

Village of Rye Brook, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2019

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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, 2019, 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, 2019, 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.

Emphasis of Matter

We draw attention to Note 2C and Note 3F in the notes to financial statements which disclose the effects of the Village's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". Our opinion is not modified with respect to this matter.

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, 2019 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, 2019 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, 2019 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, 2019.

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, 2018 (not presented herein), and have issued our report thereon dated November 1, 2018, 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, 2018 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 2018 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2018 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, 2018.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 17, 2019

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Village of Rye Brook, New York

Management's Discussion and Analysis (MD&A) May 31, 2019

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, 2019. 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 liabilities and deferred inflows of resources of the Village exceeded its assets and deferred outflows of resources at the close of fiscal year 2019 by \$17,954,781. Of this amount, a net unrestricted deficit of \$50,271,885 exists.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$17,596,386 of which \$5,599,528 is unassigned, which is available for spending at the Village's discretion. The fund balance of all governmental funds increased by \$10,023,536 primarily attributable to revenues and other financing sources exceeding expenditures and other financing uses. In fiscal year 2019, new serial bonds issued were the main financing source for the increase in fund balance for all governmental funds.
- ❖ At the end of the fiscal years 2019 and 2018, the unassigned fund balance for the General Fund was \$5,599,528 or 25% and \$5,684,869 or 26% respectively of total General Fund expenditures and other financing uses.
- ❖ During the current fiscal year, the Village did issue new long-term obligations, \$14.25 million for the construction of the Public Works/Parks Facility construction and \$1.533 million for tax certiorari settlements, which was converted from a prior year bond anticipation note. Other long-term liabilities were reduced by \$913,000 in scheduled payments. The Village's bond rating is Aa1.
- ❖ As of May 31, 2019, the Village had outstanding bond anticipation note liability of \$1,985,875, which was comprised of \$500,000 for authorized capital projects in 2019, plus \$1,485,875 for prior year capital project BANs. Existing bond anticipation notes used to finance the cost of various capital projects were reduced by \$994,250.
- ❖ For the year ended May 31, 2019, the Village implemented the provisions of GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB"). This statement addresses accounting and financial reporting for OPEB by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. This statement supersedes the provisions of GASB Statement

No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". The primary distinction between the two standards is that since no mechanism exists under current New York State law for New York municipalities and school districts to pre-fund these obligations in an irrevocable trust, entities must now report their *total* OPEB liability as opposed to the *net* OPEB liability that has been reported under the prior standard. As a result, the net position for governmental activities on the government-wide financial statements reflects a change in accounting principle adjustment of (\$31,532,808) to the opening net position originally reported as of June 1, 2018 of \$14,092,378, thereby restating the opening net position to (\$17,440,430).

- ❖ In addition to the impact of the Village's OPEB obligations, the government-wide financial statements for the year ended May 31, 2019 are also significantly impacted by the provisions of GASB Statement No. 68. This pronouncement established accounting and financial reporting requirements associated with the Town's participation in the cost sharing multiple employer pension plans administered by the New York State and Local Employees' 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 their 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, 2019, the Village reported in its Statement of Net Position a liability of \$2,790,735 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 note 3F in the notes to 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

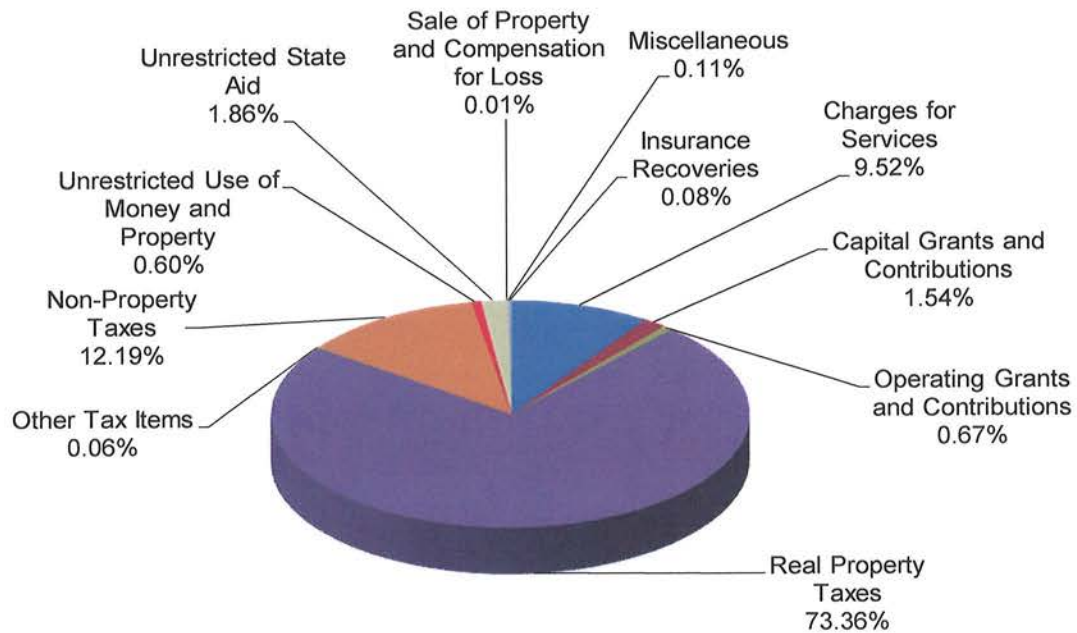
The largest portion of the Village's net position is its investment in capital assets (land, land improvements, buildings and improvements, infrastructure, machinery and equipment and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses 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.

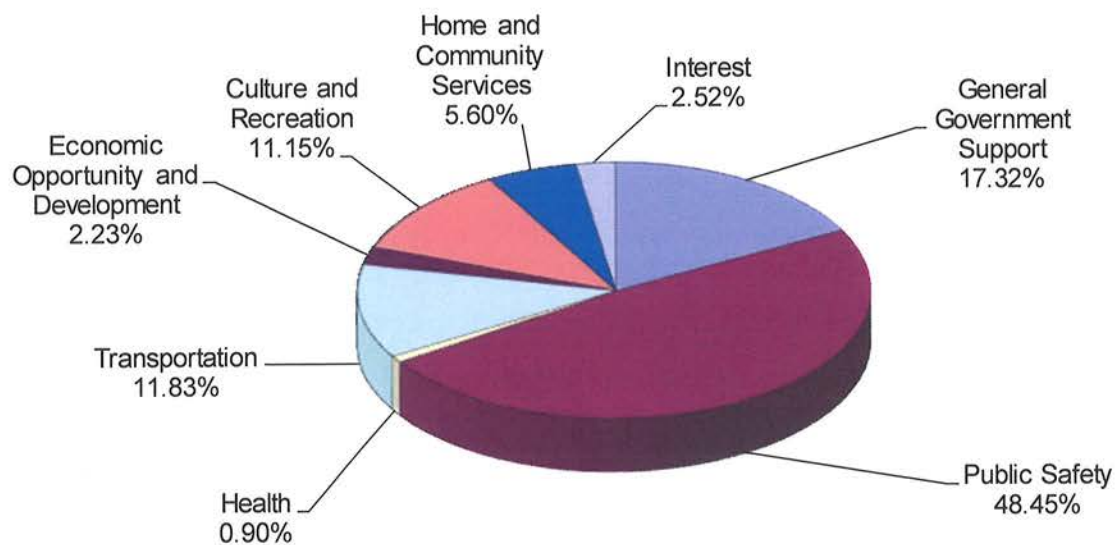
The following table reflects the condensed Statement of Net Position:

	May 31,	
	2019	2018
Current Assets	\$ 21,811,641	\$ 11,372,624
Capital Assets, net	37,861,195	32,898,088
Total Assets	59,672,836	44,270,712
Deferred outflows of resources	2,099,054	3,512,144
Current Liabilities	4,277,126	3,742,122
Long-term Liabilities	67,882,755	26,564,065
Total Liabilities	72,159,881	30,306,187
Deferred inflows of resources	7,566,790	3,384,291
Net Position		
Net Investment in Capital Assets	30,865,798	29,115,645
Restricted	1,451,306	2,892,217
Unrestricted	(50,271,885)	(17,915,484)
Total Net Position	\$ (17,954,781)	\$ 14,092,378

