

**VILLAGE/TOWN OF
MOUNT KISCO, NEW YORK**

*Basic Financial Statements, Required Supplementary
Information and Supplementary Information
for the Year Ended May 31, 2021
and Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of the
Village/Town of Mount Kisco, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village/Town of Mount Kisco, New York (the "Village/Town"), as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Village/Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Village/Town's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 entity'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 entity'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, the business-type activities, each major fund, and the aggregate remaining fund information of the Village/Town, as of May 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended May 31, 2021, the Village/Town implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*. 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 the Management’s Discussion and Analysis and other Required Supplementary Information, as listed in the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village/Town’s basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2022 on our consideration of the Village/Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village/Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village/Town's internal control over financial reporting and compliance.

Drescher & Malecki LLP

February 15, 2022

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Management's Discussion and Analysis
Year Ended May 31, 2021

As management of the Village/Town of Mount Kisco, New York (the "Village/Town"), we offer readers of the Village/Town's financial statements this narrative overview and analysis of the financial activities of the Village/Town for the fiscal year ended May 31, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the Village/Town's financial statements, which follow this narrative. For comparative purposes, certain items from the prior year have been reclassified to conform with the current year presentation.

Financial Highlights

- The assets and deferred outflows of resources of the Village/Town's primary government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$44,844,466 (*net position*). This consists of \$55,849,655 net investment in capital assets, \$8,184,295 restricted net position, offset by an unrestricted net position of \$(19,189,484).
- The Village/Town's primary government net position increased \$2,403,876 during the year ended May 31, 2021. Governmental activities increased the Village/Town's net position by \$2,781,334, and the net position of business-type activities decreased by \$377,458.
- At the close of the current fiscal year, the Village/Town's governmental funds reported a combined ending fund balance of \$25,206,787, a decrease of \$1,349,908 in comparison with the prior year's fund balance of \$26,556,695, as restated.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$8,905,404, or approximately 39.8 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the Village/Town's discretion and constitutes approximately 43.4 percent of the General Fund's total fund balance of \$20,551,553 at May 31, 2021.
- The Village/Town's total bonded indebtedness increased by \$2,099,209 for governmental activities as a result of a bond issuance totaling \$3,405,000, partially offset by scheduled principal payments of \$1,305,791. Total bonded indebtedness increased by \$8,875,791 for business-type activities as a result of a bond issuance totaling \$10,410,000, partially offset by scheduled principal payments of \$1,534,209.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to Village/Town's basic financial statements. The Village/Town's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the Village/Town's assets, 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 of whether the financial position of the Village/Town is improving or deteriorating.

The *statement of activities* presents information showing how the Village/Town'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 result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Village/Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village/Town include general governmental support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, and home and community services. The business-type activities of the Village/Town include the Water and Sewer enterprise funds.

The government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village/Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village/Town can be divided into three categories: governmental funds, proprietary 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 on *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.

Because 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 government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village/Town maintains five individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, and Debt Service Fund, which are considered major funds. Data from the other two governmental funds, which include the Public Library Fund and Special Purpose Fund, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds—The Village/Town maintains two enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Village/Town uses enterprise funds to account for its water operations and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund, both of which are considered major funds.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the Village/Town. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Village/Town's own programs. The Village/Town maintains one type of fiduciary fund, the Custodial Fund. The Custodial Fund reports resources held by the Village/Town in custodial capacity for individuals, private organizations and other governments. The fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-65 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Village/Town's net pension liabilities, the Village/Town's total OPEB liability and related ratios, and the Village/Town's budgetary comparison for the General Fund. Required supplementary information and related notes to the required supplementary information can be found on pages 66-72 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as supplementary information immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 73-74 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Village/Town's primary government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,844,466 at the close of the fiscal year ended May 31, 2021, as compared to \$42,440,590 at the close of the fiscal year ended May 31, 2020, as restated.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government	
	May 31,		May 31,		May 31,	
	2021	2020 (as restated)	2021	2020	2021	2020 (as restated)
Current assets	\$ 32,853,612	\$ 32,911,448	\$ 5,312,324	\$ 4,179,459	\$ 38,165,936	\$ 37,090,907
Capital assets	51,143,492	43,989,313	37,191,931	36,999,375	88,335,423	80,988,688
Total assets	83,997,104	76,900,761	42,504,255	41,178,834	126,501,359	118,079,595
Deferred outflows of resources	9,076,968	7,081,754	1,251,949	1,028,932	10,328,917	8,110,686
Current liabilities	7,671,399	6,183,247	5,550,140	12,663,996	13,221,539	18,847,243
Noncurrent liabilities	53,715,049	51,908,567	15,219,933	7,452,781	68,934,982	59,361,348
Total liabilities	61,386,448	58,091,814	20,770,073	20,116,777	82,156,521	78,208,591
Deferred inflows of resources	8,382,529	5,366,940	1,446,760	174,160	9,829,289	5,541,100
Net position:						
Net investment in capital assets	36,981,344	34,340,884	18,868,311	21,561,558	55,849,655	55,902,442
Restricted	7,464,321	6,094,185	719,974	719,958	8,184,295	6,814,143
Unrestricted	(21,140,570)	(19,911,308)	1,951,086	(364,687)	(19,189,484)	(20,275,995)
Total net position	\$ 23,305,095	\$ 20,523,761	\$ 21,539,371	\$ 21,916,829	\$ 44,844,466	\$ 42,440,590

The largest portion of the Village/Town's primary government net position, \$55,849,655, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), net of accumulated depreciation and less any related outstanding debt used to acquire those assets. The Village/Town uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Village/Town's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$8,184,295, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The remaining balance of net position, \$(19,189,484) is considered to be unrestricted. This reflects long-term liabilities not related to the Village/Town's capital assets that will be funded annually through the funds. This demonstrates that future funding will be necessary to liquidate long-term obligations.

Table 2, as presented on the following page, shows the changes in net position for the years ended May 31, 2021 and May 31, 2020.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities		Business-type Activities		Total Primary Government	
	Year Ended May 31,		Year Ended May 31,		Year Ended May 31,	
	2021	2020	2021	2020	2021	2020
Program revenues:						
Charges for services	\$ 2,550,267	\$ 3,660,617	\$ 4,960,251	\$ 4,970,668	\$ 7,510,518	\$ 8,631,285
Operating grants and contributions	198,261	225,827	150,000	-	348,261	225,827
Capital grants and contributions	150,937	150,959	-	-	150,937	150,959
General revenues	22,267,271	19,468,883	127,960	570,469	22,395,231	20,039,352
Total revenues	25,166,736	23,506,286	5,238,211	5,541,137	30,404,947	29,047,423
Program expenses	22,385,402	22,556,921	5,615,669	5,899,214	28,001,071	28,456,135
Change in net position	2,781,334	949,365	(377,458)	(358,077)	2,403,876	591,288
Net position—beginning	20,523,761	15,270,225	21,916,829	22,274,906	42,440,590	37,545,131
Restatement	-	4,304,171	-	-	-	4,304,171
Net position—ending	\$ 23,305,095	\$ 20,523,761	\$ 21,539,371	\$ 21,916,829	\$ 44,844,466	\$ 42,440,590

Governmental activities—Governmental activities increased the Village/Town’s net position by \$2,781,334, primarily due to an increase in revenues. Total expenses decreased 0.8 percent from the year ended May 31, 2020, which is primarily attributable to a decrease in culture and recreation services. Overall revenues of governmental activities increased 7.1 percent from the prior year, primarily due to an increase in miscellaneous revenue related to the Village/Town’s LOSAP programs and the effects of the adoption of Governmental Accounting Standards Board Statement No. 84.

