inflows of Resources	<u>1,184,602</u>	<u>1,061,606</u>
Fund balance		
Nonspendable	4,280	-
Restricted	903,164	839,248
Committed	1,952,366	-
Assigned	112,901	1,141,787
Unassigned	5,684,869	6,148,372
Total Fund Balance	<u>8,657,580</u>	<u>8,129,407</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 9,842,182</u>	<u>\$ 9,191,013</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,

	2018			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 15,167,140	\$ 14,625,765	\$ 14,624,313	\$ (1,452)
Other tax items	12,500	10,000	17,159	7,159
Non-property taxes	2,492,000	2,487,679	2,725,925	238,246
Departmental income	1,414,825	1,426,194	1,783,745	357,551
Intergovernmental charges	40,000	49,744	52,093	2,349
Use of money and property	155,458	155,208	181,402	26,194
Fines and forfeitures	45,000	41,680	42,860	1,180
Sale of property and compensation for loss	15,000	15,000	40,782	25,782
State aid	455,208	454,230	553,900	99,670
Miscellaneous	6,000	6,000	49,936	43,936
Total Revenues	19,803,131	19,271,500	20,072,115	800,615
EXPENDITURES				
Current				
General government support	2,982,834	3,865,662	3,516,025	349,637
Public safety	6,245,019	6,180,965	6,119,220	61,745
Health	198,842	198,842	198,842	-
Transportation	1,288,380	1,333,961	1,318,497	15,464
Economic opportunity and development	310,025	310,025	307,439	2,586
Culture and recreation	1,714,422	1,653,979	1,637,888	16,091
Home and community services	1,219,506	1,226,225	1,048,790	177,435
Employee benefits	4,744,164	4,814,354	4,724,330	90,024
Debt service				
Principal	375,000	375,000	375,000	-
Interest	98,101	103,539	103,538	1
Total Expenditures	19,176,293	20,062,552	19,349,569	712,983
Excess (Deficiency) of Revenues Over Expenditures	626,838	(791,052)	722,546	1,513,598
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	1,517,808	1,517,808	-
Insurance recoveries	30,000	30,000	35,555	5,555
Transfers in	-	-	468,131	468,131
Transfers out	(1,798,625)	(2,215,867)	(2,215,867)	-
Total Other Financing Uses	(1,768,625)	(668,059)	(194,373)	473,686
Net Change in Fund Balance	(1,141,787)	(1,459,111)	528,173	1,987,284
FUND BALANCE				
Beginning of Year	1,141,787	1,459,111	8,129,407	6,670,296
End of Year	\$ -	\$ -	\$ 8,657,580	\$ 8,657,580

See independent auditors' report.

2017

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 14,777,892	\$ 14,777,892	\$ 14,768,923	\$ (8,969)
10,000	10,000	17,159	7,159
2,372,000	2,339,300	2,626,620	287,320
1,203,100	1,236,632	1,737,288	500,656
40,000	40,000	42,000	2,000
136,018	135,186	146,299	11,113
40,000	40,000	49,475	9,475
15,000	15,000	39,999	24,999
372,171	372,171	511,968	139,797
6,000	18,317	26,920	8,603
18,972,181	18,984,498	19,966,651	982,153
2,962,018	3,126,861	3,039,861	87,000
5,998,391	5,755,146	5,744,758	10,388
198,842	215,412	215,412	-
1,341,723	1,197,886	1,188,158	9,728
304,533	305,831	304,216	1,615
1,676,695	1,715,097	1,532,539	182,558
1,174,242	1,246,527	1,084,731	161,796
4,451,846	4,564,109	4,503,154	60,955
370,000	370,000	370,000	-
114,501	115,454	115,454	-
18,592,791	18,612,323	18,098,283	514,040
379,390	372,175	1,868,368	1,496,193
-	-	-	-
15,000	70,072	114,543	44,471
-	-	765,299	765,299
(1,873,781)	(2,281,775)	(2,281,775)	-
(1,858,781)	(2,211,703)	(1,401,933)	809,770
(1,479,391)	(1,839,528)	466,435	2,305,963
1,479,391	1,839,528	7,662,972	5,823,444
\$ -	\$ -	\$ 8,129,407	\$ 8,129,407