Sources of Revenue for Fiscal Year 2019 Governmental Activities



Sources of Expenses for Fiscal Year 2019 Governmental Activities



Statement of Activities

	2019	2018
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,115,129	\$ 2,097,385
Operating Grants and Contributions	149,176	230,896
Capital Grants and Contributions	342,677	15,146
Total Program Revenues	<u>2,606,982</u>	<u>2,343,427</u>
General Revenues:		
Real Property Taxes	16,300,275	14,624,313
Other Tax Items - Interest and penalties on real property taxes	13,231	17,159
Non-Property Taxes	2,708,773	2,725,925
Unrestricted Use of Money and Property	133,518	44,498
Sale of property and compensation for loss	1,517	40,782
Unrestricted State Aid	412,202	388,550
Insurance Recoveries	17,534	35,555
Miscellaneous	25,123	49,936
Total General Revenues	<u>19,612,173</u>	<u>17,926,718</u>
Total Revenues	<u>22,219,155</u>	<u>20,270,145</u>
Program Expenses:		
General Government Support	3,938,798	4,737,972
Public Safety	11,014,646	11,142,538
Health	203,814	198,842
Transportation	2,688,766	2,831,521
Economic Opportunity and Development	507,232	434,513
Culture and Recreation	2,533,818	2,545,198
Home and Community Services	1,273,018	1,365,017
Interest	573,414	92,714
Total Expenses	<u>22,733,506</u>	<u>23,348,315</u>
Change in Net Position	(514,351)	(3,078,170)
Net Position - Beginning, as reported	14,092,378	17,170,548
Cumulative Effect of Change in Accounting Principle	<u>(31,532,808)</u>	<u>-</u>
Net Position - Ending	<u>\$ (17,954,781)</u>	<u>\$ 14,092,378</u>

Governmental Activities

Governmental activities decreased the Village's net position by \$32,047,159 from the prior year, inclusive of the \$31,532,808 reduction due to the cumulative effect of the change in accounting principle from the recording of the Village's OPEB obligation in accordance with the provisions of GASB Statement No. 75.

For the fiscal years ended May 31, 2019 and 2018, revenues from governmental activities totaled \$22,219,155 and \$20,270,145 respectively. Tax revenues (\$19,022,279, in 2019 and \$17,367,397, in 2018), were comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (86% in 2019 and 2018 respectively).

The largest components of governmental activities' expenses are public safety (48% in 2019 and 2018 respectively), general government support (17% in 2019 and 20% in 2018) and transportation (12% in 2019 and 2018 respectively). The major changes are as follows:

Revenues:

- Total general revenues increased \$1,685,455 or 9.4% with real property taxes increasing by \$1,675,962, due in part to the decrease in the prior 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, as well as an increase in the homestead tax assessments in 2019.
- Unrestricted use of money and property increased by \$89,020 mainly due to an increase in interest earnings.
- Sale of property and compensation for loss decreased by \$39,265 which was due to a reduction in annual surplus of equipment. All other revenue sources had a net decrease by \$40,262

Expenses:

- Total general expenses decreased by \$614,809 or 2.63% mainly due to the decrease in general government support of \$799,174.
- All other functions/programs had a net increase by a total of \$184,365.

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 \$17,596,386. Of this amount \$7,504 has been classified as non-spendable, \$9,220,909 has been classified as restricted, \$2,645,736 has been classified as committed; \$122,709 has been classified as assigned and \$5,599,528 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 \$5,599,528, representing 58% of the total General Fund balance of \$9,608,230. Revenues and other financing sources were \$23,754,384, which was \$1,136,971 greater than the final budget. The major areas where revenues exceeded

the budget were non-property taxes, departmental income and use of money and property. Expenditures and other financing uses were \$22,803,734, which was \$675,580 less than the final budget.

General Fund Budgetary Highlights

The net change in total General Fund fund balance was \$950,650 inclusive of Other Financing Sources (Uses). Actual revenues were \$994,379 greater than the final budget. Revenues that exceeded projections were from the following revenue categories: Non-property taxes which was \$173,773 greater than budget, Departmental Income which was \$372,108 higher than anticipated primarily due to an increase in police contractual fees in the amount of \$149,361 and safety inspections fees of \$98,368, and Use of Money and Property which was \$366,659 greater than budget due to the increase in interest earnings..

Actual expenditures were \$675,580 less than the final budget, with savings primarily in General Government Support (\$364,878), Transportation (\$90,029), Culture and Recreation (\$97,738), and Employee Benefits (\$47,440).

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2019, net of \$27,028,696 of accumulated depreciation, was \$37,861,195. 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	2019	2018
Land	\$ 13,660,376	\$ 13,660,376
Land Improvements	7,315,136	7,281,611
Building and Improvements	8,789,555	8,775,447
Machinery and Equipment	6,195,907	6,735,941
Infrastructure	23,082,605	22,597,663
Construction-in-Progress *	5,846,312	161,391
Less - accumulated depreciation	(27,028,696)	(26,314,341)
Total (net of depreciation)	<u>\$ 37,861,195</u>	<u>\$ 32,898,088</u>

*Construction in progress is comprised of:

	2019	2018
Sanitary Sewer Improvement	\$ 809,367	\$ 106,149
Springbrook Accounting Software	-	55,242
Public Works/Parks Facility Construction	5,036,945	-
	<u>\$ 5,846,312</u>	<u>\$ 161,391</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 \$16,160,000. 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 \$500,000 of short-term debt (bond anticipation notes/BAN's), and paid down \$994,250 (all from General Fund appropriations) on existing BAN's for capital projects.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the Village is subject to a "constitutional debt limit". This debt limit is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property within the Village. At May 31, 2019, the Village has the authority to issue \$189,634,214 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 YorkStatement of Net Position
May 31, 2019

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 14,648,405
Investments	6,120,854
Receivables	
Taxes	69,263
Accounts	441,900
State and Federal aid	3,360
Due from other governments	520,355
Prepaid expenses	7,504
Capital assets	
Not being depreciated	19,506,688
Being depreciated, net	18,354,507
	<hr/>
Total Assets	59,672,836
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	2,099,054
	<hr/>
LIABILITIES	
Accounts payable	1,574,719
Accrued liabilities	109,735
Deposits and other liabilities	10,573
Due to retirement systems	286,259
Unearned revenues	175,691
Bond anticipation notes payable	1,985,875
Accrued interest payable	134,274
Non-current liabilities	
Due within one year	980,000
Due in more than one year	66,902,755
	<hr/>
Total Liabilities	72,159,881
	<hr/>
DEFERRED INFLOWS OF RESOURCES	7,566,790
	<hr/>
NET POSITION	
Net investment in capital assets	30,865,798
Restricted	
Debt service	1,210,798
Special purposes	218,553
Life insurance	21,955
Unrestricted	(50,271,885)
	<hr/>
Total Net Position	\$ (17,954,781)
	<hr/>

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government support	\$ 3,938,798	\$ 192,326	\$ -	\$ -	\$ (3,746,472)
Public safety	11,014,646	1,190,294	13,590	-	(9,810,762)
Health	203,814	-	-	-	(203,814)
Transportation	2,688,766	40,000	67,896	100,777	(2,480,093)
Economic opportunity and development	507,232	-	-	-	(507,232)
Culture and recreation	2,533,818	592,850	67,690	-	(1,873,278)
Home and community services	1,273,018	99,659	-	-	(1,173,359)
Interest	573,414	-	-	241,900	(331,514)
Total Governmental Activities	\$ 22,733,506	\$ 2,115,129	\$ 149,176	\$ 342,677	(20,126,524)
General revenues					
Real property taxes					16,300,275
Other tax items					
Interest and penalties on real property taxes					13,231
Non-property taxes					
Non-property tax distribution from County					1,510,830
Utilities gross receipts taxes					245,581
Hotel occupancy tax					695,995
Franchise fees					256,367
Unrestricted use of money and property					133,518
Sale of property and compensation for loss					1,517
Unrestricted State aid					412,202
Miscellaneous					25,123
Insurance recoveries					17,534
Total General Revenues					19,612,173
Change in Net Position					(514,351)
Net Assets - Beginning, as reported					14,092,378
Cumulative Effect of Change in Accounting Principle					(31,532,808)
Net Position - Beginning, as restated					(17,440,430)
Net Position - Ending					\$ (17,954,781)

