

Village of Rye Brook, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2020

Village of Rye Brook, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statement	
Balance Sheet – Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Assets and Liabilities - Fiduciary Fund	21
Notes to Financial Statements	22
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Changes in the Villages' Total OPEB Liability and Related Ratios	48
New York State and Local Employees' Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	49
Schedule of Contributions	49
New York State and Local Police and Fire Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	50
Schedule of Contributions	50
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	51
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	52
Schedule of Revenues and Other Financing Sources Compared to Budget	54
Schedule of Expenditures and Other Financing Uses Compared to Budget	56
Capital Projects Fund	
Comparative Balance Sheet	59
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	60
Project Length Schedule	61
Non-Major Governmental Fund	
Special Purpose Fund	
Combining Balance Sheet – Sub Funds	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Sub Funds	64

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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, 2020, 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, 2020, 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 4B in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). 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, 2020 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, 2020 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, 2020 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, 2020.

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, 2019 (not presented herein), and have issued our report thereon dated October 17, 2019, 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, 2019 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 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 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, 2019.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 21, 2020

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Village of Rye Brook, New York

Management's Discussion and Analysis (MD&A) May 31, 2020

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, 2020. 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 2020 by \$21,976,100. Of this amount, a net unrestricted deficit of \$52,829,251 exists.
- ❖ As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$10,860,482 of which \$5,303,022 is unassigned, which is available for spending at the Village's discretion. The fund balance of all governmental funds decreased by \$6,735,904 primarily attributable to expenditures and other financing uses exceeding revenues and other financing sources.
- ❖ At the end of the fiscal years 2020 and 2019, the unassigned fund balance for the General Fund was \$5,303,022 or 23% and \$5,599,528 or 25% respectively of total General Fund expenditures and other financing uses.
- ❖ During the current fiscal year, the Village did not issue new long-term obligations. General obligation bonds payable were reduced by \$820,000 in scheduled payments. The Village's bond rating is Aa1.
- ❖ As of May 31, 2020, the Village had outstanding bond anticipation notes payable of \$2,920,102, which was comprised of \$1,728,477 for authorized capital projects in 2020, plus \$1,191,625 for prior year capital project BANs. Existing bond anticipation notes used to finance the cost of various capital projects were reduced in the amount of \$794,250.
- ❖ Since the fiscal year ending 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 fiscal year end 2019 government-wide financial statements reflects the change in accounting principle adjustment to the opening net position originally reported as of June 1, 2018. At June 1, 2019 the opening net position for government-wide financial statements is (\$17,954,781).

- ❖ In addition to the impact of the Village's OPEB obligations, the government-wide financial statements for the year ended May 31, 2020 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, 2020, the Village reported in its Statement of Net Position a liability of \$8,834,727 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. The Capital Projects Fund is budgeted on a project basis.

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,	
	2020	2019
Current Assets	\$ 16,565,965	\$ 21,811,641
Capital Assets, net	44,769,674	37,861,195
Total Assets	<u>61,335,639</u>	<u>59,672,836</u>
Deferred outflows of resources	<u>17,572,213</u>	<u>2,099,054</u>
Current Liabilities	5,785,134	4,277,126
Long-term Liabilities	89,314,398	67,882,755
Total Liabilities	<u>95,099,532</u>	<u>72,159,881</u>
Deferred inflows of resources	<u>5,784,420</u>	<u>7,566,790</u>
Net Position		
Net Investment in Capital Assets	29,152,476	30,865,798
Restricted	1,700,675	1,451,306
Unrestricted	<u>(52,829,251)</u>	<u>(50,271,885)</u>
Total Net Position	<u>\$ (21,976,100)</u>	<u>\$ (17,954,781)</u>

Statement of Activities

	2020	2019
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,009,771	\$ 2,115,129
Operating Grants and Contributions	121,777	149,176
Capital Grants and Contributions	170,785	342,677
Total Program Revenues	2,302,333	2,606,982
General Revenues:		
Real Property Taxes	16,665,406	16,300,275
Other Tax Items - Interest and penalties on real property taxes	9,206	13,231
Non-Property Taxes	2,735,077	2,708,773
Unrestricted Use of Money and Property	177,517	133,518
Sale of property and compensation for loss	6,391	1,517
Unrestricted State Aid	296,448	412,202
Insurance Recoveries	32,565	17,534
Miscellaneous	87,320	25,123
Total General Revenues	20,009,930	19,612,173
Total Revenues	22,312,263	22,219,155
Program Expenses:		
General Government Support	4,322,986	3,938,798
Public Safety	13,404,810	11,014,646
Health	214,006	203,814
Transportation	2,994,844	2,688,766
Economic Opportunity and Development	602,681	507,232
Culture and Recreation	2,782,831	2,533,818
Home and Community Services	1,433,146	1,273,018
Interest	578,278	573,414
Total Expenses	26,333,582	22,733,506
Change in Net Position	(4,021,319)	(514,351)
Net Position - Beginning, as reported	(17,954,781)	14,092,378
Cumulative Effect of Change in Accounting Principle	-	(31,532,808)
Net Position - Ending	\$ (21,976,100)	\$ (17,954,781)

Governmental Activities

Governmental activities decreased the Village's net position by \$4,021,319 from the prior year.

For the fiscal years ended May 31, 2020, revenues from governmental activities totaled \$22,312,263. Tax revenues comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (\$19,409,689 or 87%),

The largest components of governmental activities expenses are public safety (\$13,404,810), general government support (\$4,322,986), transportation (\$2,994,844), culture and recreation (\$2,782,831) and home and community services (\$1,433,146).

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, has five fund balance 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 Village Board 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 \$10,860,482. Of this amount \$6,000 has been classified as non-spendable, \$3,083,579 has been classified as restricted, \$2,352,953 has been classified as committed; \$114,928 has been classified as assigned and \$5,303,022 has been classified as unassigned.

The General Fund is the primary fund of the Village. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,303,022, representing 58% of the total General Fund balance of \$9,201,734. Revenues and other financing sources were \$22,338,196, which was \$694,964 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 \$22,744,692, which was \$551,056 less than the final budget.

General Fund Budgetary Highlights

The net change in total fund balance of the General Fund was a decrease of \$406,496 inclusive of Other Financing Sources (Uses). Actual revenues were \$686,704 greater than the final budget. Revenues that exceeded projections were from the following revenue categories: Non-property taxes which was \$174,217 greater than budget due primarily to the increase in sales tax revenue, Departmental Income which was \$210,467 higher than anticipated primarily due to an increase in police contractual fees in the amount of \$34,726, safety inspections fees of \$74,089, parks and recreation charges of \$73,586, and Use of Money and Property which was \$253,431 greater than budget due to the increase in interest earnings.

Actual expenditures were \$551,056 less than the final budget, with savings primarily in General Government Support (\$241,267), Public Safety (\$83,927), Transportation (\$61,852), Culture and Recreation (\$56,095), and Employee Benefits (\$52,282).