A summary of sources of revenues for governmental activities for the years ended May 31, 2021 and 2020 is presented in Table 3 below:

Table 3—Summary of Sources of Revenues—Governmental Activities

	Year Ended May 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
Charges for services	\$ 2,550,267	\$ 3,660,617	\$ (1,110,350)	(30.3)
Operating grants and contributions	198,261	225,827	(27,566)	(12.2)
Capital grants and contributions	150,937	150,959	(22)	(0.0)
Real property taxes and tax items	15,793,075	15,462,368	330,707	2.1
Other non-property taxes	3,096,295	2,738,193	358,102	13.1
Use of money and property	475,555	753,586	(278,031)	(36.9)
Sale of property and compensation for loss	260,851	126,756	134,095	105.8
Miscellaneous	2,090,485	53,510	2,036,975	3806.7
State sources—unrestricted	551,010	334,470	216,540	64.7
Total revenues	\$ 25,166,736	\$ 23,506,286	\$ 1,660,450	7.1

The most significant sources of revenues for the year ended May 31, 2021 are real property taxes and tax items, which amount to \$15,793,075, or 62.8 percent of total revenues, other non-property taxes of \$3,096,295, or 12.3 percent of total revenues and charges for services, which amount to \$2,550,267, or 10.1 percent of total revenues. For the year ended May 31, 2020, the largest sources of revenues were real property taxes and tax items, which amount to \$15,462,368, or 65.8 percent of total revenues, charges for services, which amount to \$3,660,617, or 15.6 percent of total revenues, and other non-property taxes, which amount to \$2,738,193, or 11.6 percent of total revenues

A summary of program expenses for governmental activities for the years ended May 31, 2021 and 2020 is presented below in Table 4:

Table 4—Summary of Program Expenses—Governmental Activities

	Year Ended May 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
General government support	\$ 3,506,797	\$ 3,457,748	\$ 49,049	1.4
Public safety	9,203,888	9,345,641	(141,753)	(1.5)
Health	527,534	494,379	33,155	6.7
Transportation	2,217,435	2,048,012	169,423	8.3
Economic assistance and opportunity	787,046	807,811	(20,765)	(2.6)
Culture and recreation	3,354,286	3,550,787	(196,501)	(5.5)
Home and community services	2,300,497	2,286,402	14,095	0.6
Interest and other fiscal charges	487,919	566,141	(78,222)	(13.8)
Total program expenses	<u>\$ 22,385,402</u>	<u>\$ 22,556,921</u>	<u>\$ (171,519)</u>	<u>(0.8)</u>

The Village/Town's most significant expense items for governmental activities for the year ended May 31, 2021 were public safety of \$9,203,888, or 41.1 percent of total expenses, general government support of \$3,506,797, or 15.7 percent of total expenses, and culture and recreation of \$3,354,286, or 15.0 percent of total expenses. For the year ended May 31, 2020, the Village/Town's most significant expense items were public safety of \$9,345,641, or 41.4 percent of total expenses, culture and recreation of \$3,550,787, or 15.7 percent of total expenses, and general government support of \$3,457,748, or 15.3 percent of total expenses.

Business-type activities—Business-type activities decreased the Village/Town's net position by \$377,458. For the year ended May 31, 2021, revenues decreased 5.5 percent and expenses decreased 4.8 percent.

A summary of revenues and expenses for the Village/Town's business-type activities for the years ended May 31, 2021 and 2020 is presented in Table 5 on the following page.

Table 5—Summary of Revenues and Expenses—Business-type Activities

	Year Ended May 31,		Increase/(Decrease)	
	2021	2020	Dollar	Percent (%)
Revenues:				
Charges for services	\$ 4,960,251	\$ 4,970,668	\$ (10,417)	(0.2)
Use of money and property	24,426	100,143	(75,717)	(75.6)
Premium on bond anticipation note	67,402	17,225	50,177	291.3
Insurance recoveries	-	452,881	(452,881)	(100.0)
Federal aid	150,000	-	150,000	n/a
Other revenue	36,132	220	35,912	16323.6
Total revenues	<u>\$ 5,238,211</u>	<u>\$ 5,541,137</u>	<u>\$ (302,926)</u>	(5.5)
Expenses:				
Personal services and employee benefits	\$ 2,003,694	\$ 2,176,588	\$ (172,894)	(7.9)
Supplies	168,974	153,304	15,670	10.2
Utilities	245,050	209,239	35,811	17.1
Contracted services	1,110,470	1,182,040	(71,570)	(6.1)
Depreciation	1,769,338	1,710,673	58,665	3.4
Interest	318,143	467,370	(149,227)	(31.9)
Total expenses	<u>\$ 5,615,669</u>	<u>\$ 5,899,214</u>	<u>\$ (283,545)</u>	(4.8)

The most significant source of revenue for business-type activities for the year ended May 31, 2021 was charges for services, which accounted for \$4,960,251, or 94.7 percent of total business-type activities revenues. Similarly, for the year ended May 31, 2020, the most significant source of revenue for business-type activities was charges for services, which accounted for \$4,970,668, or 89.7 percent of total revenues.

The Village/Town's most significant expense items for business-type activities for the year ended May 31, 2021 were personal services and employee benefits of \$2,003,694, or 35.7 percent of total expenses and depreciation of \$1,769,338, or 31.5 percent of total expenses. Similarly, for the year ended May 31, 2020, the most significant expense items for business-type activities were personal services and employee benefits of \$2,176,588, or 36.9 percent of total expenses and depreciation of \$1,710,673, or 29.0 percent of total expenses.

Financial Analysis of Governmental Funds

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

Governmental funds—The focus of the Village/Town's *governmental funds* is to provide information on spendable resources. Such information is useful in assessing the Village/Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the Village/Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Village/Town Board.

At May 31, 2021, the Village/Town's governmental funds reported combined ending fund balances of \$25,206,787, a decrease of \$1,349,908 from the prior year fund balance of \$26,556,695, as restated. Approximately 35.3 percent, \$8,905,404, constitutes *unassigned fund balance* which is available for spending at the Village/Town's discretion. The remainder of fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: 1) not in spendable form, \$1,898,868, 2) restricted for particular purposes, \$11,333,720, 3) committed for particular purposes, \$2,287,110, or 4) assigned for particular purposes, \$781,685.

The General Fund is the chief operating fund of the Village/Town. At the end of the current fiscal year, *unassigned fund balance* of the General Fund was \$8,905,404, while the total fund balance increased to \$20,551,553. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. *Unassigned fund balance* represents approximately 39.8 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 91.9 percent of that same amount.

The fund balance in the Capital Projects Fund decreased \$3,345,733 from the prior year, resulting in fund balance of \$3,869,399 as of May 31, 2021. This total fund balance is restricted for capital projects.

The fund balance in the Debt Service Fund increased \$9,165 from the prior year, resulting in fund balance of \$375,664 as of May 31, 2021. This total fund balance is restricted for debt service.

Proprietary funds—The Village/Town's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

Net position of the Water Fund at May 31, 2021 totaled \$17,966,089, which included \$15,185,328 net investment in capital assets, \$719,974 restricted net position, and an unrestricted net position of \$2,060,787. The Water Fund net position decreased \$335,893 during the year ended May 31, 2021, primarily as a result of a decrease of nonoperating insurance recoveries revenue related to a water system project.

Net position of the Sewer Fund at May 31, 2021 totaled \$3,573,282, which included \$3,559,302 net investment in capital assets, and an unrestricted net position of \$13,980. The Sewer Fund net position decreased \$41,565 during the year ended May 31, 2021, primarily as a result of increased operating expenses outpacing increased operating revenues.

General Fund Budgetary Highlights

The Village/Town's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the Village/Town has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended May 31, 2021 is presented in Table 6 on the following page.

Table 6—General Fund Budget

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues and other financing sources	\$ 22,951,358	\$ 22,361,329	\$ 24,417,697	\$ 2,056,368
Expenditures and other financing uses	<u>23,311,241</u>	<u>22,361,329</u>	<u>22,361,329</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (359,883)	\$ -	\$ 2,056,368	\$ 2,056,368

Original budget compared to final budget—During the year, the budget is modified primarily to reflect changes due to unanticipated revenues and expenditures. For the year ended May 31, 2021, the Village/Town revenues budget decreased primarily due to lower than anticipated revenue collected related to departmental income.

Final budget compared to actual results—A review of actual revenues and expenditures compared to the estimated revenues and appropriations in the formal budget yields certain variances. The General Fund had a favorable variance from the final appropriations budget of \$2,056,368. The primary positive variance was realized in miscellaneous revenue related to the Village/Town's LOSAP programs.

Capital Assets and Debt Administration

Capital assets—The Village/Town's investment in capital assets for its governmental activities and business-type activities as of May 31, 2021, amounted to \$51,143,492 and \$37,191,932, respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure. All depreciable capital assets were depreciated from acquisition date to the end of the current year, as outlined in the Village/Town's capital asset policy.