Village of Rye Brook, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended May 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
REAL PROPERTY TAXES	<u>\$ 15,167,140</u>	<u>\$ 14,625,765</u>	<u>\$ 14,624,313</u>	<u>\$ (1,452)</u>	<u>\$ 14,768,923</u>
OTHER TAX ITEMS					
Interest and penalties on real property taxes	<u>12,500</u>	<u>10,000</u>	<u>17,159</u>	<u>7,159</u>	<u>17,159</u>
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,352,000	1,352,000	1,474,772	122,772	1,379,984
Utilities gross receipts taxes	250,000	245,679	246,917	1,238	217,372
Hotel occupancy tax	650,000	650,000	746,362	96,362	724,201
Franchise fees	<u>240,000</u>	<u>240,000</u>	<u>257,874</u>	<u>17,874</u>	<u>305,063</u>
	<u>2,492,000</u>	<u>2,487,679</u>	<u>2,725,925</u>	<u>238,246</u>	<u>2,626,620</u>
DEPARTMENTAL INCOME					
Clerk fees	7,500	7,500	11,726	4,226	10,934
Police fees	46,500	45,093	50,357	5,264	62,832
Safety inspection fees	702,700	715,588	952,000	236,412	1,090,775
Alarm permits	103,025	103,025	112,100	9,075	95,205
Parks and recreation charges	370,000	370,000	402,471	32,471	289,207
After school program	160,000	160,000	169,625	9,625	179,335
Home and community service fees	23,500	23,500	83,978	60,478	9,000
Concessions	<u>1,600</u>	<u>1,488</u>	<u>1,488</u>	<u>-</u>	<u>-</u>
	<u>1,414,825</u>	<u>1,426,194</u>	<u>1,783,745</u>	<u>357,551</u>	<u>1,737,288</u>
INTERGOVERNMENTAL CHARGES					
Airport revenue	40,000	40,000	40,000	-	40,000
Other governmental services					
Home and community services	<u>-</u>	<u>9,744</u>	<u>12,093</u>	<u>2,349</u>	<u>2,000</u>
	<u>40,000</u>	<u>49,744</u>	<u>52,093</u>	<u>2,349</u>	<u>42,000</u>

USE OF MONEY AND PROPERTY

Rental of real property	115,458	115,208	119,108	3,900	117,777
Senior center rental	10,000	10,000	13,600	3,600	8,168
Interest earnings	30,000	30,000	48,694	18,694	20,354
	<u>155,458</u>	<u>155,208</u>	<u>181,402</u>	<u>26,194</u>	<u>146,299</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>45,000</u>	<u>41,680</u>	<u>42,860</u>	<u>1,180</u>	<u>49,475</u>
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	<u>15,000</u>	<u>15,000</u>	<u>40,782</u>	<u>25,782</u>	<u>39,999</u>
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STATE AID

Per capita	55,308	54,330	54,330	-	55,308
Mortgage tax	320,000	320,000	334,220	14,220	357,246
Consolidated highway improvement aid	70,000	70,000	101,265	31,265	90,848
Youth funding	900	900	2,083	1,183	991
Snow removal	-	-	52,842	52,842	-
Speed and alcohol enforcement	9,000	9,000	9,160	160	7,575
	<u>455,208</u>	<u>454,230</u>	<u>553,900</u>	<u>99,670</u>	<u>511,968</u>

MISCELLANEOUS

Refund of prior year's expenditures	-	-	1,186	1,186	12,317
Unclassified	<u>6,000</u>	<u>6,000</u>	<u>48,750</u>	<u>42,750</u>	<u>14,603</u>
	<u>6,000</u>	<u>6,000</u>	<u>49,936</u>	<u>43,936</u>	<u>26,920</u>