Capital Assets and Debt Administration

Capital Assets

The Village's investment in capital assets for governmental activities at May 31, 2020, net of \$28,564,415 of accumulated depreciation, was \$44,769,674. 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	2020	2019
Land	\$ 13,660,376	\$ 13,660,376
Land Improvements	7,386,036	7,315,136
Building and Improvements	8,804,625	8,789,555
Machinery and Equipment	6,338,155	6,195,907
Infrastructure	23,601,655	23,082,605
Construction-in-Progress *	13,543,242	5,846,312
Less - accumulated depreciation	(28,564,415)	(27,028,696)
Total (net of depreciation)	\$ 44,769,674	\$ 37,861,195

*Construction in progress is comprised of:

	2020	2019
Sanitary Sewer Improvement	\$ 1,373,659	\$ 809,367
Public Works/Parks Facility Construction	12,169,583	5,036,945
	\$ 13,543,242	\$ 5,846,312

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

Long-Term Debt /Short-Term Debt

At the end of the current fiscal year, the Village had total general obligation bonded debt outstanding of \$15,340,000. 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 \$1,728,477 of short-term debt (bond anticipation notes/BAN's), and paid down \$794,250 (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, 2020, the Village has the authority to issue \$195,262,068 of general obligation long-term debt.

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

Economic Factors and Next Year's Budget

During the current fiscal year, the Village was notified by two of the largest property tax payers, Doral Arrowwood Hotel and Conference Center and the Westchester Hilton Hotel were closing their operations. Doral Arrowwood H&CC closed on January 13, 2020 citing lack of funding and dire financial condition. The Hilton permanently closed on July 20, 2020 after a federal mandated shutdown in March 2020 due to the coronavirus pandemic which had a profound effect in the lodging industry, and they have decided not to reopen the hotel. The hotel occupancy tax revenue budget anticipated for the current fiscal year was reduced nearly 44% and removed as a revenue source for future budgets.

Requests for Information

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

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

Village of Rye Brook, New YorkStatement of Net Position
May 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 12,107,492
Investments	3,406,808
Receivables	
Taxes	169,702
Accounts	312,993
State and Federal aid	45,000
Due from other governments	517,970
Prepaid expenses	6,000
Capital assets	
Not being depreciated	27,203,618
Being depreciated, net	<u>17,566,056</u>
Total Assets	<u>61,335,639</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>17,572,213</u>
LIABILITIES	
Accounts payable	2,218,476
Accrued liabilities	99,858
Deposits and other liabilities	13,747
Due to other governments	359
Due to retirement systems	299,258
Unearned revenues	99,380
Bond anticipation notes payable	2,920,102
Accrued interest payable	133,954
Non-current liabilities	
Due within one year	771,200
Due in more than one year	<u>88,543,198</u>
Total Liabilities	<u>95,099,532</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,784,420</u>
NET POSITION	
Net investment in capital assets	29,152,476
Restricted	
Debt service	1,291,979
Dental insurance	39,533
Capital Projects - Playing field facility	93,319
Special purposes	275,844
Unrestricted	<u>(52,829,251)</u>
Total Net Position	<u>\$ (21,976,100)</u>

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

Village of Rye Brook, New York

Statement of Activities
Year Ended May 31, 2020

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	\$ 4,322,986	\$ 110,680	\$ -	\$ -	\$ (4,212,306)
Public safety	13,404,810	1,140,319	7,801	-	(12,256,690)
Health	214,006	-	-	-	(214,006)
Transportation	2,994,844	40,000	34,340	-	(2,920,504)
Economic opportunity and development	602,681	-	-	-	(602,681)
Culture and recreation	2,782,831	599,381	79,636	-	(2,103,814)
Home and community services	1,433,146	119,391	-	45,000	(1,268,755)
Interest	578,278	-	-	125,785	(452,493)
Total Governmental Activities	\$ 26,333,582	\$ 2,009,771	\$ 121,777	\$ 170,785	(24,031,249)
General revenues					
Real property taxes					16,665,406
Other tax items					
Interest and penalties on real property taxes					9,206
Non-property taxes					
Non-property tax distribution from County					1,846,623
Utilities gross receipts taxes					230,745
Hotel occupancy tax					405,928
Franchise fees					251,781
Unrestricted use of money and property					177,517
Sale of property and compensation for loss					6,391
Unrestricted State aid					296,448
Miscellaneous					87,320
Insurance recoveries					32,565
Total General Revenues					20,009,930
Change in Net Position					(4,021,319)
Net Position - Beginning					(17,954,781)
Net Position - Ending					\$ (21,976,100)

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

Village of Rye Brook, New York

Balance Sheet
 Governmental Funds
 May 31, 2020

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 9,151,212	\$ 2,680,163	\$ 276,117	\$ 12,107,492
Investments	-	3,406,808	-	3,406,808
Taxes receivable	169,702	-	-	169,702
Other receivables				
Accounts	312,993	-	-	312,993
State and Federal aid	-	45,000	-	45,000
Due from other governments	517,970	-	-	517,970
Due from other funds	8,551	-	-	8,551
Prepaid expenditures	6,000	-	-	6,000
Total Assets	\$ 10,166,428	\$ 6,131,971	\$ 276,117	\$ 16,574,516
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 397,789	\$ 1,820,687	\$ -	\$ 2,218,476
Accrued liabilities	99,858	-	-	99,858
Deposits and other liabilities	13,747	-	-	13,747
Due to other governments	359	-	-	359
Due to retirement systems	299,258	-	-	299,258
Due to other funds	-	8,278	273	8,551
Unearned revenues	99,380	-	-	99,380
Bond anticipation notes payable	-	2,920,102	-	2,920,102
Total Liabilities	910,391	4,749,067	273	5,659,731
Deferred inflows of resources				
Deferred revenues	54,303	-	-	54,303
Total Liabilities and Deferred Inflows of Resources	964,694	4,749,067	273	5,714,034
Fund balances				
Nonspendable	6,000	-	-	6,000
Restricted	1,424,831	1,382,904	275,844	3,083,579
Committed	2,352,953	-	-	2,352,953
Assigned	114,928	-	-	114,928
Unassigned	5,303,022	-	-	5,303,022
Total Fund Balances	9,201,734	1,382,904	275,844	10,860,482
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,166,428	\$ 6,131,971	\$ 276,117	\$ 16,574,516

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

Village of Rye Brook, New York

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position May 31, 2020

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

Fund Balances - Total Governmental Funds	<u>\$ 10,860,482</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>44,769,674</u>
Governmental funds do not report the effect of assets or liabilities related to net pension liabilities and other postemployment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amounts on net pension liabilities	5,564,661
Deferred amounts on other post employment benefit obligations	<u>6,223,132</u>
	<u>11,787,793</u>
Other long-term assets that are not available to pay for current period expenditures are deferred in the funds.	
Deferred revenues	<u>54,303</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(133,954)
Bonds payable	(15,340,000)
Compensated absences	(1,612,291)
Net pension liability	(8,834,727)
Other post employment benefit obligations payable	<u>(63,527,380)</u>
	<u>(89,448,352)</u>
Net Position of Governmental Activities	<u>\$ (21,976,100)</u>