Capital assets, net of depreciation for the governmental activities and business-type activities at the years ended May 31, 2021 and May 31, 2020 are presented in Table 7 below:

Table 7—Summary of Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
			May 31,			
	2021	2020	2021	2020	2021	2020
Land	\$ 11,577,611	\$ 11,577,611	\$ 982,787	\$ 982,787	\$ 12,560,398	\$ 12,560,398
Construction in progress	6,464,434	959,255	-	-	6,464,434	959,255
Land improvements	1,805,698	1,573,385	703,182	803,092	2,508,880	2,376,477
Buildings and improvements	18,435,540	18,797,464	2,665,717	2,758,171	21,101,257	21,555,635
Machinery and equipment	3,494,334	2,977,308	1,424,699	1,211,765	4,919,033	4,189,073
Infrastructure	<u>9,365,875</u>	<u>8,104,290</u>	<u>31,415,547</u>	<u>31,243,560</u>	<u>40,781,422</u>	<u>39,347,850</u>
Total	\$ 51,143,492	\$ 43,989,313	\$ 37,191,932	\$ 36,999,375	\$ 88,335,424	\$ 80,988,688

The Village/Town's infrastructure assets are recorded at historical cost or estimated historical cost in the government-wide and proprietary fund financial statements. The Village/Town has elected to depreciate its infrastructure assets. Additional information on Village/Town's capital assets can be found in Note 5 to the basic financial statements.

Long-term debt—At May 31, 2021, the Village/Town had long term liabilities outstanding of \$53,715,049 and \$15,219,567 for governmental activities and business-type activities, respectively, as compared to \$51,908,567 and \$7,452,781 in the prior year. Of the total long-term liabilities outstanding at May 31, 2021, \$18,322,790 and \$13,337,210 represent serial bonds issued by the Village/Town for governmental activities and business-type activities, respectively.

A summary of the Village/Town's long-term liabilities at May 31, 2021 and May 31, 2020 is presented in Table 8 below.

Table 8—Summary of Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total Primary Government	
	May 31,		May 31,		May 31,	
	2021	2020	2021	2020	2021	2020
Serial bonds	\$ 18,322,790	\$ 16,223,581	\$ 13,337,210	\$ 4,461,419	\$ 31,660,000	\$ 20,685,000
Premiums on serial bonds	1,556,504	1,342,191	179,505	224,381	1,736,009	1,566,572
Capital leases	6,175	10,075	-	-	6,175	10,075
Compensated absences	850,102	795,632	309,936	287,048	1,160,038	1,082,680
Landfill post-closure costs	103,087	114,342	-	-	103,087	114,342
Net pension liability	14,549	3,978,784	4,595	1,256,458	19,144	5,235,242
Net pension liability—LOSAP	6,385,791	5,204,767	-	-	6,385,791	5,204,767
OPEB liability	26,476,051	24,239,195	1,388,687	1,223,475	27,864,738	25,462,670
Total	<u>\$ 53,715,049</u>	<u>\$ 51,908,567</u>	<u>\$ 15,219,933</u>	<u>\$ 7,452,781</u>	<u>\$ 68,934,982</u>	<u>\$ 59,361,348</u>

Total outstanding long-term liabilities increased by \$9,573,634 from prior year. Major factors that contributed to this decrease include:

- Serial bonds increased \$2,099,209 for governmental activities as a result of a bond issuance totaling \$3,405,000, partially offset by scheduled principal payments of \$1,305,791. Total bonded indebtedness increased by \$8,875,791 for business-type activities as a result of a bond issuance totaling \$10,410,000, partially offset by scheduled principal payments of \$1,534,209.
- The net pension liability decreased in governmental and business-type activities by \$3,964,235 and \$1,251,863, respectively. This liability is based on actuarial results related to the pension liability.

Additional information on the Village/Town's long-term debt can be found in Note 13 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for the Village/Town of Mount Kisco, New York at May 31, 2021 was 6.2 percent, as compared to New York State's average unemployment rate of 7.0 percent and the national average unemployment rate of 5.8 percent. These factors, as well as others, are considered in preparing the Village/Town's budget.

Requests for Information

This financial report is designed to provide a general overview of the Village/Town's finances for all those with an interest in the Village/Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed Edward W. Brancati, Village Manager, Village/Town of Mount Kisco, 104 Main Street, Mount Kisco, New York 10549.

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BASIC FINANCIAL STATEMENTS

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VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Net Position
May 31, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 8,408,044	\$ 2,974,926	\$ 11,382,970
Restricted cash and cash equivalents	9,199,195	843,655	10,042,850
Investments	10,549,950	-	10,549,950
Receivables (net of allowance for uncollectibles):			
Taxes	618,835	-	618,835
Accounts receivable	286,194	1,476,566	1,762,760
Intergovernmental receivables	1,892,526	-	1,892,526
Real estate acquired for resale	1,814,936	-	1,814,936
Prepaid and other assets	83,932	17,176	101,108
Capital assets, not being depreciated	18,042,045	982,787	19,024,832
Capital assets, net of accumulated depreciation	33,101,447	36,209,145	69,310,592
Total assets	<u>83,997,104</u>	<u>42,504,255</u>	<u>126,501,359</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	157,169	89,413	246,582
Deferred outflows—relating to pensions	5,929,700	953,479	6,883,179
Deferred outflows—relating to OPEB	2,990,099	209,057	3,199,156
Total deferred outflows of resources	<u>9,076,968</u>	<u>1,251,949</u>	<u>10,328,917</u>
LIABILITIES			
Accounts payable	4,190,625	369,406	4,560,031
Accrued liabilities	606,082	147,991	754,073
Intergovernmental payables	2,463,620	-	2,463,620
Due to retirement system	124,906	12,743	137,649
Unearned revenue	286,166	-	286,166
Bond anticipation notes payable	-	5,020,000	5,020,000
Noncurrent liabilities:			
Due within one year	1,715,962	2,163,923	3,879,885
Due within more than one year	51,999,087	13,056,010	65,055,097
Total liabilities	<u>61,386,448</u>	<u>20,770,073</u>	<u>82,156,521</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows—relating to pensions	4,623,491	1,358,868	5,982,359
Deferred inflows—relating to OPEB	3,759,038	87,892	3,846,930
Total deferred inflows of resources	<u>8,382,529</u>	<u>1,446,760</u>	<u>9,829,289</u>
NET POSITION			
Net investment in capital assets	36,981,344	18,868,311	55,849,655
Restricted for:			
Unemployment benefits	34,442	15,480	49,922
Open space	1,323,145	-	1,323,145
Special purposes	56,330	-	56,330
Capital projects	58	596,147	596,205
Debt service	507,372	108,347	615,719
Donations	64,973	-	64,973
LOSAP	5,478,001	-	5,478,001
Unrestricted	(21,140,570)	1,951,086	(19,189,484)
Total net position	<u>\$ 23,305,095</u>	<u>\$ 21,539,371</u>	<u>\$ 44,844,466</u>

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Activities
Year Ended May 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government support	\$ 3,506,797	\$ 101,041	\$ -	\$ -	\$ (3,405,756)	\$ -	\$ (3,405,756)	
Public safety	9,203,888	1,883,808	999	-	(7,319,081)	-	(7,319,081)	
Health	527,534	45,555	96,011	-	(385,968)	-	(385,968)	
Transportation	2,217,435	298,010	17,730	150,937	(1,750,758)	-	(1,750,758)	
Economic assistance and opportunity	787,046	47,010	77,724	-	(662,312)	-	(662,312)	
Culture and recreation	3,354,286	132,913	5,797	-	(3,215,576)	-	(3,215,576)	
Home and community services	2,300,497	41,930	-	-	(2,258,567)	-	(2,258,567)	
Interest and other fiscal charges	487,919	-	-	-	(487,919)	-	(487,919)	
Total governmental activities	22,385,402	2,550,267	198,261	150,937	(19,485,937)	-	(19,485,937)	
Business-type activities:								
Water	4,581,785	3,968,871	150,000	-	-	(462,914)	(462,914)	
Sewer	1,033,884	991,380	-	-	-	(42,504)	(42,504)	
Total business-type activities	5,615,669	4,960,251	150,000	-	-	(505,418)	(505,418)	
Total primary government	\$ 28,001,071	\$ 7,510,518	\$ 348,261	\$ 150,937	(19,485,937)	(505,418)	(19,991,355)	
General revenues:								
Real property taxes and tax items					15,793,075	-	15,793,075	
Other non-property taxes					3,096,295	-	3,096,295	
Use of money and property					475,555	24,426	499,981	
Sale of property and compensation for loss					260,851	-	260,851	
Miscellaneous					2,090,485	103,534	2,194,019	
State sources—unrestricted					551,010	-	551,010	
Total general revenues					22,267,271	127,960	22,395,231	
Change in net position					2,781,334	(377,458)	2,403,876	
Net position—beginning, as restated					20,523,761	21,916,829	42,440,590	
Net position—ending					\$ 23,305,095	\$ 21,539,371	\$ 44,844,466	