TOTAL REVENUES

	<u>19,803,131</u>	<u>19,271,500</u>	<u>20,072,115</u>	<u>800,615</u>	<u>19,966,651</u>
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OTHER FINANCING SOURCES

Bond anticipation notes issued	-	1,517,808	1,517,808	-	-
Insurance recoveries	30,000	30,000	35,555	5,555	114,543
Transfers in					
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>468,131</u>	<u>468,131</u>	<u>765,299</u>

TOTAL OTHER FINANCING SOURCES

	<u>30,000</u>	<u>1,547,808</u>	<u>2,021,494</u>	<u>473,686</u>	<u>879,842</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES

	<u>\$ 19,833,131</u>	<u>\$ 20,819,308</u>	<u>\$ 22,093,609</u>	<u>\$ 1,274,301</u>	<u>\$ 20,846,493</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, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 24,500	\$ 24,500	\$ 20,525	\$ 3,975	\$ 22,672
Administrator	278,048	283,446	283,446	-	266,507
Treasurer	618,622	583,535	514,318	69,217	650,072
Village office	98,437	98,438	87,499	10,939	88,572
Clerk	80,827	103,470	103,470	-	80,208
Village attorney	210,000	217,050	217,050	-	312,786
Engineering	116,560	125,878	125,878	-	120,822
Management information systems	263,628	263,629	245,328	18,301	251,321
Central communications	56,500	50,086	47,825	2,261	56,846
Central garage	512,272	508,272	443,316	64,956	484,128
Central supplies	29,000	23,807	19,170	4,637	20,597
Central printing and mailing	14,000	14,000	11,596	2,404	18,099
Unallocated insurance	242,000	243,404	243,404	-	241,418
Consulting fees	138,440	138,440	107,754	30,686	87,578
Bonding fees	10,000	15,128	15,128	-	11,395
Judgments and claims	10,000	984,070	982,159	1,911	274,931
Tax on property	-	18,745	18,745	-	26,244
Contingency account	250,000	140,350	-	140,350	-
Metropolitan commuter transportation mobility tax	30,000	29,414	29,414	-	25,665
	<u>2,982,834</u>	<u>3,865,662</u>	<u>3,516,025</u>	<u>349,637</u>	<u>3,039,861</u>
PUBLIC SAFETY					
Police Department	3,708,368	3,936,045	3,927,626	8,419	3,631,842
Control of animals	13,972	13,972	13,972	-	13,684
Fire protection	2,201,686	1,922,878	1,872,851	50,027	1,755,741
Safety inspection	320,993	308,070	304,771	3,299	343,491
	<u>6,245,019</u>	<u>6,180,965</u>	<u>6,119,220</u>	<u>61,745</u>	<u>5,744,758</u>

HEALTH

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

Highway maintenance	1,033,380	1,056,693	1,053,455	3,238	992,772
Snow removal	145,000	151,632	146,629	5,003	90,064
Street lighting	110,000	125,636	118,413	7,223	105,322
	1,288,380	1,333,961	1,318,497	15,464	1,188,158

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Community services - Programs for the aging	310,025	310,025	307,439	2,586	304,216
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CULTURE AND RECREATION

Recreation	1,112,337	1,041,218	1,025,377	15,841	959,450
Teen center	4,500	-	-	-	-
Public library	582,823	597,999	597,749	250	573,089
Handicapped	14,762	14,762	14,762	-	-
	1,714,422	1,653,979	1,637,888	16,091	1,532,539

HOME AND COMMUNITY SERVICES

Part-time videotaping	3,200	3,469	3,469	-	2,278
Planning board	275	460	460	-	200
Disposal fees	100,000	99,676	86,773	12,903	87,834
Recycling and refuse collection	693,673	700,262	699,747	515	693,672
Shade trees	73,000	73,000	67,102	5,898	97,849
Sewer district	349,358	349,358	191,239	158,119	202,898
	1,219,506	1,226,225	1,048,790	177,435	1,084,731