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

Village of Rye Brook, New York

Balance Sheet
Governmental Funds
May 31, 2019

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 9,603,103	\$ 4,826,124	\$ 219,178	\$ 14,648,405
Investments	-	6,120,854	-	6,120,854
Taxes receivable	69,263	-	-	69,263
Other receivables				
Accounts	441,900	-	-	441,900
State and Federal aid	3,360	-	-	3,360
Due from other governments	520,355	-	-	520,355
Due from other funds	22,216	-	175	22,391
Prepaid expenditures	7,504	-	-	7,504
Total Assets	\$ 10,667,701	\$ 10,946,978	\$ 219,353	\$ 21,834,032
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 404,810	\$ 1,169,109	\$ 800	\$ 1,574,719
Accrued liabilities	109,735	-	-	109,735
Deposits and other liabilities	10,573	-	-	10,573
Due to retirement systems	286,259	-	-	286,259
Due to other funds	-	22,391	-	22,391
Unearned revenues	175,691	-	-	175,691
Bond anticipation notes payable	-	1,985,875	-	1,985,875
Total Liabilities	987,068	3,177,375	800	4,165,243
Deferred inflows of resources				
Deferred revenues	72,403	-	-	72,403
Total Liabilities and Deferred Inflows of Resources	1,059,471	3,177,375	800	4,237,646
Fund balances				
Nonspendable	7,504	-	-	7,504
Restricted	1,232,753	7,769,603	218,553	9,220,909
Committed	2,645,736	-	-	2,645,736
Assigned	122,709	-	-	122,709
Unassigned	5,599,528	-	-	5,599,528
Total Fund Balances	9,608,230	7,769,603	218,553	17,596,386
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,667,701	\$ 10,946,978	\$ 219,353	\$ 21,834,032

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

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Village of Rye Brook, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position May 31, 2019

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

Fund Balances - Total Governmental Funds	\$ 17,596,386
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>37,861,195</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	1,145,020
Deferred amounts on other post employment benefits	<u>(6,612,756)</u>
	<u>(5,467,736)</u>
Other long-term assets that are not available to pay for current period expenditures are deferred in the funds.	
Deferred revenues	<u>72,403</u>
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(134,274)
Bonds payable	(16,160,000)
Compensated absences	(1,583,334)
Net pension liability	(2,790,735)
Other post employment benefit obligations payable	<u>(47,348,686)</u>
	<u>(68,017,029)</u>
Net Position of Governmental Activities	<u><u>\$ (17,954,781)</u></u>

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

Village of Rye Brook, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended May 31, 2019

	General	Capital Projects	Non-Major Governmental
REVENUES			
Real property taxes	\$ 16,300,275	\$ -	\$ -
Other tax items	13,231	-	-
Non-property taxes	2,708,773	-	-
Departmental income	1,914,238	-	-
Intergovernmental charges	41,250	-	-
Use of money and property	517,935	-	1,582
Fines and forfeitures	30,700	-	-
Sale of property and compensation for loss	1,517	-	-
State aid	495,750	100,777	-
Miscellaneous	25,123	-	64,046
Total Revenues	<u>22,048,792</u>	<u>100,777</u>	<u>65,628</u>
EXPENDITURES			
Current			
General government support	2,630,481	-	-
Public safety	6,232,678	-	2,809
Health	203,814	-	-
Transportation	1,150,163	-	-
Economic opportunity and development	320,010	-	-
Culture and recreation	1,580,526	-	47,719
Home and community services	1,148,419	-	-
Employee benefits	4,950,800	-	-
Debt service			
Principal	2,430,808	-	-
Interest	479,785	-	-
Capital outlay	-	6,814,183	-
Total Expenditures	<u>21,127,484</u>	<u>6,814,183</u>	<u>50,528</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>921,308</u>	<u>(6,713,406)</u>	<u>15,100</u>
OTHER FINANCING SOURCES (USES)			
Bonds issued	1,533,000	14,250,000	-
Insurance recoveries	17,534	-	-
Transfers in	155,058	1,692,375	-
Transfers out	(1,676,250)	(155,058)	(16,125)
Total Other Financing Sources (Uses)	<u>29,342</u>	<u>15,787,317</u>	<u>(16,125)</u>
Net Change in Fund Balances	950,650	9,073,911	(1,025)
FUND BALANCES (DEFICITS)			
Beginning of Year	<u>8,657,580</u>	<u>(1,304,308)</u>	<u>219,578</u>
End of Year	<u>\$ 9,608,230</u>	<u>\$ 7,769,603</u>	<u>\$ 218,553</u>

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

Total
Governmental
Funds

\$ 16,300,275
13,231
2,708,773
1,914,238
41,250
519,517
30,700
1,517
596,527
89,169

22,215,197

2,630,481
6,235,487
203,814
1,150,163
320,010
1,628,245
1,148,419
4,950,800

2,430,808
479,785
6,814,183

27,992,195

(5,776,998)

15,783,000
17,534
1,847,433
(1,847,433)

15,800,534

10,023,536

7,572,850

\$ 17,596,386

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, 2019

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 10,023,536</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold.</p>	
Capital outlay expenditures	6,599,996
Depreciation expense	<u>(1,636,889)</u>
	<u>4,963,107</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Deferred revenues	<u>(13,576)</u>
<p>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.</p>	
Principal paid on serial bonds	913,000
Principal paid on bond anticipation notes	1,517,808
Bonds issued	(15,783,000)
Amortization of premium	<u>12,318</u>
	<u>(13,339,874)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	(105,947)
Compensated absences	(96,435)
Pension liabilities	(305,871)
Other post employment benefit obligations	<u>(1,639,291)</u>
	<u>(2,147,544)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (514,351)</u></u>

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

Village of Rye Brook, New York

Statement of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual General Fund Year Ended May 31, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 16,300,275	\$ 16,300,275	\$ 16,300,275	\$ -
Other tax items	10,000	10,000	13,231	3,231
Non-property taxes	2,535,000	2,535,000	2,708,773	173,773
Departmental income	1,542,130	1,542,130	1,914,238	372,108
Intergovernmental charges	40,000	40,000	41,250	1,250
Use of money and property	151,276	151,276	517,935	366,659
Fines and forfeitures	45,000	45,000	30,700	(14,300)
Sale of property and compensation for loss	7,500	7,500	1,517	(5,983)
State aid	423,232	423,232	495,750	72,518
Miscellaneous	-	-	25,123	25,123
Total Revenues	21,054,413	21,054,413	22,048,792	994,379
EXPENDITURES				
Current				
General government support	2,967,638	2,995,359	2,630,481	364,878
Public safety	6,210,110	6,277,303	6,232,678	44,625
Health	200,500	203,814	203,814	-
Transportation	1,225,830	1,240,192	1,150,163	90,029
Economic opportunity and development	325,256	325,255	320,010	5,245
Culture and recreation	1,678,263	1,678,264	1,580,526	97,738
Home and community services	1,252,137	1,163,579	1,148,419	15,160
Employee benefits	4,998,240	4,998,240	4,950,800	47,440
Debt service				
Principal	2,340,189	2,430,808	2,430,808	-
Interest	595,709	490,250	479,785	10,465
Total Expenditures	21,793,872	21,803,064	21,127,484	675,580
Excess (Deficiency) of Revenues Over Expenditures	(739,459)	(748,651)	921,308	1,669,959
OTHER FINANCING SOURCES (USES)				
Bonds issued	1,523,808	1,533,000	1,533,000	-
Insurance recoveries	30,000	30,000	17,534	(12,466)
Transfers in	-	-	155,058	155,058
Transfers out	(1,676,250)	(1,676,250)	(1,676,250)	-
Total Other Financing Sources (Uses)	(122,442)	(113,250)	29,342	142,592
Net Change in Fund Balance	(861,901)	(861,901)	950,650	1,812,551
FUND BALANCE				
Beginning of Year	861,901	861,901	8,657,580	7,795,679
End of Year	\$ -	\$ -	\$ 9,608,230	\$ 9,608,230

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, 2019

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 111,615
Cash and equivalents - senior services	26,350
Accounts receivable	<u>26,866</u>
 Total Assets	 <u><u>\$ 164,831</u></u>
 LIABILITIES	
Accounts payable	\$ 57,959
Deposits	83,837
Deposits - senior services	<u>23,035</u>
 Total Liabilities	 <u><u>\$ 164,831</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 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.