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Balance Sheet—Governmental Funds
May 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 8,066,151	\$ -	\$ -	\$ 341,893	\$ 8,408,044
Restricted cash and cash equivalents	7,272,424	1,448,691	375,664	102,416	9,199,195
Restricted investments	6,432,489	4,117,461	-	-	10,549,950
Receivables (net of allowances for uncollectibles):					
Taxes	618,835	-	-	-	618,835
Accounts receivable	285,864	-	-	330	286,194
Due from other funds	17	-	-	-	17
Intergovernmental receivables	1,892,526	-	-	-	1,892,526
Real estate acquired for resale	1,814,936	-	-	-	1,814,936
Prepaid and other assets	77,992	-	-	5,940	83,932
Total assets	<u>\$ 26,461,234</u>	<u>\$ 5,566,152</u>	<u>\$ 375,664</u>	<u>\$ 450,579</u>	<u>\$ 32,853,629</u>
LIABILITIES					
Accounts payable	\$ 2,484,644	\$ 1,696,753	\$ -	\$ 9,228	\$ 4,190,625
Accrued liabilities	325,568	-	-	21,189	346,757
Due to other funds	-	-	-	17	17
Intergovernmental payables	2,463,620	-	-	-	2,463,620
Due to retirement system	114,932	-	-	9,974	124,906
Unearned revenue	286,166	-	-	-	286,166
Total liabilities	<u>5,674,930</u>	<u>1,696,753</u>	<u>-</u>	<u>40,408</u>	<u>7,412,091</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	234,751	-	-	-	234,751
Total deferred inflows of resources	<u>234,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,751</u>
FUND BALANCES					
Nonspendable	1,892,928	-	-	5,940	1,898,868
Restricted	6,986,258	3,869,399	375,664	102,399	11,333,720
Committed	2,287,110	-	-	-	2,287,110
Assigned	479,853	-	-	301,832	781,685
Unassigned	8,905,404	-	-	-	8,905,404
Total fund balances	<u>20,551,553</u>	<u>3,869,399</u>	<u>375,664</u>	<u>410,171</u>	<u>25,206,787</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,461,234</u>	<u>\$ 5,566,152</u>	<u>\$ 375,664</u>	<u>\$ 450,579</u>	<u>\$ 32,853,629</u>

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
May 31, 2021

Amounts reported for governmental activities in the statement of net position (page 15) are different because:

Total fund balances—governmental funds (page 17)		\$ 25,206,787
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$90,642,539 and the accumulated depreciation is \$39,499,047.		51,143,492
Real property taxes not collected within 60 days of year end are reported as deferred inflows of resources in the fund statements, but are recognized on the accrual basis for the government-wide statements.		234,751
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the refunded debt should be reported as a deferred charge on the statement of net position and recognized as a component of interest expense over the life of the related debt.		157,169
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 222,854	
Deferred outflows related to experience, changes in assumptions and investment earnings	5,706,846	
Deferred inflows related to pension plans	<u>(4,623,491)</u>	1,306,209
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements.		
Deferred outflows of resources related to OPEB	\$ 2,990,099	
Deferred inflows of resources related to OPEB	<u>(3,759,038)</u>	(768,939)
Net accrued interest expense for serial bonds is not reported in the fund statements.		(259,325)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (18,322,790)	
Premiums on serial bonds	(1,556,504)	
Capital lease	(6,175)	
Compensated absences	(850,102)	
Landfill post-closure costs	(103,087)	
Net pension liability	(14,549)	
Net pension liability—LOSAP	(6,385,791)	
OPEB liability	<u>(26,476,051)</u>	<u>(53,715,049)</u>
Net position of governmental activities		<u>\$ 23,305,095</u>

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Revenues, Expenditures and Changes in
Fund Balances—Governmental Funds
Year Ended May 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Real property taxes and tax items	\$ 16,011,719	\$ -	\$ -	\$ -	\$ 16,011,719
Non-property tax items	3,096,295	-	-	-	3,096,295
Departmental income	1,114,702	2,500	-	620	1,117,822
Intergovernmental charges	1,051,643	-	-	-	1,051,643
Use of money and property	446,355	-	29,159	41	475,555
Licenses and permits	82,699	18,000	-	-	100,699
Fines and forfeitures	280,103	-	-	-	280,103
Sale of property and compensation for loss	260,851	-	-	-	260,851
Miscellaneous	1,329,856	750,000	-	13,629	2,093,485
State aid	553,562	150,937	-	2,797	707,296
Federal aid	189,912	-	-	-	189,912
Total revenues	<u>24,417,697</u>	<u>921,437</u>	<u>29,159</u>	<u>17,087</u>	<u>25,385,380</u>
EXPENDITURES					
Current:					
General government support	2,527,031	-	-	15,770	2,542,801
Public safety	8,105,312	-	-	-	8,105,312
Health	471,549	-	-	-	471,549
Transportation	1,004,575	-	-	-	1,004,575
Economic assistance and opportunity	471,934	-	-	-	471,934
Culture and recreation	844,018	-	-	915,460	1,759,478
Home and community services	1,330,656	-	-	-	1,330,656
Employee benefits	3,250,469	-	-	322,034	3,572,503
Debt service:					
Principal	3,900	-	1,305,791	-	1,309,691
Interest and other fiscal charges	-	-	624,619	-	624,619
Capital outlay	-	9,302,109	-	-	9,302,109
Total expenditures	<u>18,009,444</u>	<u>9,302,109</u>	<u>1,930,410</u>	<u>1,253,264</u>	<u>30,495,227</u>
Excess (deficiency) of revenues over expenditures	<u>6,408,253</u>	<u>(8,380,672)</u>	<u>(1,901,251)</u>	<u>(1,236,177)</u>	<u>(5,109,847)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,275,000	1,930,410	1,822,994	5,028,404
Transfers out	(4,351,885)	-	(19,994)	(656,525)	(5,028,404)
Issuance of serial bonds	-	3,405,000	-	-	3,405,000
Premium on serial bonds	-	354,939	-	-	354,939
Total other financing sources (uses)	<u>(4,351,885)</u>	<u>5,034,939</u>	<u>1,910,416</u>	<u>1,166,469</u>	<u>3,759,939</u>
Net change in fund balances	2,056,368	(3,345,733)	9,165	(69,708)	(1,349,908)
Fund balances—beginning, as restated	18,495,185	7,215,132	366,499	479,879	26,556,695
Fund balances—ending	<u>\$ 20,551,553</u>	<u>\$ 3,869,399</u>	<u>\$ 375,664</u>	<u>\$ 410,171</u>	<u>\$ 25,206,787</u>

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended May 31, 2021

Amounts reported for governmental activities in the statement of activities (page 16) are different because:

Net change in fund balances—total governmental funds (page 19) \$ (1,349,908)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 9,455,818	
Depreciation expense	<u>(2,301,639)</u>	7,154,179

Governmental funds recognize real property taxes only if collected within 60 days after the end of the fiscal year; however, the government-wide statements recognize revenue on a full accrual basis. (218,644)

Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt. (26,490)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Village/Town pension contributions	\$ 861,038	
Cost of benefits earned net of employee contributions	<u>(1,107,062)</u>	(246,024)

Deferred outflows and inflows of resources relating to OPEB result from the differences between expected and actual experience and changes of assumptions. These amounts are shown net of current amortization. 2,035,350

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 22,564

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Issuance of serial bonds	\$ (3,405,000)	
Repayment of serial bonds	1,305,791	
Premium on serial bonds	(354,939)	
Amortization of bond premiums	140,626	
Repayment of capital lease	3,900	
Change in compensated absences	(54,470)	
Change in landfill post-closure costs	11,255	
Change in OPEB obligation	<u>(2,236,856)</u>	<u>(4,589,693)</u>

Change in net position of governmental activities \$ 2,781,334

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Net Position—Proprietary Funds
May 31, 2021