The notes to 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, 2020

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
REVENUES				
Real property taxes	\$ 16,665,406	\$ -	\$ -	\$ 16,665,406
Other tax items	9,206	-	-	9,206
Non-property taxes	2,735,077	-	-	2,735,077
Departmental income	1,820,727	-	-	1,820,727
Intergovernmental charges	40,000	-	-	40,000
Use of money and property	440,341	-	1,568	441,909
Fines and forfeitures	30,105	-	-	30,105
Sale of property and compensation for loss	6,391	-	-	6,391
State aid	340,651	45,000	-	385,651
Miscellaneous	87,320	-	76,006	163,326
Total Revenues	22,175,224	45,000	77,574	22,297,798
EXPENDITURES				
Current				
General government support	2,770,695	-	-	2,770,695
Public safety	6,397,502	-	1,152	6,398,654
Health	214,006	-	-	214,006
Transportation	1,191,467	-	-	1,191,467
Economic opportunity and development	355,437	-	-	355,437
Culture and recreation	1,665,963	-	19,131	1,685,094
Home and community services	1,323,343	-	-	1,323,343
Employee benefits	5,017,668	-	-	5,017,668
Debt service				
Principal	820,000	-	-	820,000
Interest	578,598	-	-	578,598
Capital outlay	-	8,711,305	-	8,711,305
Total Expenditures	20,334,679	8,711,305	20,283	29,066,267
Excess (Deficiency) of Revenues Over Expenditures	1,840,545	(8,666,305)	57,291	(6,768,469)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	32,565	-	-	32,565
Transfers in	130,407	2,410,013	-	2,540,420
Transfers out	(2,410,013)	(130,407)	-	(2,540,420)
Total Other Financing Sources (Uses)	(2,247,041)	2,279,606	-	32,565
Net Change in Fund Balances	(406,496)	(6,386,699)	57,291	(6,735,904)
FUND BALANCES				
Beginning of Year	9,608,230	7,769,603	218,553	17,596,386
End of Year	<u>\$ 9,201,734</u>	<u>\$ 1,382,904</u>	<u>\$ 275,844</u>	<u>\$ 10,860,482</u>

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

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, 2020

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

Net Change in Fund Balances - Total Governmental Funds	\$ (6,735,904)
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.	
Capital outlay expenditures	8,561,121
Depreciation expense	<u>(1,652,642)</u>
	<u>6,908,479</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred revenues	<u>(18,100)</u>
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.	
Principal paid on serial bonds	<u>820,000</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	320
Compensated absences	(28,957)
Pension liabilities	(1,624,351)
Other post employment benefit obligations	<u>(3,342,806)</u>
	<u>(4,995,794)</u>
Change in Net Position of Governmental Activities	<u>\$ (4,021,319)</u>

The notes to 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, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 16,665,406	\$ 16,665,406	\$ 16,665,406	\$ -
Other tax items	10,000	10,000	9,206	(794)
Non-property taxes	2,580,000	2,560,860	2,735,077	174,217
Departmental income	1,550,600	1,610,260	1,820,727	210,467
Intergovernmental charges	40,000	40,000	40,000	-
Use of money and property	189,680	186,910	440,341	253,431
Fines and forfeitures	35,000	35,000	30,105	(4,895)
Sale of property and compensation for loss	4,500	4,500	6,391	1,891
State aid	413,334	330,250	340,651	10,401
Miscellaneous	-	45,334	87,320	41,986
Total Revenues	21,488,520	21,488,520	22,175,224	686,704
EXPENDITURES				
Current				
General government support	3,204,596	3,011,962	2,770,695	241,267
Public safety	6,426,861	6,481,429	6,397,502	83,927
Health	208,787	214,006	214,006	-
Transportation	1,188,367	1,253,319	1,191,467	61,852
Economic opportunity and development	355,682	394,767	355,437	39,330
Culture and recreation	1,722,447	1,722,058	1,665,963	56,095
Home and community services	1,319,150	1,339,150	1,323,343	15,807
Employee benefits	5,069,950	5,069,950	5,017,668	52,282
Debt service				
Principal	820,000	820,000	820,000	-
Interest	588,094	579,094	578,598	496
Total Expenditures	20,903,934	20,885,735	20,334,679	551,056
Excess (Deficiency) of Revenues Over Expenditures	584,586	602,785	1,840,545	1,237,760
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	20,000	24,701	32,565	7,864
Transfers in	-	130,011	130,407	396
Transfers out	(2,002,113)	(2,410,013)	(2,410,013)	-
Total Other Financing Sources (Uses)	(1,982,113)	(2,255,301)	(2,247,041)	8,260
Net Change in Fund Balance	(1,397,527)	(1,652,516)	(406,496)	1,246,020
FUND BALANCE				
Beginning of Year	1,397,527	1,652,516	9,608,230	7,955,714
End of Year	\$ -	\$ -	\$ 9,201,734	\$ 9,201,734

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

Village of Rye Brook, New York

Statement of Assets and Liabilities

Fiduciary Fund

May 31, 2020

	<u>Agency</u>
ASSETS	
Cash and equivalents	\$ 93,868
Cash and equivalents - senior services	23,099
Accounts receivable	<u>34,464</u>
 Total Assets	 <u><u>\$ 151,431</u></u>
 LIABILITIES	
Accounts payable	\$ 67,360
Deposits	83,471
Deposits - senior services	<u>600</u>
 Total Liabilities	 <u><u>\$ 151,431</u></u>

The notes to 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. 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 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

Note 1 - Summary of Significant Accounting Policies (Continued)

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, 2020.

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, 2020, 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 \$99,380 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.

Deferred outflows and inflows of resources have been reported on the government-wide Statement of Net Position for the following:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
New York State and Local Employees' Retirement System	\$ 1,905,084	\$ 124,186
New York State and Local Police and Fire Retirement System	3,953,880	170,117
Other postemployment benefit obligations	11,713,249	5,490,117
	<u>\$ 17,572,213</u>	<u>\$ 5,784,420</u>

The Village reported deferred inflows of resources of \$54,303 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

The amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the Village's pension obligations and other post employment benefits are detailed in Note 3F.

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

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Village's Board of Trustees or a person with delegated authority from the governing board to assign amounts for a specific intended purpose or the Village Treasurer for amounts assigned as encumbrances. 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, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. See Note 4B.

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 21, 2020.

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 2019-2020 fiscal year was \$55,789,162, which exceeded the actual levy by \$41,281,101.

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.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at May 31, 2020 consisted of the following -

Current Year	\$ <u>169,702</u>
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Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

B. Due From/To Other Funds

The balances reflected as due from/to other funds at May 31, 2020 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 8,551	\$ -
Capital Projects	-	8,278
Non-Major Governmental	-	273
	<u>\$ 8,551</u>	<u>\$ 8,551</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, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance May 31, 2020</u>
Capital Assets, not being depreciated:				
Land	\$ 13,660,376	\$ -	\$ -	\$ 13,660,376
Construction-in-Progress	5,846,312	7,696,930	-	13,543,242
	<u>\$ 19,506,688</u>	<u>\$ 7,696,930</u>	<u>\$ -</u>	<u>\$ 27,203,618</u>
Capital Assets, being depreciated:				
Land Improvements	\$ 7,315,136	\$ 70,900	\$ -	\$ 7,386,036
Buildings and Improvements	8,789,555	15,070	-	8,804,625
Machinery and Equipment	6,195,907	259,171	116,923	6,338,155
Infrastructure	23,082,605	519,050	-	23,601,655
	<u>45,383,203</u>	<u>864,191</u>	<u>116,923</u>	<u>46,130,471</u>
Less Accumulated Depreciation for:				
Land Improvements	3,831,651	396,581	-	4,228,232
Buildings and Improvements	3,204,425	206,100	-	3,410,525
Machinery and Equipment	3,803,475	477,554	116,923	4,164,106
Infrastructure	16,189,145	572,407	-	16,761,552
	<u>27,028,696</u>	<u>1,652,642</u>	<u>116,923</u>	<u>28,564,415</u>
	<u>\$ 18,354,507</u>	<u>\$ (788,451)</u>	<u>\$ -</u>	<u>\$ 17,566,056</u>
Capital Assets, net	<u>\$ 37,861,195</u>	<u>\$ 6,908,479</u>	<u>\$ -</u>	<u>\$ 44,769,674</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

General Government Support	\$ 156,386
Public Safety	197,499
Transportation	780,721
Economic Opportunity and Development	7,026
Culture and Recreation	417,239
Home and Community Services	<u>93,771</u>
Total Depreciation Expense	<u>\$ 1,652,642</u>

D. Accrued Liabilities

The Village has reported accrued liabilities for payroll and employee benefits of \$99,858 in the General Fund and government-wide financial statements.