The Village participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of May 31st.

The Village's position in the pool is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days. CLASS is rated AAAm by Standard & Poor's. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The cooperative invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17th Street, Suite 1850, Denver, CO 80202

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", 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, 2019.

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, New York is responsible for the billing and collection of the Village's real property taxes.

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, 2019, 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

<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 \$175,691 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.

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 \$72,403 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 expended as incurred.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 17, 2019.

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.
- 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- 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 Limitations

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 tax levy for the 2018-2019 fiscal year was \$54,181,204, which exceeded the actual levy by \$40,286,818.

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. 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 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 Village Board of Trustees 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. Cumulative Effect of Change in Accounting Principle

For the year ended May 31, 2019, the Village implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB"). This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governments by establishing standards for recognizing and measuring liabilities, deferred outflows/inflows of resources and expenses/expenditures. This statement identifies the methods and assumptions that are required to be used to project benefit

Village of Rye Brook, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 2 - Stewardship, Compliance and Accountability (Continued)

payments, discount projected benefit payments to their actuarial present value and attribute that present value to the periods of employee service. As a result of adopting these standards, the district-wide financial statements reflect a cumulative effect for the change in accounting principle of \$(31,532,808).

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2019 consisted of the following -

Current Year	\$ <u>69,263</u>
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B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2019 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 22,216	\$ -
Capital Projects	-	22,391
Non-Major Governmental	175	-
	<u>\$ 22,391</u>	<u>\$ 22,391</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.

C. Capital Assets

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

<u>Class</u>	<u>Balance June 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2019</u>
Capital Assets, not being depreciated:				
Land	\$ 13,660,376	\$ -	\$ -	\$ 13,660,376
Construction-in-Progress	161,391	5,740,163	55,242	5,846,312
Total Capital Assets, not being depreciated	<u>\$ 13,821,767</u>	<u>\$ 5,740,163</u>	<u>\$ 55,242</u>	<u>\$ 19,506,688</u>

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

Class	Balance June 1, 2018	Additions	Deletions	Balance May 31, 2019
Capital Assets, being depreciated:				
Land Improvements	\$ 7,281,611	\$ 33,525	\$ -	\$ 7,315,136
Buildings and Improvements	8,775,447	14,108	-	8,789,555
Machinery and Equipment	6,735,941	382,500	922,534	6,195,907
Infrastructure	22,597,663	484,942	-	23,082,605
Total Capital Assets, being depreciated	45,390,662	915,075	922,534	45,383,203
Less Accumulated Depreciation for:				
Land Improvements	3,434,650	397,001	-	3,831,651
Buildings and Improvements	2,999,054	205,371	-	3,204,425
Machinery and Equipment	4,253,622	472,387	922,534	3,803,475
Infrastructure	15,627,015	562,130	-	16,189,145
Total Accumulated Depreciation	26,314,341	1,636,889	922,534	27,028,696
Total Capital Assets, being depreciated, net	\$ 19,076,321	\$ (721,814)	\$ -	\$ 18,354,507
Capital Assets, net	\$ 32,898,088	\$ 5,018,349	\$ 55,242	\$ 37,861,195

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

General Government Support	\$ 179,736
Public Safety	188,437
Transportation	752,557
Economic Opportunity and Development	1,689
Culture and Recreation	416,236
Home and Community Services	98,234
Total Depreciation Expense	\$ 1,636,889

D. Accrued Liabilities

The Village has reported accrued liabilities for payroll and employee benefits of \$109,735 in the General Fund and government-wide financial statements.

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, 2018	New Issues	Redemptions	Balance May 31, 2019
Various Capital Projects	2012	08/18	- %	\$ 112,500	\$ -	\$ 112,500	\$ -
Land and Highway Garage	2013	03/19	-	187,500	-	187,500	-
Various Capital Projects	2015	08/19	2.39	245,750	-	122,875	122,875
Various Capital Projects	2015	08/19	2.54	187,500	-	93,750	93,750
Various Capital Projects	2016	08/19	2.39	811,875	-	270,625	541,250
Various Capital Projects	2017	08/19	2.39	400,000	-	100,000	300,000
Sanitary Sewer Improvement	2018	02/20	2.80	535,000	500,000	107,000	928,000
				\$ 2,480,125	\$ 500,000	\$ 994,250	\$ 1,985,875

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

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

Interest expenditures of \$36,390 were recorded in the fund financial statements in the General Fund. Interest expense of \$43,173 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, 2019:

	Balance as Reported June 1, 2018	Cumulative Effect of Change in Accounting Principle*	Balance as Restated June 1, 2018	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2019	Due Within One-Year
General Obligation Bonds Payable							
Capital Construction	\$ 1,290,000	\$ -	\$ 1,290,000	\$ 14,250,000	\$ 775,000	\$ 14,765,000	\$ 685,000
Judgement and Claims	-	-	-	1,533,000	138,000	1,395,000	135,000
	1,290,000	-	1,290,000	15,783,000	913,000	16,160,000	820,000
Add - Unamortized premium on bonds	12,318	-	12,318	-	12,318	-	-
	1,302,318	-	1,302,318	15,783,000	925,318	16,160,000	820,000
Other Non-current Liabilities							
Bond Anticipation Notes Payable	1,517,808	-	1,517,808	-	1,517,808	-	-
Compensated Absences	1,486,899	-	1,486,899	246,435	150,000	1,583,334	160,000
Net Pension Liability	1,467,697	-	1,467,697	1,323,038	-	2,790,735	-
Other Post Employment Benefit Obligations Payable	20,789,343	31,532,808	52,322,151	3,674,577	8,648,042	47,348,686	-
Total Non-current Liabilities	25,261,747	31,532,808	56,794,555	5,244,050	10,315,850	51,722,755	160,000
Total Long-Term Liabilities	\$ 26,564,065	\$ 31,532,808	\$ 58,096,873	\$ 21,027,050	\$ 11,241,168	\$ 67,882,755	\$ 980,000

*See Note 2C.

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

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)**General Obligation Bonds Payable**

General Obligation Bonds payable at May 31, 2019 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2019
Various Village Purposes	2003	\$ 3,100,000	April, 2023	4.00-4.25 %	\$ 690,000
Various Village Purposes	2010	2,200,000	November, 2020	3.00-5.00	225,000
Various Village Purposes - 2018A	2018	14,250,000	March, 2048	3.00-3.75	13,850,000
Tax Certiorari - 2018B	2018	1,533,000	March, 2028	3.50	1,395,000
					<u>\$ 16,160,000</u>

Interest expenditures of \$436,945 were recorded in the fund financial statements in the General Fund. Interest expense of \$528,808 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 matured on June 20, 2018, with interest at 1.70%.

Interest expenditures of \$6,450 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,433 was recorded in the government-wide financial statements for governmental activities.