	Business-type Activities		
	Water	Sewer	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,593,472	\$ 381,454	\$ 2,974,926
Restricted cash and cash equivalents	719,974	123,681	843,655
Receivables	1,183,423	293,143	1,476,566
Prepaid and other assets	13,442	3,734	17,176
Total current assets	<u>4,510,311</u>	<u>802,012</u>	<u>5,312,323</u>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	492,276	490,511	982,787
Capital assets, net of accumulated depreciation:			
Land improvements	703,182	-	703,182
Buildings and improvements	2,620,224	45,493	2,665,717
Machinery and equipment	1,373,206	51,493	1,424,699
Infrastructure	<u>27,423,742</u>	<u>3,991,805</u>	<u>31,415,547</u>
Total noncurrent assets	<u>32,612,630</u>	<u>4,579,302</u>	<u>37,191,932</u>
Total assets	<u>37,122,941</u>	<u>5,381,314</u>	<u>42,504,255</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	89,413	-	89,413
Deferred outflows—relating to pensions	635,653	317,826	953,479
Deferred outflows—relating to OPEB	<u>125,434</u>	<u>83,623</u>	<u>209,057</u>
Total deferred outflows of resources	<u>850,500</u>	<u>401,449</u>	<u>1,251,949</u>
LIABILITIES			
Current liabilities:			
Accounts payable	345,417	23,989	369,406
Accrued liabilities	30,211	10,511	40,722
Accrued interest payable	106,271	998	107,269
Due to retirement system	12,743	-	12,743
Bond anticipation notes payable	<u>4,000,000</u>	<u>1,020,000</u>	<u>5,020,000</u>
Total current liabilities	<u>4,494,642</u>	<u>1,055,498</u>	<u>5,550,140</u>
Noncurrent liabilities:			
Due within one year	2,153,037	10,886	2,163,923
Due within more than one year	<u>12,401,026</u>	<u>654,984</u>	<u>13,056,010</u>
Total noncurrent liabilities	<u>14,554,063</u>	<u>665,870</u>	<u>15,219,933</u>
Total liabilities	<u>19,048,705</u>	<u>1,721,368</u>	<u>20,770,073</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows—relating to pensions	905,912	452,956	1,358,868
Deferred inflows—relating to OPEB	<u>52,735</u>	<u>35,157</u>	<u>87,892</u>
Total deferred inflows of resources	<u>958,647</u>	<u>488,113</u>	<u>1,446,760</u>
NET POSITION			
Net investment in capital assets	15,185,328	3,682,983	18,868,311
Restricted for:			
Unemployment insurance	15,480	-	15,480
Capital projects	596,147	-	596,147
Debt service	108,347	-	108,347
Unrestricted	<u>2,060,787</u>	<u>(109,701)</u>	<u>1,951,086</u>
Total net position	<u>\$ 17,966,089</u>	<u>\$ 3,573,282</u>	<u>\$ 21,539,371</u>

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds
Year Ended May 31, 2021

	Business-type Activities		
	Water	Sewer	Total Enterprise Funds
Operating revenues:			
Charges for services	\$ 3,968,871	\$ 991,380	\$ 4,960,251
Miscellaneous	35,840	292	36,132
Federal aid	150,000	-	150,000
Total operating revenues	<u>4,154,711</u>	<u>991,672</u>	<u>5,146,383</u>
Operating expenses:			
Personal services	924,198	441,742	1,365,940
Supplies	166,142	2,832	168,974
Utilities	240,533	4,517	245,050
Contractual expenses	932,575	177,895	1,110,470
Employee benefits	438,451	199,303	637,754
Depreciation	<u>1,574,200</u>	<u>195,138</u>	<u>1,769,338</u>
Total operating expenses	<u>4,276,099</u>	<u>1,021,427</u>	<u>5,297,526</u>
Operating (loss)	<u>(121,388)</u>	<u>(29,755)</u>	<u>(151,143)</u>
Nonoperating revenues (expenses):			
Interest earnings	23,779	647	24,426
Interest expense	(305,686)	(12,457)	(318,143)
Premium on bond anticipation note	<u>67,402</u>	<u>-</u>	<u>67,402</u>
Total nonoperating revenues (expenses)	<u>(214,505)</u>	<u>(11,810)</u>	<u>(226,315)</u>
Change in net position	(335,893)	(41,565)	(377,458)
Total net position—beginning	<u>18,301,982</u>	<u>3,614,847</u>	<u>21,916,829</u>
Total net position—ending	<u>\$ 17,966,089</u>	<u>\$ 3,573,282</u>	<u>\$ 21,539,371</u>

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Cash Flows—Proprietary Funds
Year Ended May 31, 2021

	Business-type Activities		
	Water	Sewer	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from services provided	\$ 4,132,332	\$ 1,005,441	\$ 5,137,773
Receipts from other operating revenue and grants	185,840	292	186,132
Payments to employees	(924,198)	(441,742)	(1,365,940)
Payments for employee benefits	(469,765)	(211,596)	(681,361)
Payments to suppliers of contracted services	<u>(1,826,795)</u>	<u>(200,994)</u>	<u>(2,027,789)</u>
Net cash provided by operating activities	<u>1,097,414</u>	<u>151,401</u>	<u>1,248,815</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,479,636)	(482,259)	(1,961,895)
Premium from issuance of debt	67,402	-	67,402
Principal payments on bond anticipation notes, net	(6,500,000)	(60,000)	(6,560,000)
Proceeds from issuance of bonds, net	8,875,791	-	8,875,791
Interest payments	<u>(356,679)</u>	<u>(14,472)</u>	<u>(371,151)</u>
Net cash provided by (used for) capital and related financing activities	<u>606,878</u>	<u>(556,731)</u>	<u>50,147</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income earned	<u>23,779</u>	<u>647</u>	<u>24,426</u>
Net cash provided by investing activities	<u>23,779</u>	<u>647</u>	<u>24,426</u>
Increase (decrease) in cash and cash equivalents	1,728,071	(404,683)	1,323,388
Cash and cash equivalents—beginning of year	<u>1,585,375</u>	<u>909,818</u>	<u>2,495,193</u>
Cash and cash equivalents—end of year	<u><u>\$ 3,313,446</u></u>	<u><u>\$ 505,135</u></u>	<u><u>\$ 3,818,581</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities:			
Operating (loss)	\$ (121,388)	\$ (29,755)	\$ (151,143)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Depreciation expense	1,574,200	195,138	1,769,338
Decrease in receivables	163,461	14,061	177,522
Decrease in prepaid and other assets	7,750	5,251	13,001
(Increase) in deferred outflows of resources—pensions	(107,806)	(53,902)	(161,708)
(Increase) in deferred outflows of resources—OPEB	(50,197)	(33,465)	(83,662)
(Decrease) in payables	(495,295)	(21,001)	(516,296)
(Decrease) in accrued liabilities	(3,191)	(3,884)	(7,075)
(Decrease) in noncurrent liabilities	(721,408)	(342,354)	(1,063,762)
Increase in deferred inflows of resources—pensions	877,286	438,643	1,315,929
(Decrease) in deferred inflows of resources—OPEB	<u>(25,998)</u>	<u>(17,331)</u>	<u>(43,329)</u>
Total adjustments	<u>1,218,802</u>	<u>181,156</u>	<u>1,399,958</u>
Net cash provided by operating activities	<u><u>\$ 1,097,414</u></u>	<u><u>\$ 151,401</u></u>	<u><u>\$ 1,248,815</u></u>

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

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VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Fiduciary Net Position—Custodial Fund
May 31, 2021

	<u>Custodial Fund</u>
ASSETS	
Restricted cash and cash equivalents	\$ 330,396
Total assets	<u>330,396</u>
LIABILITIES	
Accounts payable and other liabilities	<u>31,306</u>
Total liabilities	<u>31,306</u>
NET POSITION	
Restricted for:	
Organizations and other governments	<u>299,090</u>
Total net position	<u><u>\$ 299,090</u></u>

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

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Statement of Changes in Fiduciary Net Position—Custodial Fund
Year Ended May 31, 2021

	<u>Custodial Fund</u>
ADDITIONS	
Funds received on behalf of individuals	\$ 292,991
Total additions	<u>292,991</u>
DEDUCTIONS	
Funds distributed on behalf of individuals	<u>304,190</u>
Total deductions	<u>304,190</u>
Change in fiduciary net position	(11,199)
Net position—beginning, as restated	<u>310,289</u>
Net position—ending	<u>\$ 299,090</u>

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

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VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Notes to the Financial Statements
Year Ended May 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Village/Town of Mount Kisco, New York (the “Village/Town”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Village/Town’s accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Village/Town. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Village/Town reports no component units.

Reporting Entity

The Village/Town was established in 1875 as a Village, and a coterminous Village/Town on January 1, 1978 pursuant to an act of the New York State Legislature and with voter approval. New York State law has designated certain governmental functions as a Town responsibility, while other functions are the responsibility of Village/Town government. The Village/Town operates under a Council-Manager form of government in accordance with its Village Code and the various other applicable laws of the State of New York. The Mayor/Supervisor and members of the Board of Trustees/Town Board are the legislative bodies responsible for overall operation. The Village Manager serves as the chief administrative officer and the Village Treasurer serves as the chief financial officer.

The Village/Town provides the following services to its residents: public safety, health, public library, water and sewer services, transportation, economic assistance and opportunity, culture and recreation, home and community services and general and administrative support. Effective June 1, 2015, the Police Department entered into an intermunicipal agreement with the County of Westchester for the provision of police services. The Village/Town’s Section 8 housing assistance services were transferred from the Village/Town to the Mount Kisco Housing Authority (the “Authority”) on January 1, 2017.