E. Short-Term Capital Borrowings - Bond Anticipation Notes Payable

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

Purpose	Year of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2019	New Issues	Redemptions	Balance May 31, 2020
Various Capital Projects	2015	08/19	- %	\$ 122,875	\$ -	\$ 122,875	\$ -
Various Capital Projects	2015	08/19	-	93,750	-	93,750	-
Various Capital Projects	2016	08/20	1.84	541,250	-	270,625	270,625
Various Capital Projects	2017	08/20	1.84	300,000	-	100,000	200,000
Sanitary Sewer Improvement	2018	02/20	1.77	928,000	700,000	207,000	1,421,000
Aerial Fire Truck	2020	02/21	1.40	-	1,028,477	-	1,028,477
				<u>\$ 1,985,875</u>	<u>\$ 1,728,477</u>	<u>\$ 794,250</u>	<u>\$ 2,920,102</u>

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

Interest expenditures of \$37,417 were recorded in the fund financial statements in the General Fund. Interest expense of \$41,703 was recorded in the government-wide financial statements for governmental activities.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

F. Long-Term Liabilities

The following table summarizes changes in the Village's long-term liabilities for the year ended May 31, 2020:

	Balance June 1, 2019	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2020	Due Within One-Year
General Obligation Bonds Payable					
Capital Construction	\$ 14,765,000	\$ -	\$ 685,000	\$ 14,080,000	\$ 470,000
Judgement and Claims	1,395,000	-	135,000	1,260,000	140,000
	<u>16,160,000</u>	<u>-</u>	<u>820,000</u>	<u>15,340,000</u>	<u>610,000</u>
Other Non-current Liabilities					
Compensated Absences	1,583,334	188,957	160,000	1,612,291	161,200
Net Pension Liability	2,790,735	6,043,992	-	8,834,727	-
Other Post Employment Benefit Obligations Payable	47,348,686	17,184,388	1,005,694	63,527,380	-
Total Non-current Liabilities	<u>51,722,755</u>	<u>23,417,337</u>	<u>1,165,694</u>	<u>73,974,398</u>	<u>161,200</u>
Total Long-Term Liabilities	<u>\$ 67,882,755</u>	<u>\$ 23,417,337</u>	<u>\$ 1,985,694</u>	<u>\$ 89,314,398</u>	<u>\$ 771,200</u>

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.

General Obligation Bonds Payable

General Obligation Bonds payable at May 31, 2020 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at May 31, 2020
Various Village Purposes	2003	\$ 3,100,000	April, 2023	4.125-4.250 %	\$ 515,000
Various Village Purposes - 2018A	2018	14,250,000	March, 2048	3.000-3.750	13,565,000
Tax Certiorari - 2018B	2018	1,533,000	March, 2028	3.500	1,260,000
					<u>\$ 15,340,000</u>

Interest expenditures of \$541,181 were recorded in the fund financial statements in the General Fund. Interest expense of \$536,575 was recorded in the government-wide financial statements.

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded and bond anticipation notes debt outstanding as of May 31, 2020 including interest payments of \$8,016,870 are as follows:

Year Ending May 31,	General Obligation Bonds	
	Principal	Interest
2021	\$ 610,000	\$ 515,063
2022	620,000	494,094
2023	630,000	472,607
2024	480,000	450,894
2025	495,000	435,719
2026-2030	2,380,000	1,938,645
2031-2035	2,215,000	1,600,544
2036-2040	2,635,000	1,218,718
2041-2045	3,130,000	729,562
2046-2048	2,145,000	161,024
	<u>\$ 15,340,000</u>	<u>\$ 8,016,870</u>

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

Compensated Absences

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

Pension Plans

New York State and Local Retirement System

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all 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

Note 3 - Detailed Notes on All Funds (Continued)

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 2020 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
PFRS	2 384D	24.0 %
	5 384D	19.4
	6 384D	14.4

At May 31, 2020, 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	\$ 3,029,307	\$ 5,805,420
Villages' proportion of the net pension liability	0.0114397 %	0.1086153 %
Change in proportion since the prior measurement date	(0.0006252) %	(0.0068186) %

The net pension liability was measured as of March 31, 2020, 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, 2020, the Village recognized pension expense in the government-wide financial statements of \$996,010 for ERS and \$2,128,530 for PFRS. Pension expenditures of \$443,909 for ERS and \$1,056,280 for PFRS were recorded in the General Fund.

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 178,287	\$ -	\$ 386,580	\$ 97,240
Changes of assumptions	60,996	52,669	496,223	-
Net difference between projected and actual earnings on pension plan investments	1,552,970	-	2,614,363	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	27,190	71,517	243,097	72,877
Village contributions subsequent to the measurement date	85,641	-	213,617	-
	<u>\$ 1,905,084</u>	<u>\$ 124,186</u>	<u>\$ 3,953,880</u>	<u>\$ 170,117</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 564,867	\$ 97,240		
Changes of assumptions	557,219	52,669		
Net difference between projected and actual earnings on pension plan investments	4,167,333	-		
Changes in proportion and differences between Village contributions and proportionate share of contributions	270,287	144,394		
Village contributions subsequent to the measurement date	299,258	-		
	<u>\$ 5,858,964</u>	<u>\$ 294,303</u>		

\$85,641 and \$213,617 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 March 31,	ERS	PFRS
2021	\$ 267,689	\$ 774,721
2022	424,215	845,072
2023	560,524	1,042,532
2024	442,829	863,136
2025	-	44,685

The total pension liability for the March 31, 2020 measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total

Note 3 - Detailed Notes on All Funds (Continued)

pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2020	March 31, 2020
Actuarial valuation date	April 1, 2019	April 1, 2019
Investment rate of return	6.8% *	6.8% *
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.

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-2018.

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.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36 %	4.05
International Equity	14	6.15
Private Equity	10	6.75
Real Estate	10	4.95
Absolute Return Strategies	2	3.25
Opportunistic Portfolio	3	4.65
Real Assets	3	5.95
Bonds and Mortgages	17	0.75
Cash	1	0.00
Inflation Indexed Bonds	4	0.50
	<u>100 %</u>	

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

Note 3 - Detailed Notes on All Funds (Continued)

The discount rate used to calculate the total pension liability was 6.8%. 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 6.8%, 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 (5.8%) or 1 percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Village's proportionate share of the ERS net pension liability	\$ 5,559,633	\$ 3,029,307	\$ 698,865
Village's proportionate share of the PFRS net pension liability	\$ 10,380,210	\$ 5,805,420	\$ 1,708,593

The components of the collective net pension liability as of the March 31, 2020 measurement date were as follows:

	ERS	PFRS	Total
Total pension liability	\$ 194,596,261,000	\$ 35,309,017,000	\$ 229,905,278,000
Fiduciary net position	168,115,682,000	29,964,080,000	198,079,762,000
Employers' net pension liability	\$ 26,480,579,000	\$ 5,344,937,000	\$ 31,825,516,000
Fiduciary net position as a percentage of total pension liability	86.39%	84.86%	86.16%

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, 2020 represent the employer contribution for the period of April 1, 2020 through May 31, 2020 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, 2020 were \$85,641 and \$213,617, 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.