EMPLOYEE BENEFITS

State retirement	500,000	480,767	436,531	44,236	481,109
State retirement - Police	1,000,000	1,019,233	1,019,233	-	993,970
Social security	560,000	603,486	597,991	5,495	562,272
Workers' compensation benefits	307,000	307,000	281,560	25,440	274,099
Unemployment insurance	18,000	13,578	7,394	6,184	7,423
Disability insurance	2,000	3,009	3,008	1	1,970
Health and dental insurance	2,352,164	2,382,281	2,377,134	5,147	2,181,332
Other benefits	5,000	5,000	1,479	3,521	979
	4,744,164	4,814,354	4,724,330	90,024	4,503,154

(Continued)

Village of Rye Brook, New York

General Fund

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

Year Ended May 31, 2018

(With Comparative Actuals for 2017)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2017 Actual
DEBT SERVICE					
Principal					
Serial bonds	\$ 375,000	\$ 375,000	\$ 375,000	\$ -	\$ 370,000
Interest					
Serial bonds	63,388	63,388	63,387	1	79,388
Bond anticipation notes	34,713	40,151	40,151	-	36,066
	98,101	103,539	103,538	1	115,454
	473,101	478,539	478,538	1	485,454
TOTAL EXPENDITURES	19,176,293	20,062,552	19,349,569	712,983	18,098,283
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	1,798,625	2,215,867	2,215,867	-	2,281,775
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 20,974,918</u>	<u>\$ 22,278,419</u>	<u>\$ 21,565,436</u>	<u>\$ 712,983</u>	<u>\$ 20,380,058</u>

Village of Rye Brook, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	2018	2017
ASSETS		
Cash and equivalents	\$ 1,945,388	\$ 2,847,320
Due from other funds	-	555,434
Total Assets	<u>\$ 1,945,388</u>	<u>\$ 3,402,754</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 135,047	\$ 76,617
Due to other funds	634,524	765,299
Bond anticipation notes payable	<u>2,480,125</u>	<u>2,949,318</u>
Total Liabilities	3,249,696	3,791,234
Fund deficit		
Unassigned	<u>(1,304,308)</u>	<u>(388,480)</u>
Total Liabilities and Fund Deficit	<u>\$ 1,945,388</u>	<u>\$ 3,402,754</u>

See independent auditors' report.

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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>2018</u>	<u>2017</u>
REVENUES		
Miscellaneous	\$ 10,950	\$ 10,950
EXPENDITURES		
Capital outlay	<u>2,674,514</u>	<u>1,539,140</u>
Deficiency of Revenues Over Expenditures	<u>(2,663,564)</u>	<u>(1,528,190)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	2,215,867	2,671,226
Transfers out	<u>(468,131)</u>	<u>(765,299)</u>
Total Other Financing Sources	<u>1,747,736</u>	<u>1,905,927</u>
Net Change in Fund Balance	(915,828)	377,737
FUND DEFICIT		
Beginning of Year	<u>(388,480)</u>	<u>(766,217)</u>
End of Year	<u><u>\$ (1,304,308)</u></u>	<u><u>\$ (388,480)</u></u>

See independent auditors' report.

Village of Rye Brook, New York

Capital Projects Fund
Project Length Schedule
Inception of Project Through May 31, 2018

Project	Authorization	Expenditures and Transfers to Date	Unexpended Balance
Replace Turf Ballfield	\$ 843,000	\$ 810,299	\$ 32,701
Land - Garibaldi Place	453,285	453,285	-
Laser Fiche Project	359,365	335,854	23,511
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	345,432	344,432	1,000
Financial Software	115,548	96,423	19,125
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	-
Highway Front End Loader Truck	220,000	216,939	3,061
Equipment - PEG Grant	167,073	87,393	79,680
Village Hall Renovations - 2017	63,500	48,286	15,214
Business District Improvements - 2017	20,000	-	20,000
Avon Circle Stormwater Project - 2017	25,000	-	25,000
Road Resurfacing - 2017	500,000	480,048	19,952
Sanitary Sewer Improvement - 2018	535,000	106,149	428,851
Police Vehicle Computers - 2018	45,000	36,282	8,718
Fire Department Renovations - 2018	28,500	19,500	9,000
Police Vehicles - 2018	99,000	-	99,000
Road Resurfacing - 2018	500,000	-	500,000
LED Upgrades - Decorative Poll - 2018	50,000	4,631	45,369
Signal Improvement Bowman Ave/South Ridge St - 2018	51,250	3,112	48,138
Catwalk Covered Walkway - AJP - 2018	12,000	-	12,000
Heavy Duty Vehicles - 2018	208,924	-	208,924
Public Works/Parks Facility Building Construction	14,250,000	593,658	13,656,342
TOTALS	\$ 21,659,254	\$ 6,213,437	\$ 15,445,817