Related Organization—The Mount Kisco Housing Authority (the “Authority”) is a related organization to the Village/Town at May 31, 2021. Although the Village/Town appoints the Authority’s board, it may not remove any board members at will and the Village/Town has no ongoing relationship with the appointees.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the Village/Town's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Village/Town's funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Village/Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Village/Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by enterprise funds.
- *Debt Service Fund*—The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The Village/Town reports the following major proprietary funds:

- *Water Fund*—The Water Fund accounts for the activities of the Village/Town's water utility operations. Water services are available to the residents of the Village/Town as well as residents of the Town of Bedford and the Town of New Castle.
- *Sewer Fund*—The Sewer Fund is used to record the operations and maintenance of sewer services provided by the Village/Town. Sewer services are available to the residents of the Village/Town.

These entities are financed and operated in a manner similar to a private business enterprise. The intent of the Village/Town is that the operating expenses (including depreciation and amortization expense) of providing goods or services to the general public on a continuous basis are to be financed or recovered primarily through user charges. The Village/Town may provide administrative, legal and operational assistance to the proprietary funds, which are not charged.

Additionally, the Village/Town reports the following fund types:

Special Revenue Funds—These non-major governmental funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditures for specified purposes. The following special revenue funds are utilized:

- *Public Library Fund*—The Public Library Fund is used to account for the activities of the Mount Kisco Public Library.
- *Special Purpose Fund*—The Special Purpose Fund is used to account for assets held by the Village/Town in accordance with the terms of a trust agreement.

Fiduciary Funds—These funds are used to account for assets held by the Village/Town in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary funds include the *Custodial Fund*. Activities reported in the fiduciary funds include money from outside entities, held by the Village/Town for benefit of others.

During the course of operations the Village/Town has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, transfers between the funds included in the business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

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* or *economic resources*. 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*. 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 revenue 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.

The 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. For this purpose, the Village/Town considers revenues to be available if they are collected within 90 days of the end of the current fiscal period (60 days when measuring property taxes). 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, claims and judgments, pensions, and other postemployment benefits 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.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability. All other revenue items are considered to be measureable and available only when cash is received by the Village/Town.

The proprietary and fiduciary funds are reported using the *economic resource measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents—The Village/Town’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Restricted Cash, Cash Equivalents and Investments—Restricted cash and cash equivalents represents amounts to support restricted fund balance, future disbursements associated with unearned revenue, unspent proceeds from debt issuances, and amounts held on behalf of others. New York State law governs the Village/Town’s investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Investments related to Length of Service Award Programs (“LOSAP”) are held with an insurance company. The funds are invested along with the company’s other assets in a variety of instruments. The amounts are invested in various portfolios by the trustee. These investments are not subject to risk categorization.

Taxes Receivable—The Village/Town is responsible for the collection of taxes. Real property taxes attach as an enforceable lien on real property as of June 1st and are payable in two installments due in June and December. Taxes receivable are shown net of an allowance for uncollectible accounts, where applicable.

Intergovernmental Receivables—Intergovernmental receivables include amounts due from state and federal governments represent amounts owed to the Village/Town to reimburse it for expenditures incurred pursuant to state and federally funded programs. Receivables are recorded and revenues recognized as earned.

Real Estate Acquired for Resale—In the course of conducting its responsibilities for conducting in-rem foreclosure proceedings, the Village/Town acquires real property available for resale. The value recorded for this property is established by its acquisition cost and additional cost of improvements made on the property until the asset is ready for sale. When the property is ready for sale, market value can be established.

Prepaid and Other Assets—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased. Other assets represent prepayments on health insurance premiums.

Capital Assets—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements, as well as within the individual proprietary funds. Capital assets are defined by the Village/Town as assets with an initial individual cost of more than \$5,000 (except for computers which have an established threshold of \$1,000) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair market value of the item at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. The other capital assets of the Village/Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	20
Buildings and improvements	20-40
Machinery and equipment	3-20
Infrastructure	20-50

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new road maintenance vehicle included as part of *expenditures—transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At May 31, 2021, the Village/Town has three items that qualify for reporting in this category. The first item is a deferred charge on refunding which the Village/Town reports on the government-wide and proprietary fund financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the government-wide and proprietary fund financial statements. This represents the effect of the net change in the Village/Town's proportion of the collective net pension liability, and the difference during the measurement period between the Village/Town's contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The third item on the government-wide and proprietary fund financial statements, represents the effects of the change in the Village/Town's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At May 31, 2021, the Village/Town reports three items that qualify for reporting in this category. The Village/Town reported unavailable revenue on the balance sheet for governmental funds in the amount of \$234,751, which represents taxes that the Village/Town does not expect to receive within 60 days of year-end. The second item, presented on the government-wide and proprietary fund financial statements, represents the effect of the net change in the Village/Town's proportion of the collective net pension liability and the difference during the measurement periods between the Village/Town's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The third item, presented on the government-wide and proprietary fund financial statements, represents the effects of the change in the Village/Town's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumptions—Sometimes the Village/Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village/Town's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the Village/Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned 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. It is the Village/Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village/Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Village/Town's highest level of decision-making authority. The Boards are the highest level of decision-making authority for the Village/Town that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Village/Town for specific purposes, but do not meet the criteria to be classified as committed. The Boards may assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually on June 1st. The Village/Town tax rate is based on the amount per \$1,000 assessed valuation. Delinquent accounts of water and sewer billings are transferred to the Village/Town real property tax roll annually for re-levy and collection. The first half of payable Village/Town property taxes are due June 30th without penalty; a 2% penalty is imposed on July 1st, and 1% added on the first day of each month thereafter. The second half of payable taxes are due December 31st, without penalty; a 2% penalty is imposed on January 1st, and 1% added on the first day of each month thereafter. Outstanding taxes remain a liability for the Village/Town as amounts are not forwarded to the County for re-levy and collection.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At May 31, 2021, the Village/Town reported unearned revenues of \$286,166 within the General Fund. The Village/Town received fees related to recreation camp in advance but have not performed the associated services and therefore recognizes a liability.

Compensated Absences—The Village/Town labor agreements and rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences in varying amounts. Upon retirement, certain eligible employees qualify for payment for fractional values of unused leave time. These payments are budgeted annually without accrual. Estimated leave is accumulated and recorded for government-wide and proprietary fund reporting purposes.

Payment of compensated absences recorded in the government-wide financial statements is dependent on many factors; therefore, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

Pension Plans—The Village/Town is mandated by New York State law to participate in the New York State and Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 7.

Service Awards—The Village/Town has adopted a Length of Service Award Program ("LOSAP") for firefighters and ambulance personnel that serve on a volunteer basis. The program is administered by an outside agency, with the Village/Town as a trustee. More information is included in Note 8.

Other Postemployment Benefits—In addition to providing pension benefits, the Village/Town provides health insurance coverage for certain retired employees, as disclosed in Note 9.

Other

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

Adoption of New Accounting Pronouncements—During the year ended May 31, 2021, the Village/Town implemented GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*; No. 92, *Omnibus 2020* and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a suppression of GASB Statement No. 32*. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations ("AROs"). GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 92 enhances comparability in accounting and financial

reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 97 increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for internal Revenue Code Section 457 deferred compensation plans. Other than the matter discussed in Note 2, the implementation of GASB Statements No. 83, 84, 88, 90, 92 and 97 did not have a material impact on the Village/Town's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Village/Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 93, *Replacement of Interbank Offered Rates*, and No. 98, *The Annual Comprehensive Financial Report*, effective for the year ending May 31, 2022, No. 87, *Leases*; No. 91, *Conduit Debt Obligations*, effective for the year ending May 31, 2023, and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending May 31, 2024. The Village/Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 93, 94, 96 and 98 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Village follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- No later than March 20th, the budget officer prepares and files a tentative budget with the Board of Trustees for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the proposed means of financing them.
- A public hearing is required to be held on or before April 20th in order to obtain taxpayer comments.
- By May 1st the Board of Trustees is required to adopt a budget and appended salary and wage schedule.
- Formal budgetary integration is employed during the year as a management control device for General, Public Library and Debt Service Funds.