Note 3 - Detailed Notes on All Funds (Continued)

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.

At May 31, 2020, the following employees were covered by the benefit terms:

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

The Village's total OPEB liability of \$63,527,380 was measured as of May 31, 2020, 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	2.16%
Healthcare cost trend rates	8.0% for 2020, 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.

For the following demographic (mortality, retirement, disability, and other termination of employment) assumptions, the rates utilized were developed in the report, “Development of Recommended Actuarial Assumptions” for New York/SUNY GASB 45 Valuation prepared by the AON Hewitt dated September 2016.

Note 3 - Detailed Notes on All Funds (Continued)

The Village's change in the total OPEB liability for the year ended May 31, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 47,348,686
Service cost	1,760,339
Interest	1,706,228
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	13,717,821
Benefit payments	<u>(1,005,694)</u>
 Total OPEB Liability - End of Year	 <u><u>\$ 63,527,380</u></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 (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Assumption (2.16%)	1% Increase (3.16%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 77,420,863</u>	<u>\$ 63,527,380</u>	<u>\$ 52,920,228</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 (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 51,376,212</u>	<u>\$ 63,527,380</u>	<u>\$ 79,876,309</u>

For the year ended May 31, 2020, the Village recognized OPEB expense of \$4,348,500 in the government-wide financial statements. At May 31, 2020, 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
	<u> </u>	<u> </u>
Changes of assumptions or other inputs	\$ 3,895	\$ 3,896,658
Differences between expected and actual experience	<u>11,709,354</u>	<u>1,593,459</u>
	<u><u>\$ 11,713,249</u></u>	<u><u>\$ 5,490,117</u></u>

Note 3 - Detailed Notes on All Funds (Continued)

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,	
2021	\$ 881,933
2022	881,933
2023	881,933
2024	881,933
2025	1,028,381
Thereafter	1,667,019

G. Revenues and Expenditures

Interfund Transfers

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

Transfers Out	Transfers In		Total
	General Fund	Capital Projects Fund	
General Fund	\$ -	\$ 2,410,013	\$ 2,410,013
Capital Projects Fund	130,407	-	130,407
	\$ 130,407	\$ 2,410,013	\$ 2,540,420

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 Dental Insurance - the component of net position that reports the amounts restricted for future dental insurance premium benefits.

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Capital Project - Playing Field Facility - the component of net position that reports the amounts restricted for the construction or reconstruction of the playing field facility.

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

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

Village of Rye Brook, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2020				2019			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable -								
Prepaid expenditures	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ 7,504	\$ -	\$ -	\$ 7,504
Restricted:								
Life insurance - for								
subsequent year's expenditures	-	-	-	-	21,955	-	-	21,955
Debt service	1,041,979	-	-	1,041,979	1,165,798	-	-	1,165,798
Debt service - for								
subsequent year's expenditures	250,000	-	-	250,000	45,000	-	-	45,000
Dental Insurance - for								
subsequent year's expenditures	39,533	-	-	39,533	-	-	-	-
Capital Project - Playing field facility	93,319	-	-	93,319	-	-	-	-
Capital Projects	-	1,382,904	-	1,382,904	-	7,769,603	-	7,769,603
Parklands	-	-	241,173	241,173	-	-	181,605	181,605
Trusts	-	-	34,671	34,671	-	-	36,948	36,948
Total Restricted	1,424,831	1,382,904	275,844	3,083,579	1,232,753	7,769,603	218,553	9,220,909
Committed:								
Capital projects	1,352,953	-	-	1,352,953	1,437,873	-	-	1,437,873
Capital projects - for								
subsequent year's expenditures	1,000,000	-	-	1,000,000	1,207,863	-	-	1,207,863
Total Committed	2,352,953	-	-	2,352,953	2,645,736	-	-	2,645,736
Assigned -								
Purchases on order:								
General government support	49,474	-	-	49,474	80,982	-	-	80,982
Public safety	20,565	-	-	20,565	16,548	-	-	16,548
Transportation	10,620	-	-	10,620	8,043	-	-	8,043
Economic opportunity and development	9,500	-	-	9,500	-	-	-	-
Culture and recreation	24,769	-	-	24,769	17,136	-	-	17,136
Total Assigned	114,928	-	-	114,928	122,709	-	-	122,709
Unassigned	5,303,022	-	-	5,303,022	5,599,528	-	-	5,599,528
Total Fund Balances	\$ 9,201,734	\$ 1,382,904	\$ 275,844	\$ 10,860,482	\$ 9,608,230	\$ 7,769,603	\$ 218,553	\$ 17,596,386

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 Village has committed \$2,352,953 into the General Fund 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, 2020, 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.

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 the 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. This action was 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 16, 2019 and further extensions, the action will continue on the suspense calendar of the Court until October 31, 2020, to enable the parties to work toward a voluntary resolution of the litigation.

The Village continues to implement its sanitary sewer valuation 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 impact in the event of an unfavorable outcome.

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 claims currently pending, none are expected to have a material effect on the financial position of the village, if adversely settled.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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

B. Contingencies

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

Coronavirus

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. The Federal government has not reached a consensus on additional recovery legislation at this time. Therefore, in the interim, without assurance of Federal aid, New York State has begun withholding a minimum of 20% of most municipal and school district aid payments to achieve the cash flow savings anticipated in the Executive Budget Financial Plan as updated for the Governor's amendments and forecast revisions pursuant to the Reduction Authority.

In addition to these New York State actions, the Village's economically sensitive revenues (i.e., sales tax distributions, interest earnings, charges for services) are being negatively impacted. Meanwhile, the Village's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, personnel overtime, technology acquisitions to support remote work) will increase significantly.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Village's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the Village. The Village is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the Village's future financial position at this time.

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 policy aggregate 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 September 25, 2020, issued a renewal of a bond anticipation note in the amount of \$1,189,800 which was used to finance the Sanitary Sewer Facility capital project. The note matures on September 24, 2021 and bears interest at 0.89% per annum.

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)

	<u>2020</u>	<u>2019</u>
Total OPEB Liability:		
Service cost	\$ 1,760,339	\$ 2,014,886
Interest	1,706,228	1,659,691
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(2,242,362)
Changes of assumptions or other inputs	13,717,821 (4)	(5,496,928)
Benefit payments	<u>(1,005,694)</u>	<u>(908,752)</u>
Net Change in Total OPEB Liability	16,178,694	(4,973,465)
Total OPEB Liability – Beginning of Year	<u>47,348,686</u>	<u>52,322,151</u> (2)
Total OPEB Liability – End of Year	<u>63,527,380</u>	<u>\$ 47,348,686</u>
Village's covered-employee payroll	<u>6,876,874</u>	<u>\$ 6,773,253</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>924%</u>	<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.
- (4) The discount rate was decreased from 3.51% to 2.16% effective for the May 31, 2020 measurement date.