See independent auditors' report.

Total Revenues	Fund Balance (Deficit) at May 31, 2018	Bond Anticipation Notes Out- standing at May 31, 2018
\$ 619,000	\$ (191,299)	\$ 224,000
248,285	(205,000)	205,000
359,365	23,511	-
223,500	26,396	74,500
31,500	(10,158)	10,500
32,418	(10,000)	10,000
562,500	(134,049)	187,500
345,432	1,000	-
115,548	19,125	-
75,524	(50,000)	50,000
21,750	(21,750)	21,750
92,500	(92,387)	92,500
59,932	(51,500)	51,500
30,000	(29,717)	30,000
146,250	(419,679)	438,750
21,292	(56,250)	56,250
29,677	(56,250)	56,250
53,750	(148,278)	161,250
6,875	(17,782)	20,625
7,500	(22,240)	22,500
32,284	(56,250)	56,250
44,000	(172,939)	176,000
167,073	79,680	-
63,500	15,214	-
-	-	-
25,000	25,000	-
500,000	19,952	-
-	(106,149)	535,000
45,000	8,718	-
28,500	9,000	-
99,000	99,000	-
500,000	500,000	-
50,000	45,369	-
51,250	48,138	-
12,000	12,000	-
208,924	208,924	-
-	(593,658)	-
<u>\$ 4,909,129</u>	<u>\$ (1,304,308)</u>	<u>\$ 2,480,125</u>

Village of Rye Brook, New York

Combining Balance Sheet - Sub Funds
 Non-Major Governmental Fund - Special Purpose Fund
 May 31, 2018
 (With Comparative Totals for 2017)

	Recreation Trust	Friends of Rye Brook	Totals	
			2018	2017
ASSETS				
Cash and equivalents	<u>\$ 170,148</u>	<u>\$ 49,430</u>	<u>\$ 219,578</u>	<u>\$ 630,046</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,600
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>427,479</u>
Total Liabilities	-	-	-	431,079
Fund balances				
Restricted	<u>170,148</u>	<u>49,430</u>	<u>219,578</u>	<u>198,967</u>
Total Liabilities and Fund Balances	<u>\$ 170,148</u>	<u>\$ 49,430</u>	<u>\$ 219,578</u>	<u>\$ 630,046</u>

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, 2018
(With Comparative Totals for 2017)

	Recreation Trust	Friends of Rye Brook	Totals	
			2018	2017
REVENUES				
Use of money and property	\$ 834	\$ -	\$ 834	\$ 164
Miscellaneous	34,000	30,712	64,712	364,596
Total Revenues	34,834	30,712	65,546	364,760
EXPENDITURES				
Current				
Public safety	-	3,159	3,159	-
Culture and recreation	-	41,776	41,776	19,205
Total Expenditures	-	44,935	44,935	19,205
Excess (Deficiency) of Revenues Over Expenditures	34,834	(14,223)	20,611	345,555
OTHER FINANCING USES				
Transfers out	-	-	-	(389,451)
Net Change in Fund Balances	34,834	(14,223)	20,611	(43,896)
FUND BALANCES				
Beginning of Year	135,314	63,653	198,967	242,863
End of Year	\$ 170,148	\$ 49,430	\$ 219,578	\$ 198,967

See independent auditors' report.