2. RESTATEMENT OF FUND BALANCE AND NET POSITION

During the fiscal year ended May 31, 2021, the Village/Town implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of GASB Statement No. 84 establishes criteria for identifying fiduciary activities of state and local governments. This Statement also provides for the recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

The effects of this restatement to the Village/Town's governmental activities, governmental funds, and fiduciary funds is summarized as follows:

	Governmental Activities	Governmental Funds		Fiduciary Funds
		General Fund	Nonmajor Funds	Custodial Fund
Net position/fund balance—May 31, 2020	\$ 16,219,590	\$ 14,232,637	\$ 438,256	\$ -
GASB Statement No. 84 implementation	4,304,171	4,262,548	41,623	310,289
Net position/fund balance—May 31, 2020, as restated	<u>\$ 20,523,761</u>	<u>\$ 18,495,185</u>	<u>\$ 479,879</u>	<u>\$ 310,289</u>

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The Village/Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash, cash equivalents and investments at May 31, 2021 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 650	\$ -	\$ -	\$ 650
Deposits	17,606,589	3,818,581	330,396	21,755,566
Investments	10,549,950	-	-	10,549,950
Total	<u>\$ 28,157,189</u>	<u>\$ 3,818,581</u>	<u>\$ 330,396</u>	<u>\$ 32,306,166</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at May 31, 2021 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by pledging bank's agent in the Village/Town's name	15,872,788	20,755,566
Total	<u>\$ 16,872,788</u>	<u>\$ 21,755,566</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Village/Town's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At May 31, 2021, the Village/Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Village/Town's name.

Restricted Cash and Cash Equivalents—The Village/Town reports unspent proceeds of debt, amounts to support unearned revenue, restricted fund balances, and amounts held on behalf of others as restricted cash and cash equivalents. At May 31, 2021, the Village/Town reported \$9,199,195 and \$843,655 of restricted cash within its governmental activities and business-type activities, respectively. Additionally, the Village/Town reported \$330,396 of restricted cash within its fiduciary funds.

Restricted Investments—At May 31, 2021 the Village/Town reported \$6,432,489 and \$4,117,461 of investments within the General Fund and Capital Projects Fund, respectively. Of note, the Village/Town reported \$4,935,550 and \$542,451 of service award program investments for fire and ambulance, respectively, within the General Fund at May 31, 2021. The funds are invested in a variety of instruments by the trustee. These investments are not subject to risk categorization.

All investments are reported using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quotes prices for identical assets or liabilities in active markets to which the Village/Town has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

Investments for governmental activities at May 31, 2021 are as follows:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 10,549,950	\$ -	\$ -
Total	<u>\$ 10,549,950</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk—In the case of investments, this is the risk that potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. There is the prospect of a loss should those securities be sold prior to maturity. There are no requirements limiting maturity of investments.

Custodial Credit Risk—Investments—In compliance with State law, the Village/Town's investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, obligations of public authorities, urban renewal agencies and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorize such investments, time deposit accounts, certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint ventures or cooperative investment programs.

4. RECEIVABLES

Major revenues accrued by the Village/Town at May 31, 2021 consisted of the following:

Taxes Receivable—Represents amounts due from taxpayers that remain unpaid. At May 31, 2021, the Village/Town recorded \$725,726 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provision of \$106,891.

Accounts Receivable—Represents amounts due from various sources. The Village/Town's significant accounts receivable at May 31, 2021 are presented below:

Governmental funds:

General Fund:

Payment in lieu of rent agreements	\$ 174,357	
Rental agreements	57,924	
Franchise fees	42,978	
Other	52,550	
Less: allowance for uncollectibles	<u>(41,945)</u>	\$ 285,864

Nonmajor governmental funds:

Miscellaneous		<u>330</u>
Total governmental funds		<u>\$ 286,194</u>

Proprietary funds:

Water Fund:

Water charges	\$ 1,183,423
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Sewer Fund:

Sewer charges	<u>293,143</u>
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Total proprietary funds	<u>\$ 1,476,566</u>
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Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Significant intergovernmental receivables at May 31, 2021 are presented below:

Governmental funds:

General Fund:

Fire district billings	\$ 823,133	
Sales tax	668,663	
Mortgage tax	296,445	
Other	<u>104,285</u>	
Total governmental funds		<u>\$ 1,892,526</u>

5. CAPITAL ASSETS

Governmental activities—Capital asset activity for the Village/Town's governmental activities for the year ended May 31, 2021 was as follows:

	Balance 6/1/2020	Increases	Decreases	Balance 5/31/2021
Capital assets, not being depreciated:				
Land	\$ 11,577,611	\$ -	\$ -	\$ 11,577,611
Construction in progress	959,255	5,505,179	-	6,464,434
Total capital assets, not being depreciated	12,536,866	5,505,179	-	18,042,045
Capital assets, being depreciated:				
Land improvements	13,394,711	569,830	-	13,964,541
Buildings and improvements	30,379,192	408,720	-	30,787,912
Machinery and equipment	8,841,938	1,024,665	34,724	9,831,879
Infrastructure	16,068,738	1,947,424	-	18,016,162
Total capital assets, being depreciated	68,684,579	3,950,639	34,724	72,600,494
Less accumulated depreciation for:				
Land improvements	11,821,326	337,517	-	12,158,843
Buildings and improvements	11,581,728	770,644	-	12,352,372
Machinery and equipment	5,864,630	507,639	34,724	6,337,545
Infrastructure	7,964,448	685,839	-	8,650,287
Total accumulated depreciation	37,232,132	2,301,639	34,724	39,499,047
Total capital assets, being depreciated, net	31,452,447	1,649,000	-	33,101,447
Governmental activities capital assets, net	\$ 43,989,313	\$ 7,154,179	\$ -	\$ 51,143,492

Depreciation expense was charged to the functions and programs of governmental activities as follows:

General governmental support	\$ 116,406
Public safety	457,375
Health	13,594
Transportation	805,117
Economic assistance and opportunity	54,711
Culture and recreation	640,275
Home and community services	214,161
Total governmental activities	<u>\$ 2,301,639</u>

Business-type activities—Capital asset activity for the Village/Town’s business-type activities for the year ended May 31, 2021 was as follows:

	Balance 6/1/2020	Increases	Decreases	Balance 5/31/2021
Capital assets, not being depreciated:				
Land	\$ 982,787	\$ -	\$ -	\$ 982,787
Total capital assets, not being depreciated	<u>982,787</u>	<u>-</u>	<u>-</u>	<u>982,787</u>
Capital assets, being depreciated:				
Land improvements	2,537,602	-	-	2,537,602
Buildings and improvements	4,519,805	32,565	-	4,552,370
Machinery and equipment	6,275,738	493,038	109,915	6,658,861
Infrastructure	<u>48,900,700</u>	<u>1,436,292</u>	<u>-</u>	<u>50,336,992</u>
Total capital assets, being depreciated	<u>62,233,845</u>	<u>1,961,895</u>	<u>109,915</u>	<u>64,085,825</u>
Less accumulated depreciation for:				
Land improvements	1,734,510	99,910	-	1,834,420
Buildings and improvements	1,761,634	125,019	-	1,886,653
Machinery and equipment	5,063,973	280,104	109,915	5,234,162
Infrastructure	<u>17,657,140</u>	<u>1,264,305</u>	<u>-</u>	<u>18,921,445</u>
Total accumulated depreciation	<u>26,217,257</u>	<u>1,769,338</u>	<u>109,915</u>	<u>27,876,680</u>
Total capital assets, being depreciated, net	<u>36,016,588</u>	<u>192,557</u>	<u>-</u>	<u>36,209,145</u>
Business-type activities capital assets, net	<u>\$ 36,999,375</u>	<u>\$ 192,557</u>	<u>\$ -</u>	<u>\$ 37,191,932</u>

Depreciation expense was charged to the functions and programs of business-type activities as follows:

Water	\$ 1,574,200
Sewer	<u>195,138</u>
Total business-type activities	<u>\$ 1,769,338</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and proprietary funds at May 31, 2021, were as follows:

Governmental Funds			
Nonmajor			
	General	Governmental	
	Fund	Funds	Total
Salaries and employee benefits	\$ 325,568	\$ 21,189	\$ 346,757
Total accrued liabilities	<u>\$ 325,568</u>	<u>\$ 21,189</u>	<u>\$ 346,757</u>
Proprietary Funds			
	Water	Sewer	
	Fund	Fund	Total
Salaries and employee benefits	\$ 30,211	\$ 10,511	\$ 40,722
Total accrued liabilities	<u>\$ 30,211</u>	<u>\$ 10,511</u>	<u>\$ 40,722</u>

7. PENSION PLANS

Plan Description and Benefits Provided

Employees' Retirement System ("ERS")—The Village/Town participates in the New York State Local Employees' Retirement System (the "System"). 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 (the "Fund"), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village/Town also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. The System are included in the State's financial report as a pension trust fund. That report, including information with regards to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 11, 2010, who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At May 31, 2021, the Village/Town reported the following liabilities for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to the measurement date. The Village/Town's proportion of the net pension liability was based on a projection of the Village/Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Village/Town.