Village of Rye Brook, New York

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

Schedule of the Village's Proportionate Share of the Net Pension Liability (2)

	2020 (4)	2019	2018	2017	2016 (3)
Village's proportion of the net pension liability	0.0114397%	0.0120649%	0.0114718%	0.0123733%	0.0131940%
Village's proportionate share of the net pension liability	\$ 3,029,307	\$ 854,836	\$ 370,245	\$ 1,162,624	\$ 2,117,674
Village's covered payroll	\$ 3,154,079	\$ 3,005,776	\$ 2,802,117	\$ 2,919,670	\$ 2,948,292
Village's proportionate share of the net pension liability as a percentage of its covered payroll	96.04%	28.44%	13.21%	39.82%	71.83%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%

Schedule of Contributions

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 443,128	\$ 482,180	\$ 442,325	\$ 461,117	\$ 550,949
Contributions in relation to the contractually required contribution	(443,128)	(482,180)	(442,325)	(461,117)	(550,949)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 3,155,396	\$ 2,949,754	\$ 2,973,848	\$ 2,927,244	\$ 2,925,051
Contributions as a percentage of covered payroll	14.04%	16.35%	14.87%	15.75%	18.84%

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

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) 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.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement.

See independent auditors' report.

Village of Rye Brook, New York

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

Schedule of the Village's Proportionate Share of the Net Pension Liability (2)

	2020 (4)	2019	2018	2017	2016 (3)
Village's proportion of the net pension liability	0.1086153%	0.1154339%	0.1085772%	0.1063724%	0.1104717%
Village's proportionate share of the net pension liability	\$ 5,805,420	\$ 1,935,899	\$ 1,097,452	\$ 2,204,729	\$ 3,270,831
Village's covered payroll	\$ 4,842,255	\$ 4,606,970	\$ 4,307,617	\$ 4,018,503	\$ 3,798,173
Village's proportionate share of the net pension liability as a percentage of its covered payroll	119.89%	42.02%	25.48%	54.86%	86.12%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	96.93%	93.50%	90.20%

Schedule of Contributions

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,044,061	\$ 1,057,150	\$ 1,020,500	\$ 944,674	\$ 884,771
Contributions in relation to the contractually required contribution	(1,044,061)	(1,057,150)	(1,020,500)	(944,674)	(884,771)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 4,864,535	\$ 4,568,855	\$ 4,640,138	\$ 4,720,743	\$ 4,043,564
Contributions as a percentage of covered payroll	21.46%	23.14%	21.99%	20.01%	21.88%

(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 amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) 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.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement.

See independent auditors' report.

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Village of Rye Brook, New York

General Fund
Comparative Balance Sheet
May 31,

	2020	2019
ASSETS		
Cash and equivalents	\$ 9,151,212	\$ 9,603,103
Taxes receivable	169,702	69,263
Other receivables		
Accounts	312,993	441,900
State and Federal aid	-	3,360
Due from other governments	517,970	520,355
Due from other funds	8,551	22,216
	<u>839,514</u>	<u>987,831</u>
Prepaid expenditures	6,000	7,504
Total Assets	<u>\$ 10,166,428</u>	<u>\$ 10,667,701</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 397,789	\$ 404,810
Accrued liabilities	99,858	109,735
Deposits and other liabilities	13,747	10,573
Due to other governments	359	-
Due to retirement systems	299,258	286,259
Unearned revenues	99,380	175,691
Total Liabilities	910,391	987,068
Deferred inflows of resources		
Deferred revenues	54,303	72,403
Total Liabilities and Deferred Inflows of Resources	<u>964,694</u>	<u>1,059,471</u>
Fund balance		
Nonspendable	6,000	7,504
Restricted	1,424,831	1,232,753
Committed	2,352,953	2,645,736
Assigned	114,928	122,709
Unassigned	5,303,022	5,599,528
Total Fund Balance	<u>9,201,734</u>	<u>9,608,230</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 10,166,428</u>	<u>\$ 10,667,701</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,

	2020			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 16,665,406	\$ 16,665,406	\$ 16,665,406	\$ -
Other tax items	10,000	10,000	9,206	(794)
Non-property taxes	2,580,000	2,560,860	2,735,077	174,217
Departmental income	1,550,600	1,610,260	1,820,727	210,467
Intergovernmental charges	40,000	40,000	40,000	-
Use of money and property	189,680	186,910	440,341	253,431
Fines and forfeitures	35,000	35,000	30,105	(4,895)
Sale of property and compensation for loss	4,500	4,500	6,391	1,891
State aid	413,334	330,250	340,651	10,401
Miscellaneous	-	45,334	87,320	41,986
Total Revenues	21,488,520	21,488,520	22,175,224	686,704
EXPENDITURES				
Current				
General government support	3,204,596	3,011,962	2,770,695	241,267
Public safety	6,426,861	6,481,429	6,397,502	83,927
Health	208,787	214,006	214,006	-
Transportation	1,188,367	1,253,319	1,191,467	61,852
Economic opportunity and development	355,682	394,767	355,437	39,330
Culture and recreation	1,722,447	1,722,058	1,665,963	56,095
Home and community services	1,319,150	1,339,150	1,323,343	15,807
Employee benefits	5,069,950	5,069,950	5,017,668	52,282
Debt service				
Principal	820,000	820,000	820,000	-
Interest	588,094	579,094	578,598	496
Total Expenditures	20,903,934	20,885,735	20,334,679	551,056
Excess (Deficiency) of Revenues Over Expenditures	584,586	602,785	1,840,545	1,237,760
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	-
Insurance recoveries	20,000	24,701	32,565	7,864
Transfers in	-	130,011	130,407	396
Transfers out	(2,002,113)	(2,410,013)	(2,410,013)	-
Total Other Financing Sources (Uses)	(1,982,113)	(2,255,301)	(2,247,041)	8,260
Net Change in Fund Balance	(1,397,527)	(1,652,516)	(406,496)	1,246,020
FUND BALANCE				
Beginning of Year	1,397,527	1,652,516	9,608,230	7,955,714
End of Year	\$ -	\$ -	\$ 9,201,734	\$ 9,201,734

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 16,300,275	\$ 16,300,275	\$ 16,300,275	\$ -
10,000	10,000	13,231	3,231
2,535,000	2,535,000	2,708,773	173,773
1,542,130	1,542,130	1,914,238	372,108
40,000	40,000	41,250	1,250
151,276	151,276	517,935	366,659
45,000	45,000	30,700	(14,300)
7,500	7,500	1,517	(5,983)
423,232	423,232	495,750	72,518
-	-	25,123	25,123
<u>21,054,413</u>	<u>21,054,413</u>	<u>22,048,792</u>	<u>994,379</u>
2,967,638	2,995,359	2,630,481	364,878
6,210,110	6,277,303	6,232,678	44,625
200,500	203,814	203,814	-
1,225,830	1,240,192	1,150,163	90,029
325,256	325,255	320,010	5,245
1,678,263	1,678,264	1,580,526	97,738
1,252,137	1,163,579	1,148,419	15,160
4,998,240	4,998,240	4,950,800	47,440
2,340,189	2,430,808	2,430,808	-
595,709	490,250	479,785	10,465
<u>21,793,872</u>	<u>21,803,064</u>	<u>21,127,484</u>	<u>675,580</u>
<u>(739,459)</u>	<u>(748,651)</u>	<u>921,308</u>	<u>1,669,959</u>
1,523,808	1,533,000	1,533,000	-
30,000	30,000	17,534	(12,466)
-	-	155,058	155,058
<u>(1,676,250)</u>	<u>(1,676,250)</u>	<u>(1,676,250)</u>	<u>-</u>
<u>(122,442)</u>	<u>(113,250)</u>	<u>29,342</u>	<u>142,592</u>
(861,901)	(861,901)	950,650	1,812,551
<u>861,901</u>	<u>861,901</u>	<u>8,657,580</u>	<u>7,795,679</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,608,230</u>	<u>\$ 9,608,230</u>