Payments to Maturity

The annual requirements to amortize all bonded and bond anticipation notes debt outstanding as of May 31, 2019 including interest payments of \$8,558,052 are as follows:

Year Ending May 31,	General Obligation Bonds	
	Principal	Interest
2020	\$ 820,000	\$ 541,182
2021	610,000	515,063
2022	620,000	494,094
2023	630,000	472,607
2024	480,000	450,894
2025-2029	2,475,000	2,016,270
2030-2034	2,140,000	1,665,870
2035-2039	2,545,000	1,303,448
2040-2044	3,025,000	835,438
2045-2048	2,815,000	263,186
	<u>\$ 16,160,000</u>	<u>\$ 8,558,052</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 net assets and record changes in fiduciary 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/about_us/financial_statements_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 2019 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15/41J	15.8 %
	5 A15/41J	13.0
	6 A15/41J1	9.3

Village of Rye Brook, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	<u>Tier/Plan</u>	<u>Rate</u>
PFRS	2 384D	24.0 %
	5 384D	19.4
	6 384D	14.4

At May 31, 2019, 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	\$ 854,836	\$ 1,935,899
Villages' proportion of the net pension liability	0.0120649 %	0.1154339 %
Change in proportion since the prior measurement date	0.0005931 %	0.0068567 %

The net pension liability was measured as of March 31, 2019, 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, 2019, 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, 2019, 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	\$ 168,335	\$ 57,384	\$ 470,283	\$ 206,689
Changes of assumptions	214,871	-	703,364	-
Net difference between projected and actual earnings on pension plan investments	-	219,398	-	387,713
Changes in proportion and differences between Village contributions and proportionate share of contributions	36,253	69,009	214,994	9,146
Village contributions subsequent to the measurement date	84,860	-	201,399	-
	<u>\$ 504,319</u>	<u>\$ 345,791</u>	<u>\$ 1,590,040</u>	<u>\$ 603,548</u>

Village of Rye Brook, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 638,618	\$ 264,073
Changes of assumptions	918,235	-
Net difference between projected and actual earnings on pension plan investments	-	607,111
Changes in proportion and differences between Village contributions and proportionate share of contributions	251,247	78,155
Village contributions subsequent to the measurement date	286,259	-
	<u>\$ 2,094,359</u>	<u>\$ 949,339</u>

\$84,860 and \$201,399 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, 2020. 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
2020	\$ 153,384	\$ 448,362
2021	(183,880)	(29,670)
2022	(19,466)	45,218
2023	123,630	255,448
2024	-	65,735

The total pension liability for the March 31, 2019 measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Measurement date	March 31, 2019	March 31, 2019
Actuarial valuation date	April 1, 2018	April 1, 2018
Investment rate of return	7.0% *	7.0% *
Salary scale	4.2%	5.0%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table.

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:

Village of Rye Brook, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Village's proportionate share of the ERS net pension liability (asset)	\$ 3,737,479	\$ 854,836	\$ (1,566,789)
Village's proportionate share of the PFRS net pension liability (asset)	\$ 6,996,050	\$ 1,935,899	\$ (2,289,914)

The components of the collective net pension liability as of the March 31, 2019 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 189,803,429,000	\$ 34,128,100,000	\$ 223,931,529,000
Fiduciary net position	182,718,124,000	32,451,037,000	215,169,161,000
Employers' net pension liability	\$ 7,085,305,000	\$ 1,677,063,000	\$ 8,762,368,000
Fiduciary net position as a percentage of total pension liability	96.27%	95.09%	96.09%

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, 2019 represent the employer contribution for the period of April 1, 2019 through May 31, 2019 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly. Retirement contributions to ERS and PFRS for the two months ended May 31, 2019 were \$84,860 and \$201,399, 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 ("OPEB")

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. 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 as noted below. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)

May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

At May 31, 2019, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	51
Active employees	<u>71</u>
	<u>122</u>

The Village's total OPEB liability of \$47,348,686 was measured as of May 31, 2019, and was determined by an actuarial valuation as of May 31, 2019.

The total OPEB liability in the May 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.50%, average, including inflation
Discount rate	3.51%
Healthcare cost trend rates	8.0% for 2019, decreasing 0.5% per year to an ultimate rate of 5.0% for 2025 and later years
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Bond Buyer's 20 Bond Index.

Mortality rates were based on the experience of the unisex pre-retirement mortality rates and postretirement mortality rates for healthy participants using the MP-2017 projection scale.

The actuarial assumptions used in the May 31, 2019 valuation for turnover and retirement ERS and PFRS were based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2045 report.

The Village's change in the total OPEB liability for the year ended May 31, 2019 is as follows:

Total OPEB Liability - Beginning of Year	\$ 52,322,151
Service cost	2,014,886
Interest	1,659,691
Changes of benefit terms	-
Differences between expected and actual experience	(2,242,362)
Changes in assumptions or other inputs	(5,496,928)
Benefit payments	<u>(908,752)</u>
Total OPEB Liability - End of Year	<u>\$ 47,348,686</u>

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.51%) or 1 percentage point higher (4.51%) than the current discount rate:

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (2.51%)	Current Assumption (3.51%)	1% Increase (4.51%)
Total OPEB Liability	<u>\$ 56,698,620</u>	<u>\$ 47,348,686</u>	<u>\$ 40,087,911</u>

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.5% decreasing to 4.0%) or 1 percentage point higher (9.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Total OPEB Liability	<u>\$ 39,365,687</u>	<u>\$ 47,348,686</u>	<u>\$ 57,829,158</u>

For the year ended May 31, 2019, the Village recognized OPEB expense of \$2,548,043 in the district-wide financial statements. At May 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ -	\$ 4,696,793
Differences between expected and actual experience	<u>4,695</u>	<u>1,920,658</u>
	<u>\$ 4,695</u>	<u>\$ 6,617,451</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended May 31,	
2020	\$ (1,126,534)
2021	(1,126,534)
2022	(1,126,534)
2023	(1,126,534)
2024	(1,126,534)
Thereafter	(980,086)

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	\$ -	\$ 1,676,250	\$ 1,676,250
Capital Projects Fund	155,058	-	155,058
Non-Major Governmental Funds	-	16,125	16,125
	<u>\$ 155,058</u>	<u>\$ 1,692,375</u>	<u>\$ 1,847,433</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 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".

Notes to Financial Statements (Continued)
May 31, 2019

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2019				2018			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable								
Prepaid expenditures	\$ 7,504	\$ -	\$ -	\$ 7,504	\$ 4,280	\$ -	\$ -	\$ 4,280
Restricted								
Life insurance	-	-	-	-	21,955	-	-	21,955
Life insurance - for subsequent year's expenditures	21,955	-	-	21,955	22,000	-	-	22,000
Debt service	1,165,798	-	-	1,165,798	814,209	-	-	814,209
Debt service - for subsequent year's expenditures	45,000	-	-	45,000	45,000	-	-	45,000
Capital Projects	-	7,769,603	-	7,769,603	-	-	-	-
Parklands	-	-	181,605	181,605	-	-	170,148	170,148
Trusts	-	-	36,948	36,948	-	-	49,430	49,430
Total Restricted	1,232,753	7,769,603	218,553	9,220,909	903,164	-	219,578	1,122,742
Committed								
Capital projects	1,437,873	-	-	1,437,873	1,270,366	-	-	1,270,366
Capital projects - for subsequent year's expenditures	1,207,863	-	-	1,207,863	682,000	-	-	682,000
Total Committed	2,645,736	-	-	2,645,736	1,952,366	-	-	1,952,366
Assigned								
Purchases on order								
General government support	80,982	-	-	80,982	31,098	-	-	31,098
Public safety	16,548	-	-	16,548	19,995	-	-	19,995
Transportation	8,043	-	-	8,043	4,523	-	-	4,523
Culture and recreation	17,136	-	-	17,136	3,198	-	-	3,198
Home and community services	-	-	-	-	54,087	-	-	54,087
Total Assigned	122,709	-	-	122,709	112,901	-	-	112,901
Unassigned								
	5,599,528	-	-	5,599,528	5,684,869	(1,304,308)	-	4,380,561
Total Fund Balances (Deficits)	\$ 9,608,230	\$ 7,769,603	\$ 218,553	\$ 17,596,386	\$ 8,657,580	\$ (1,304,308)	\$ 219,578	\$ 7,572,850

Village of Rye Brook, New York

Notes to Financial Statements (Continued)

May 31, 2019

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, 2019, 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. By a further stipulation between the Village and Plaintiff Save the Sound reached on or about September 26, 2019, the matter will continue on the suspense calendar of the Court until November 30, 2019 to enable the parties to work toward a voluntary resolution of the litigation. The Village continues to implement its Sanitary Sewer Evaluation Survey ("SSES") remediation plan. 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)

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

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

B. Contingencies

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

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 and maintains a cyber liability policy with coverage up to \$1 million for each claim on a claims made basis and \$1 million in the aggregate. The Village purchases conventional workers' compensation insurance with coverage at statutory limits. The Village also purchases conventional health insurance from one provider. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Note 5 - Subsequent Events

The Village, on August 8, 2019, issued a renewal of a bond anticipation note in the amount of \$470,625 which was used to finance various capital projects. The note matures on August 6, 2020 and bears interest at a rate of 1.84% per annum.