Village of Rye Brook, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended May 31, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REAL PROPERTY TAXES	\$ 16,665,406	\$ 16,665,406	\$ 16,665,406	\$ -	\$ 16,300,275
OTHER TAX ITEMS					
Interest and penalties on real property taxes	10,000	10,000	9,206	(794)	13,231
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,360,000	1,710,000	1,846,623	136,623	1,510,830
Utilities gross receipts taxes	240,000	230,745	230,745	-	245,581
Hotel occupancy tax	720,000	405,928	405,928	-	695,995
Franchise fees	260,000	214,187	251,781	37,594	256,367
	<u>2,580,000</u>	<u>2,560,860</u>	<u>2,735,077</u>	<u>174,217</u>	<u>2,708,773</u>
DEPARTMENTAL INCOME					
Clerk fees	8,500	2,971	2,971	-	84,885
Police fees	32,500	107,795	142,521	34,726	185,361
Safety inspection fees	750,000	803,887	877,976	74,089	874,598
Alarm permits	90,000	90,000	89,717	(283)	99,635
Parks and recreation charges	385,500	385,500	459,086	73,586	396,886
After school program	170,000	117,157	117,157	-	172,750
Home and community service fees	101,300	93,610	119,391	25,781	98,409
Concessions	3,000	3,000	3,863	863	1,714
Community events	-	-	1,705	1,705	-
Senior programs	9,800	6,340	6,340	-	-
	<u>1,550,600</u>	<u>1,610,260</u>	<u>1,820,727</u>	<u>210,467</u>	<u>1,914,238</u>
INTERGOVERNMENTAL CHARGES					
Airport revenue	40,000	40,000	40,000	-	40,000
Other governmental services					
Home and community services	-	-	-	-	1,250
	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>41,250</u>

USE OF MONEY AND PROPERTY

Rental of real property	125,680	125,680	125,809	129	121,017
Senior center rental	14,000	11,230	11,230	-	21,500
Interest earnings	50,000	50,000	303,302	253,302	375,418
	<u>189,680</u>	<u>186,910</u>	<u>440,341</u>	<u>253,431</u>	<u>517,935</u>

FINES AND FORFEITURES

Fines and forfeited bail	35,000	35,000	30,105	(4,895)	30,700
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of equipment	4,500	4,500	6,391	1,891	1,517
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STATE AID

Per capita	45,334	-	-	-	45,334
Mortgage tax	330,000	296,448	296,448	-	366,868
Youth funding	2,000	2,000	2,062	62	2,062
Snow removal	24,000	24,000	34,340	10,340	67,896
Speed and alcohol enforcement	12,000	7,802	7,801	(1)	6,700
Other - public safety	-	-	-	-	6,890
	<u>413,334</u>	<u>330,250</u>	<u>340,651</u>	<u>10,401</u>	<u>495,750</u>

MISCELLANEOUS

Refund of prior year's expenditures	-	-	1,914	1,914	13,488
AIM related payments	-	45,334	45,334	-	-
Unclassified	-	-	40,072	40,072	11,635
	<u>-</u>	<u>45,334</u>	<u>87,320</u>	<u>41,986</u>	<u>25,123</u>

TOTAL REVENUES

	<u>21,488,520</u>	<u>21,488,520</u>	<u>22,175,224</u>	<u>686,704</u>	<u>22,048,792</u>
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OTHER FINANCING SOURCES

Bonds issued	-	-	-	-	1,533,000
Insurance recoveries	20,000	24,701	32,565	7,864	17,534
Transfers in	-	-	-	-	-
Capital Projects Fund	-	130,011	130,407	396	155,058

TOTAL OTHER FINANCING SOURCES

	<u>20,000</u>	<u>154,712</u>	<u>162,972</u>	<u>8,260</u>	<u>1,705,592</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES

	<u>\$ 21,508,520</u>	<u>\$ 21,643,232</u>	<u>\$ 22,338,196</u>	<u>\$ 694,964</u>	<u>\$ 23,754,384</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, 2020
 (With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 31,200	\$ 31,954	\$ 28,011	\$ 3,943	\$ 31,738
Administrator	301,263	314,494	313,635	859	298,304
Treasurer	571,061	571,061	557,688	13,373	553,310
Village office	120,750	124,941	112,012	12,929	96,988
Clerk	105,295	105,294	103,956	1,338	97,489
Village attorney	262,300	262,300	259,549	2,751	199,872
Engineering	135,691	149,073	149,073	-	128,210
Management information systems	316,852	322,661	280,939	41,722	266,857
Central communications	56,645	56,645	54,329	2,316	52,526
Central garage	550,644	550,644	503,176	47,468	505,232
Central supplies	23,000	23,000	19,242	3,758	20,273
Central printing and mailing	21,990	21,990	15,711	6,279	9,377
Unallocated insurance	290,000	290,000	273,670	16,330	258,803
Consulting fees	128,540	128,540	55,048	73,492	49,122
Bonding fees	12,000	4,000	-	4,000	15,845
Judgments and claims	10,000	-	-	-	541
Tax on property	20,000	20,000	15,407	4,593	18,185
Contingency account	215,000	3,000	-	3,000	-
Metropolitan commuter transportation mobility tax	32,365	32,365	29,249	3,116	27,809
	<u>3,204,596</u>	<u>3,011,962</u>	<u>2,770,695</u>	<u>241,267</u>	<u>2,630,481</u>
PUBLIC SAFETY					
Police Department	3,893,258	3,940,206	3,920,594	19,612	3,874,965
Control of animals	14,423	14,424	14,424	-	14,196
Fire protection	2,166,042	2,173,662	2,111,237	62,425	2,027,294
Safety inspection	353,138	353,137	351,247	1,890	316,223
	<u>6,426,861</u>	<u>6,481,429</u>	<u>6,397,502</u>	<u>83,927</u>	<u>6,232,678</u>

HEALTH

Ambulance services	208,787	214,006	214,006	-	203,814
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TRANSPORTATION

Highway maintenance	933,367	1,028,672	1,021,514	7,158	888,259
Snow removal	145,000	114,647	65,250	49,397	147,020
Street lighting	110,000	110,000	104,703	5,297	114,884
	<u>1,188,367</u>	<u>1,253,319</u>	<u>1,191,467</u>	<u>61,852</u>	<u>1,150,163</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Community services - Programs for the aging	355,682	394,767	355,437	39,330	320,010
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CULTURE AND RECREATION

Recreation	1,126,566	1,126,177	1,070,332	55,845	999,520
Teen center	-	-	-	-	375
Public library	588,500	588,500	588,250	250	573,250
Handicapped	7,381	7,381	7,381	-	7,381
	<u>1,722,447</u>	<u>1,722,058</u>	<u>1,665,963</u>	<u>56,095</u>	<u>1,580,526</u>

HOME AND COMMUNITY SERVICES

Part-time videotaping	3,200	3,130	2,951	179	3,305
Planning board	200	270	270	-	270
Disposal fees	92,000	95,523	95,523	-	92,118
Recycling and refuse collection	932,500	928,977	928,332	645	829,319
Shade trees	76,250	96,250	90,440	5,810	67,655
Sewer district	215,000	215,000	205,827	9,173	155,752
	<u>1,319,150</u>	<u>1,339,150</u>	<u>1,323,343</u>	<u>15,807</u>	<u>1,148,419</u>

EMPLOYEE BENEFITS

State retirement	445,500	443,909	443,909	-	482,340
State retirement - Police	1,039,500	1,056,280	1,056,280	-	1,058,076
Social security	653,200	653,200	608,316	44,884	580,647
Workers' compensation benefits	324,000	286,208	285,984	224	296,030
Unemployment insurance	10,000	33,389	33,389	-	12,124
Disability insurance	2,100	1,633	1,633	-	1,456
Health and dental insurance	2,594,150	2,593,833	2,586,659	7,174	2,519,148
Other benefits	1,500	1,498	1,498	-	979
	<u>5,069,950</u>	<u>5,069,950</u>	<u>5,017,668</u>	<u>52,282</u>	<u>4,950,800</u>

(Continued)

Village of Rye Brook, New York

General Fund

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

Year Ended May 31, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
DEBT SERVICE					
Principal					
Serial bonds	\$ 820,000	\$ 820,000	\$ 820,000	\$ -	\$ 913,000
Bond anticipation notes	-	-	-	-	1,517,808
	<u>820,000</u>	<u>820,000</u>	<u>820,000</u>	<u>-</u>	<u>2,430,808</u>
Interest					
Serial bonds	541,181	541,181	541,181	-	436,945
Bond anticipation notes	46,913	37,913	37,417	496	42,840
	<u>588,094</u>	<u>579,094</u>	<u>578,598</u>	<u>496</u>	<u>479,785</u>
	<u>1,408,094</u>	<u>1,399,094</u>	<u>1,398,598</u>	<u>496</u>	<u>2,910,593</u>
TOTAL EXPENDITURES	20,903,934	20,885,735	20,334,679	551,056	21,127,484
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	2,002,113	2,410,013	2,410,013	-	1,676,250
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 22,906,047</u>	<u>\$ 23,295,748</u>	<u>\$ 22,744,692</u>	<u>\$ 551,056</u>	<u>\$ 22,803,734</u>

See independent auditor's report.

Village of Rye Brook, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 2,680,163	\$ 4,826,124
Investments	3,406,808	6,120,854
State and Federal Aid	<u>45,000</u>	<u>-</u>
Total Assets	<u>\$ 6,131,971</u>	<u>\$ 10,946,978</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,820,687	\$ 1,169,109
Due to other funds	8,278	22,391
Bond anticipation notes payable	<u>2,920,102</u>	<u>1,985,875</u>
Total Liabilities	<u>4,749,067</u>	<u>3,177,375</u>
Fund balance		
Restricted	<u>1,382,904</u>	<u>7,769,603</u>
Total Liabilities and Fund Balance	<u>\$ 6,131,971</u>	<u>\$ 10,946,978</u>

See independent auditors' report.

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Village of Rye Brook, New YorkCapital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2020</u>	<u>2019</u>
REVENUES		
State aid	\$ 45,000	\$ 100,777
EXPENDITURES		
Capital outlay	<u>8,711,305</u>	<u>6,814,183</u>
Deficiency of Revenues Over Expenditures	<u>(8,666,305)</u>	<u>(6,713,406)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	-	14,250,000
Transfers in	2,410,013	1,692,375
Transfers out	<u>(130,407)</u>	<u>(155,058)</u>
Total Other Financing Sources	<u>2,279,606</u>	<u>15,787,317</u>
Net Change in Fund Balance	(6,386,699)	9,073,911
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>7,769,603</u>	<u>(1,304,308)</u>
End of Year	<u>\$ 1,382,904</u>	<u>\$ 7,769,603</u>

See independent auditors' report.

Village of Rye Brook, New York

Capital Projects Fund
 Project Length Schedule
 Inception of Project Through May 31, 2020

Project	Authorization	Expenditures and Transfers to Date	Unexpended Balance
Replace Turf Ballfield	\$ 843,000	\$ 810,299	\$ 32,701
Laser Fiche Project	359,365	341,400	17,965
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	1,735,000	1,416,056	318,944
LED Upgrades - Decorative Poll - 2018	50,000	30,107	19,893
Public Works/Parks Facility Building Construction	14,250,000	13,013,710	1,236,290
Police Vehicles - 2019	105,064	-	105,064
AJP Community Center -Walkway Repairs	42,000	2,500	39,500
Aerial Fire Truck	1,028,477	-	1,028,477
IT Server Upgrade, PC's	69,204	57,202	12,002
Police Vehicles - 2020	107,100	-	107,100
Police RICl Booking System	25,000	-	25,000
Road Resurfacing - 2020	746,719	250,058	496,661
Senior Bus	90,000	90,000	-
Village Hall Renovations	22,000	3,777	18,223
TOTALS	\$ 20,994,505	\$ 17,393,798	\$ 3,600,707

See independent auditors' report.

Total Revenues	Fund Balance (Deficit) at May 31, 2020	Bond Anticipation Notes Out- standing at May 31, 2020
\$ 698,299	\$ (112,000)	\$ 112,000
359,365	17,965	-
438,750	(127,179)	146,250
58,792	(18,750)	18,750
67,177	(18,750)	18,750
161,250	(40,778)	53,750
20,625	(4,032)	6,875
22,500	(7,240)	7,500
69,784	(18,750)	18,750
132,000	(84,939)	88,000
167,073	79,680	-
25,000	25,000	-
314,000	(1,102,056)	1,421,000
50,000	19,893	-
14,985,000	1,971,290	-
105,064	105,064	-
42,000	39,500	-
-	-	1,028,477
69,204	12,002	-
107,100	107,100	-
25,000	25,000	-
746,719	496,661	-
90,000	-	-
22,000	18,223	-
<u>\$ 18,776,702</u>	<u>\$ 1,382,904</u>	<u>\$ 2,920,102</u>

Village of Rye Brook, New York

Combining Balance Sheet - Sub Funds
 Non-Major Governmental Fund - Special Purpose Fund
 May 31, 2020
 (With Comparative Totals for 2019)

	Recreation Trust	Friends of Rye Brook	Totals	
			2020	2019
ASSETS				
Cash and equivalents	\$ 241,173	\$ 34,944	\$ 276,117	\$ 219,178
Due from other funds	-	-	-	175
Total Assets	<u>\$ 241,173</u>	<u>\$ 34,944</u>	<u>\$ 276,117</u>	<u>\$ 219,353</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 800
Due to other funds	-	273	273	-
Total Liabilities	-	273	273	800
Fund balances				
Restricted	241,173	34,671	275,844	218,553
Total Liabilities and Fund Balances	<u>\$ 241,173</u>	<u>\$ 34,944</u>	<u>\$ 276,117</u>	<u>\$ 219,353</u>

See independent auditors' report.

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, 2020
(With Comparative Totals for 2019)

	Recreation Trust	Friends of Rye Brook	Totals	
			2020	2019
REVENUES				
Use of money and property	\$ 1,568	\$ -	\$ 1,568	\$ 1,582
Miscellaneous	58,000	18,006	76,006	64,046
Total Revenues	59,568	18,006	77,574	65,628
EXPENDITURES				
Current				
Public safety	-	1,152	1,152	2,809
Culture and recreation	-	19,131	19,131	47,719
Total Expenditures	-	20,283	20,283	50,528
Excess (Deficiency) of Revenues Over Expenditures	59,568	(2,277)	57,291	15,100
OTHER FINANCING USES				
Transfers out	-	-	-	(16,125)
Net Change in Fund Balances	59,568	(2,277)	57,291	(1,025)
FUND BALANCES				
Beginning of Year	181,605	36,948	218,553	219,578
End of Year	\$ 241,173	\$ 34,671	\$ 275,844	\$ 218,553

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