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Village of Rye Brook, New York

Required Supplementary Information - Schedule of Changes in the Village's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1)(3)

	2019
Total OPEB Liability:	
Service cost	\$ 2,014,886
Interest	1,659,691
Changes of benefit terms	-
Differences between expected and actual experience	(2,242,362)
Changes of assumptions or other inputs	(5,496,928)
Benefit payments	(908,752)
Net Change in Total OPEB Liability	(4,973,465)
Total OPEB Liability – Beginning of Year	52,322,151 (2)
Total OPEB Liability – End of Year	<u>\$ 47,348,686</u>
Village's covered-employee payroll	<u>\$ 6,773,253</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>699%</u>

Notes to Schedule:

(1) Data not available prior to fiscal year 2019 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) Restated for the implementation of the provisions of GASB Statement No. 75.

(3) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.

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)

	2019	2018	2017	2016 (2)
Village's proportion of the net pension liability	<u>0.0120649%</u>	<u>0.0114718%</u>	<u>0.0123733%</u>	<u>0.0131940%</u>
Village's proportionate share of the net pension liability	<u>\$ 854,836</u>	<u>\$ 370,245</u>	<u>\$ 1,162,624</u>	<u>\$ 2,117,674</u>
Village's covered payroll	<u>\$ 3,005,776</u>	<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>28.44%</u>	<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>96.27%</u>	<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 YorkRequired Supplementary Information - Schedule of Contributions
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 482,180	\$ 442,325	\$ 461,117	\$ 550,949
Contributions in relation to the contractually required contribution	<u>(482,180)</u>	<u>(442,325)</u>	<u>(461,117)</u>	<u>(550,949)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	<u>\$ 2,949,754</u>	<u>\$ 2,973,848</u>	<u>\$ 2,927,244</u>	<u>\$ 2,925,051</u>
Contributions as a percentage of covered payroll	<u>16.35%</u>	<u>14.87%</u>	<u>15.75%</u>	<u>18.84%</u>

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

Village of Rye Brook, New York

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

	2019	2018	2017	2016 (2)
Village's proportion of the net pension liability	<u>0.1154339%</u>	<u>0.1085772%</u>	<u>0.1063724%</u>	<u>0.1104717%</u>
Village's proportionate share of the net pension liability	<u>\$ 1,935,899</u>	<u>\$ 1,097,452</u>	<u>\$ 2,204,729</u>	<u>\$ 3,270,831</u>
Village's covered payroll	<u>\$ 4,606,970</u>	<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>42.02%</u>	<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>95.09%</u>	<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)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,057,150	\$ 1,020,500	\$ 944,674	\$ 884,771
Contributions in relation to the contractually required contribution	<u>(1,057,150)</u>	<u>(1,020,500)</u>	<u>(944,674)</u>	<u>(884,771)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	<u>\$ 4,568,855</u>	<u>\$ 4,640,138</u>	<u>\$ 4,720,743</u>	<u>\$ 4,043,564</u>
Contributions as a percentage of covered payroll	<u>23.14%</u>	<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,

	2019	2018
ASSETS		
Cash and equivalents	\$ 9,603,103	\$ 8,122,604
Taxes receivable	69,263	36,384
Other receivables		
Accounts	441,900	502,099
State and Federal aid	3,360	9,744
Due from other governments	520,355	532,547
Due from other funds	22,216	634,524
	987,831	1,678,914
Prepaid expenditures	7,504	4,280
Total Assets	<u>\$ 10,667,701</u>	<u>\$ 9,842,182</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 404,810	\$ 601,114
Accrued liabilities	109,735	87,482
Deposits and other liabilities	10,573	5,731
Due to retirement systems	286,259	285,173
Unearned revenues	175,691	119,123
Total Liabilities	987,068	1,098,623
Deferred inflows of resources		
Deferred revenues	72,403	85,979
Total Liabilities and Deferred Inflows of Resources	<u>1,059,471</u>	<u>1,184,602</u>
Fund balance		
Nonspendable	7,504	4,280
Restricted	1,232,753	903,164
Committed	2,645,736	1,952,366
Assigned	122,709	112,901
Unassigned	5,599,528	5,684,869
Total Fund Balance	<u>9,608,230</u>	<u>8,657,580</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 10,667,701</u>	<u>\$ 9,842,182</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,**

	2019			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 16,300,275	\$ 16,300,275	\$ 16,300,275	\$ -
Other tax items	10,000	10,000	13,231	3,231
Non-property taxes	2,535,000	2,535,000	2,708,773	173,773
Departmental income	1,542,130	1,542,130	1,914,238	372,108
Intergovernmental charges	40,000	40,000	41,250	1,250
Use of money and property	151,276	151,276	517,935	366,659
Fines and forfeitures	45,000	45,000	30,700	(14,300)
Sale of property and compensation for loss	7,500	7,500	1,517	(5,983)
State aid	423,232	423,232	495,750	72,518
Miscellaneous	-	-	25,123	25,123
Total Revenues	21,054,413	21,054,413	22,048,792	994,379
EXPENDITURES				
Current				
General government support	2,967,638	2,995,359	2,630,481	364,878
Public safety	6,210,110	6,277,303	6,232,678	44,625
Health	200,500	203,814	203,814	-
Transportation	1,225,830	1,240,192	1,150,163	90,029
Economic opportunity and development	325,256	325,255	320,010	5,245
Culture and recreation	1,678,263	1,678,264	1,580,526	97,738
Home and community services	1,252,137	1,163,579	1,148,419	15,160
Employee benefits	4,998,240	4,998,240	4,950,800	47,440
Debt service				
Principal	2,340,189	2,430,808	2,430,808	-
Interest	595,709	490,250	479,785	10,465
Total Expenditures	21,793,872	21,803,064	21,127,484	675,580
Excess (Deficiency) of Revenues Over Expenditures	(739,459)	(748,651)	921,308	1,669,959
OTHER FINANCING SOURCES (USES)				
Bond anticipation notes issued	-	-	-	-
Bonds issued	1,523,808	1,533,000	1,533,000	-
Insurance recoveries	30,000	30,000	17,534	(12,466)
Transfers in	-	-	155,058	155,058
Transfers out	(1,676,250)	(1,676,250)	(1,676,250)	-
Total Other Financing Sources (Uses)	(122,442)	(113,250)	29,342	142,592
Net Change in Fund Balance	(861,901)	(861,901)	950,650	1,812,551
FUND BALANCE				
Beginning of Year	861,901	861,901	8,657,580	7,795,679
End of Year	\$ -	\$ -	\$ 9,608,230	\$ 9,608,230

See independent auditors' report.

2018			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 15,167,140	\$ 14,625,765	\$ 14,624,313	\$ (1,452)
12,500	10,000	17,159	7,159
2,492,000	2,487,679	2,725,925	238,246
1,414,825	1,426,194	1,783,745	357,551
40,000	49,744	52,093	2,349
155,458	155,208	181,402	26,194
45,000	41,680	42,860	1,180
15,000	15,000	40,782	25,782
455,208	454,230	553,900	99,670
6,000	6,000	49,936	43,936
19,803,131	19,271,500	20,072,115	800,615
2,982,834	3,865,662	3,516,025	349,637
6,245,019	6,180,965	6,119,220	61,745
198,842	198,842	198,842	-
1,288,380	1,333,961	1,318,497	15,464
310,025	310,025	307,439	2,586
1,714,422	1,653,979	1,637,888	16,091
1,219,506	1,226,225	1,048,790	177,435
4,744,164	4,814,354	4,724,330	90,024
375,000	375,000	375,000	-
98,101	103,539	103,538	1
19,176,293	20,062,552	19,349,569	712,983
626,838	(791,052)	722,546	1,513,598
-	1,517,808	1,517,808	-
-	-	-	-
30,000	30,000	35,555	5,555
-	-	468,131	468,131
(1,798,625)	(2,215,867)	(2,215,867)	-
(1,768,625)	(668,059)	(194,373)	473,686
(1,141,787)	(1,459,111)	528,173	1,987,284
1,141,787	1,459,111	8,129,407	6,670,296
\$ -	\$ -	\$ 8,657,580	\$ 8,657,580

Village of Rye Brook, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended May 31, 2019

(With Comparative Actuals for 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2018 Actual
REAL PROPERTY TAXES	\$ 16,300,275	\$ 16,300,275	\$ 16,300,275	\$ -	\$ 14,624,313
OTHER TAX ITEMS	10,000	10,000	13,231	3,231	17,159
Interest and penalties on real property taxes					
NON-PROPERTY TAXES	1,360,000	1,360,000	1,510,830	150,830	1,474,772
Non-property tax distribution from County	225,000	225,000	245,581	20,581	246,917
Utilities gross receipts taxes	700,000	700,000	695,995	(4,005)	746,362
Hotel occupancy tax	250,000	250,000	256,367	6,367	257,874
Franchise fees					
	2,535,000	2,535,000	2,708,773	173,773	2,725,925
DEPARTMENTAL INCOME	8,500	8,500	84,885	76,385	11,726
Clerk fees	36,000	36,000	185,361	149,361	50,357
Police fees	776,230	776,230	874,598	98,368	952,000
Safety inspection fees	95,000	95,000	99,635	4,635	112,100
Alarm permits	381,000	381,000	396,886	15,886	402,471
Parks and recreation charges	170,000	170,000	172,750	2,750	169,625
After school program	73,900	73,900	98,409	24,509	83,978
Home and community service fees	1,500	1,500	1,714	214	1,488
Concessions					
	1,542,130	1,542,130	1,914,238	372,108	1,783,745
INTERGOVERNMENTAL CHARGES	40,000	40,000	40,000	-	40,000
Airport revenue					
Other governmental services	-	-	1,250	1,250	12,093
Home and community services	40,000	40,000	41,250	1,250	52,093

USE OF MONEY AND PROPERTY

Rental of real property	121,276	121,276	121,017	(259)	119,108
Senior center rental	10,000	10,000	21,500	11,500	13,600
Interest earnings	20,000	20,000	375,418	355,418	48,694
	<u>151,276</u>	<u>151,276</u>	<u>517,935</u>	<u>366,659</u>	<u>181,402</u>

FINES AND FORFEITURES

Fines and forfeited bail	45,000	45,000	30,700	(14,300)	42,860
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	7,500	7,500	1,517	(5,983)	40,782
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STATE AID

Per capita	54,000	54,000	45,334	(8,666)	54,330
Mortgage tax	330,000	330,000	366,868	36,868	334,220
Consolidated highway improvement aid	-	-	-	-	101,265
Youth funding	2,000	2,000	2,062	62	2,083
Snow removal	24,000	24,000	67,896	43,896	52,842
Speed and alcohol enforcement	13,232	13,232	6,700	(6,532)	9,160
Other - public safety	-	-	6,890	6,890	-
	<u>423,232</u>	<u>423,232</u>	<u>495,750</u>	<u>72,518</u>	<u>553,900</u>

MISCELLANEOUS

Refund of prior year's expenditures	-	-	13,488	13,488	1,186
Unclassified	-	-	11,635	11,635	48,750

TOTAL REVENUES

	21,054,413	21,054,413	22,048,792	994,379	20,072,115
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OTHER FINANCING SOURCES

Bond anticipation notes issued	-	-	-	-	1,517,808
Bonds issued	1,523,808	1,533,000	1,533,000	-	-
Insurance recoveries	30,000	30,000	17,534	(12,466)	35,555
Transfers in	-	-	155,058	155,058	468,131
Capital Projects Fund	-	-	-	-	-

TOTAL OTHER FINANCING SOURCES

	1,553,808	1,563,000	1,705,592	142,592	2,021,494
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TOTAL REVENUES AND OTHER FINANCING SOURCES

	<u>\$ 22,608,221</u>	<u>\$ 22,617,413</u>	<u>\$ 23,754,384</u>	<u>\$ 1,136,971</u>	<u>\$ 22,093,609</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, 2019
(With Comparative Actuals for 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2018 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 32,900	\$ 32,900	\$ 31,738	\$ 1,162	\$ 20,525
Administrator	281,490	298,304	298,304	-	283,446
Treasurer	576,321	576,322	553,310	23,012	514,318
Village office	100,455	111,455	96,988	14,467	87,499
Clerk	93,975	97,494	97,489	5	103,470
Village attorney	210,000	217,172	199,872	17,300	217,050
Engineering	125,524	128,210	128,210	-	125,878
Management information systems	265,358	267,695	266,857	838	245,328
Central communications	56,500	56,500	52,526	3,974	47,825
Central garage	511,622	546,622	505,232	41,390	443,316
Central supplies	25,000	25,000	20,273	4,727	19,170
Central printing and mailing	16,000	16,000	9,377	6,623	11,596
Unallocated insurance	270,000	270,000	258,803	11,197	243,404
Consulting fees	133,440	133,440	49,122	84,318	107,754
Bonding fees	12,000	21,192	15,845	5,347	15,128
Judgments and claims	10,000	10,000	541	9,459	982,159
Tax on property	19,000	19,000	18,185	815	18,745
Contingency account	200,000	140,000	-	140,000	-
Metropolitan commuter transportation mobility tax	28,053	28,053	27,809	244	29,414
	2,967,638	2,995,359	2,630,481	364,878	3,516,025
PUBLIC SAFETY					
Police Department	3,813,271	3,880,465	3,874,965	5,500	3,927,626
Control of animals	14,195	14,196	14,196	-	13,972
Fire protection	2,058,413	2,058,413	2,027,294	31,119	1,872,851
Safety inspection	324,231	324,229	316,223	8,006	304,771
	6,210,110	6,277,303	6,232,678	44,625	6,119,220

HEALTH				
Ambulance services	200,500	203,814	203,814	198,842
TRANSPORTATION				
Highway maintenance	966,307	972,308	888,259	1,053,455
Snow removal	145,000	153,000	147,020	146,629
Street lighting	114,523	114,884	114,884	118,413
	1,225,830	1,240,192	1,150,163	1,318,497
ECONOMIC OPPORTUNITY AND DEVELOPMENT				
Community services - Programs for the aging	325,256	325,255	320,010	307,439
CULTURE AND RECREATION				
Recreation	1,080,620	1,039,235	943,813	1,025,377
Teen center	1,000	1,000	375	-
Public library	589,262	630,648	628,957	597,749
Handicapped	7,381	7,381	7,381	14,762
	1,678,263	1,678,264	1,580,526	1,637,888
HOME AND COMMUNITY SERVICES				
Part-time videotaping	3,200	3,305	3,305	3,469
Planning board	200	270	270	460
Disposal fees	92,000	92,118	92,118	86,773
Recycling and refuse collection	833,400	833,282	829,319	699,747
Shade trees	69,250	69,250	67,655	67,102
Sewer district	254,087	165,354	155,752	191,239
	1,252,137	1,163,579	1,148,419	1,048,790
EMPLOYEE BENEFITS				
State retirement	495,000	493,924	482,340	436,531
State retirement - Police	1,057,000	1,058,076	1,058,076	1,019,233
Social security	631,189	601,457	580,647	597,991
Workers' compensation benefits	295,000	296,030	296,030	281,560
Unemployment insurance	10,000	12,124	12,124	7,394
Disability insurance	2,100	2,100	1,456	3,008
Health and dental insurance	2,505,451	2,532,029	2,519,148	2,377,134
Other benefits	2,500	2,500	979	1,479
	4,998,240	4,998,240	4,950,800	4,724,330

(Continued)

Village of Rye Brook, New York

General Fund

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

Year Ended May 31, 2019

(With Comparative Actuals for 2018)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2018 Actual
DEBT SERVICE					
Principal					
Serial bonds	\$ 822,381	\$ 913,000	\$ 913,000	\$ -	\$ 375,000
Bond anticipation notes	1,517,808	1,517,808	1,517,808	-	-
	<u>2,340,189</u>	<u>2,430,808</u>	<u>2,430,808</u>	<u>-</u>	<u>375,000</u>
Interest					
Serial bonds	550,555	445,096	436,945	8,151	63,387
Bond anticipation notes	45,154	45,154	42,840	2,314	40,151
	<u>595,709</u>	<u>490,250</u>	<u>479,785</u>	<u>10,465</u>	<u>103,538</u>
	<u>2,935,898</u>	<u>2,921,058</u>	<u>2,910,593</u>	<u>10,465</u>	<u>478,538</u>
TOTAL EXPENDITURES	<u>21,793,872</u>	<u>21,803,064</u>	<u>21,127,484</u>	<u>675,580</u>	<u>19,349,569</u>
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	1,676,250	1,676,250	1,676,250	-	2,215,867
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 23,470,122</u>	<u>\$ 23,479,314</u>	<u>\$ 22,803,734</u>	<u>\$ 675,580</u>	<u>\$ 21,565,436</u>

Village of Rye Brook, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	2019	2018
ASSETS		
Cash and equivalents	\$ 4,826,124	\$ 1,945,388
Investments	6,120,854	-
Total Assets	<u>\$ 10,946,978</u>	<u>\$ 1,945,388</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 1,169,109	\$ 135,047
Due to other funds	22,391	634,524
Bond anticipation notes payable	1,985,875	2,480,125
Total Liabilities	<u>3,177,375</u>	<u>3,249,696</u>
Fund balance (deficit)		
Restricted	7,769,603	-
Unassigned	-	(1,304,308)
Total Fund Balance (Deficit)	<u>7,769,603</u>	<u>(1,304,308)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 10,946,978</u>	<u>\$ 1,945,388</u>

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Village of Rye Brook, New York

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

	<u>2019</u>	<u>2018</u>
REVENUES		
State aid	\$ 100,777	\$ -
Miscellaneous	<u>-</u>	<u>10,950</u>
Total Revenues	<u>100,777</u>	<u>10,950</u>
EXPENDITURES		
Capital outlay	<u>6,814,183</u>	<u>2,674,514</u>
Deficiency of Revenues Over Expenditures	<u>(6,713,406)</u>	<u>(2,663,564)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	14,250,000	-
Transfers in	1,692,375	2,215,867
Transfers out	<u>(155,058)</u>	<u>(468,131)</u>
Total Other Financing Sources	<u>15,787,317</u>	<u>1,747,736</u>
Net Change in Fund Balance	9,073,911	(915,828)
FUND DEFICIT		
Beginning of Year	<u>(1,304,308)</u>	<u>(388,480)</u>
End of Year	<u>\$ 7,769,603</u>	<u>\$ (1,304,308)</u>

Village of Rye Brook, New York

Capital Projects Fund

Project Length Schedule

Inception of Project Through May 31, 2019

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	337,801	21,564
Financial Software	115,548	97,548	18,000
Playground Equipment - Pine Ridge	125,524	125,524	-
Salter And Dump Body For Hook Lift Truck	43,500	43,500	-
Street Sweeper	185,000	184,887	113
Backhoe Loader	111,432	111,432	-
Bobcat	60,000	59,717	283
528 Ellendale Avenue - Highway Garage	585,000	565,929	19,071
Replace 2002 Ford F550 (Recreation)	77,542	77,542	-
Replace Playground Equipment - Garibaldi Park	85,927	85,927	-
Replace Freightliner Large Dump Truck	215,000	202,028	12,972
Replace Fork Lift	27,500	24,657	2,843
Replace Tire Changer and Balancer	30,000	29,740	260
Replace Ford F550 Dump Truck	88,534	88,534	-
Highway Front End Loader Truck	220,000	216,939	3,061
Equipment - PEG Grant	167,073	87,393	79,680
Avon Circle Stormwater Project - 2017	25,000	-	25,000
Sanitary Sewer Improvement - 2018	1,035,000	835,732	199,268
Fire Department Renovations - 2018	28,500	26,508	1,992
Road Resurfacing - 2018	600,777	391,742	209,035
LED Upgrades - Decorative Poll - 2018	50,000	30,107	19,893
Public Works/Parks Facility Building Construction	14,250,000	5,766,781	8,483,219
Replace Server/Microsoft Licensing Software	60,000	-	60,000
Police Vehicles - 2019	105,064	-	105,064
Road Resurfacing - 2019	420,000	30,541	389,459
AJP Community Center -Walkway Repairs	42,000	-	42,000
Turf Field Replacement - King Street	62,701	-	62,701
TOTALS	<u>\$ 20,472,272</u>	<u>\$ 10,684,093</u>	<u>\$ 9,788,179</u>

See independent auditors' report.

Total Revenues	Fund Balance (Deficit) at May 31, 2019	Bond Anticipation Notes Out- standing at May 31, 2019
\$ 642,299	\$ (168,000)	\$ 168,000
359,535	(93,750)	93,750
359,365	21,564	-
115,548	18,000	-
100,524	(25,000)	25,000
32,625	(10,875)	10,875
138,750	(46,137)	46,250
85,682	(25,750)	25,750
45,000	(14,717)	15,000
292,500	(273,429)	292,500
40,042	(37,500)	37,500
48,427	(37,500)	37,500
107,500	(94,528)	107,500
13,750	(10,907)	13,750
15,000	(14,740)	15,000
51,034	(37,500)	37,500
88,000	(128,939)	132,000
167,073	79,680	-
25,000	25,000	-
107,000	(728,732)	928,000
28,500	1,992	-
600,777	209,035	-
50,000	19,893	-
14,250,000	8,483,219	-
60,000	60,000	-
105,064	105,064	-
420,000	389,459	-
42,000	42,000	-
62,701	62,701	-
<u>\$ 18,453,696</u>	<u>\$ 7,769,603</u>	<u>\$ 1,985,875</u>

Village of Rye Brook, New York

Combining Balance Sheet - Sub Funds
Non-Major Governmental Fund - Special Purpose Fund
May 31, 2019
(With Comparative Totals for 2018)

	Recreation Trust	Friends of Rye Brook	Totals	
			2019	2018
ASSETS				
Cash and equivalents	\$ 181,605	\$ 37,573	\$ 219,178	\$ 219,578
Due from other funds	-	175	175	-
Total Assets	<u>\$ 181,605</u>	<u>\$ 37,748</u>	<u>\$ 219,353</u>	<u>\$ 219,578</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	800	\$ 800	\$ -
Fund balances				
Restricted	<u>181,605</u>	<u>36,948</u>	<u>218,553</u>	<u>219,578</u>
Total Liabilities and Fund Balances	<u>\$ 181,605</u>	<u>\$ 37,748</u>	<u>\$ 219,353</u>	<u>\$ 219,578</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, 2019
(With Comparative Totals for 2018)

	Recreation Trust	Friends of Rye Brook	Totals	
			2019	2018
REVENUES				
Use of money and property	\$ 1,582	\$ -	\$ 1,582	\$ 834
Miscellaneous	26,000	38,046	64,046	64,712
Total Revenues	27,582	38,046	65,628	65,546
EXPENDITURES				
Current				
Public safety	-	2,809	2,809	3,159
Culture and recreation	-	47,719	47,719	41,776
Total Expenditures	-	50,528	50,528	44,935
Excess (Deficiency) of Revenues Over Expenditures	27,582	(12,482)	15,100	20,611
OTHER FINANCING USES				
Transfers out	(16,125)	-	(16,125)	-
Net Change in Fund Balances	11,457	(12,482)	(1,025)	20,611
FUND BALANCES				
Beginning of Year	170,148	49,430	219,578	198,967
End of Year	\$ 181,605	\$ 36,948	\$ 218,553	\$ 219,578