	Governmental Activities	Business-type Activities
Measurement date	March 31, 2021	March 31, 2021
Net pension liability	\$ 14,549	\$ 4,595
Village/Town's portion of the Plan's total net pension liability	0.0146118%	0.0046142%

For the year ended May 31, 2021, the Village/Town recognized ERS pension expenses of \$322,389 and \$101,807 for governmental activities and business-type activities, respectively. At May 31, 2021, the Village/Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual experiences	\$ 177,689	\$ 56,112	\$ -	\$ -
Changes of assumptions	2,675,184	844,795	50,455	15,933
Net difference between projected and actual earnings on pension plan investments	-	-	4,179,476	1,319,835
Changes in proportion and differences between the Village/Town's contributions and proportionate share of contributions	48,942	15,455	73,152	23,100
Village/Town contributions subsequent to the measurement date	117,538	37,117	-	-
Total	<u>\$ 3,019,353</u>	<u>\$ 953,479</u>	<u>\$ 4,303,083</u>	<u>\$ 1,358,868</u>

Village/Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending May 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the following page.

Year Ending May 31,	ERS	
	Governmental Activities	Business-type Activities
2022	\$ (255,828)	\$ (80,788)
2023	(103,821)	(32,785)
2024	(230,345)	(72,740)
2025	(811,274)	(256,193)

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

	ERS
Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Interest rate	5.9%
Salary scale	4.4%
Decrement tables	April 1, 2015 - March 31, 2020
Inflation rate	2.7%
Cost-of-living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

	ERS	
	Target Allocation	Long-Term Expected
		Real Rate of Return
Measurement date	March 31, 2021	
Asset class:		
Domestic equities	32.0 %	4.1 %
International equities	15.0	6.3
Private equity	10.0	6.8
Real estate	9.0	5.0
Opportunistic/absolute return strategy	3.0	4.5
Credit	4.0	3.6
Real assets	3.0	6.0
Fixed income	23.0	0.0
Cash	1.0	0.5
Total	100.0 %	

Discount Rate—The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart below presents the Village/Town's proportionate share of the net pension liability/(asset) calculated using the discount rate of 5.9%, as well as what the Village/Town's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Governmental activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 4,038,382	\$ 14,549	\$ (3,696,365)
Business-type activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 1,275,278	\$ 4,595	\$ (1,167,273)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the valuation date, were as follows:

	(Dollars in Thousands)
Valuation date	April 1, 2020
Employers' total pension liability	\$ 220,680,157
Plan fiduciary net position	<u>220,580,583</u>
Employers' net pension liability	<u>\$ 99,574</u>
System fiduciary net position as a percentage of total pension liability	100.0%

Payables to the Pension Plan—For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of May 31, 2021 represent the projected employer contribution for the period of April 1, 2021 through May 31, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions for ERS as of May 31, 2021 for governmental activities and business-type activities amounted to \$124,906 and \$12,473, respectively.

8. PENSION OBLIGATIONS—LOSAP

Fire Service Award Program

Program Description

The Village/Town established a defined benefit Service Award Program (referred to as a "LOSAP" – length of service award program – under Section 457(e)(11) of the Internal Revenue Code), for the active volunteer firefighters of the Village/Town of Mount Kisco Volunteer Fire Department. The program took effect on January 1, 2003. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Village/Town is the sponsor of the program.

Certain information contained in this note is based on information for the LOSAP as of December 31, 2020, which is the most recent valuation date for which complete information related to the fiscal year ended May 31, 2021 is available.

Participation, Vesting and Service Credit—Active volunteer firefighters in the Village/Town of Mount Kisco Volunteer Fire Department who have reached the age of seventeen and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of firefighting service, upon attaining the program's entitlement age, becoming totally and permanently disabled or dying while an active member. The program's entitlement age is later of age 60 or age after first earning one year of service credit. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Service credit is determined by the Board of the sponsor, based on information certified to the Board of the fire company having members who participate in the program. The fire company must maintain all required records on forms prescribed by the governing board.

Fiduciary Investment and Control—The governing board of the sponsor has retained and designated Penflex, Inc to assist in the administration of the program. The designated program administrator's functions include general administration in questions of eligibility, as well as, to compute, certify, and direct the Trustee with respect to entitlement and payment of benefits. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by Penflex, Inc who calculates and certifies monthly and other lump sum amounts to be paid.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. The current trustee is Penflex, Inc.

Authority to invest program assets is vested in the Village/Town's Board, subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" standard and the Investment Policy Statement for the LOSAP as approved by the Board.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary with a valuation date of December 31, 2020.

Benefits Provided—A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed twenty. Benefits are not payable until the first day of the month if the participant attained the entitlement age on that date or the first date of the next month, except in the case of disability or death. In the case of total and permanent disability before attaining entitlement age in the line-of-duty the payment commences immediately, with monthly payments guaranteed for ten years using service to entitlement age. In the case of total and permanent disability before attaining entitlement age not in the line-of-duty the payment commences immediately, with monthly payments guaranteed for ten years using accrued service only. In the case of death before attaining entitlement age active members would receive the greater of the present value of accrued benefit; inactive members would receive the present value of accrued benefits, which are payable as soon as administratively possible. In the case of death after attaining eligibility, the beneficiary would receive a lump sum payment equal to the present value of the remaining certain period monthly payments, if any.

Participants Covered by the Benefit Terms—At the December 31, 2020 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefits	63
Inactive participants not currently receiving benefits	8
Active participants	<u>100</u>
Total	<u><u>171</u></u>

Contributions—New York State General Municipal Law §219(d) requires the Village Board to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village/Town.

Trust Assets—Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village/Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability as of May 31, 2021 was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions—The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Healthy Annuitant Total Mortality Table without projection for mortality improvement.

Discount Rate—The discount rate used to measure the total pension liability was 1.93%. This was the S&P Municipal Bond 20 Year High Grade Rate Index yield to maturity as of December 31, 2020.

Changes in the Total Pension Liability—The following table presents the changes to the total pension liability during the fiscal year, by source:

	<u>Total Pension Liability</u>
Balance as of 12/31/2019 measurement date (fiscal year 5/31/2020)	<u>\$ 4,717,394</u>
Changes for the year:	
Service cost	182,716
Interest	156,177
Changes of assumptions or other inputs	882,037
Differences between expected and actual experience	(54,362)
Benefit payments	<u>(218,780)</u>
Net changes	<u>947,788</u>
Balance as of 12/31/2020 measurement date (fiscal year 5/31/2021)	<u><u>\$ 5,665,182</u></u>

Sensitivity of the Total Pension Liability to Changes in the Discount Rate—The table on the following page presents the total pension liability of the Village/Town as of the December 31, 2020 measurement date, calculated using the discount rate of 1.93 percent, as well as what the Village/Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93 percent) or one percentage point higher (2.93 percent) than the current rate.

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 6,499,061	\$ 5,665,182	\$ 4,981,473

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension—For the year ended May 31, 2021, the Village/Town recognized pension expense of \$604,633. The following table presents the components of pension expense for the year ended May 31, 2021:

Service cost	\$ 182,716
Interest and total pension liability	156,177
Changes of assumptions or other inputs	258,290
Differences between expected and actual experience	(4,644)
Pension plan administrative expenses	12,094
Total pension expense	<u>\$ 604,633</u>

At May 31, 2021, the Village/Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,218	\$ 106,675
Changes of assumptions or other inputs	2,539,922	151,464
Benefit payments and administrative expenses subsequent to the measurement date	100,872	-
Total	<u>\$ 2,668,012</u>	<u>\$ 258,139</u>

Deferred outflows of resources related to pensions from Village/Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending May 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending May 31,	Pension Expense
2022	\$ 253,645
2023	253,645
2024	253,645
2025	253,645
2026	253,645
Thereafter	1,040,776

As of May 31, 2021, the Fire Service Award program investments totaled \$4,935,550.

Ambulance Service Award Program

Program Description

The Village/Town established a defined benefit LOSAP for the active volunteer ambulance first responders of the Village/Town of Mount Kisco Volunteer Ambulance Corps, Inc. The program took effect on January 1, 2005. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer ambulance first responders. The Village/Town is the sponsor of the program.

Certain information contained in this note is based on information for the LOSAP as of December 31, 2020, which is the most recent valuation date for which complete information related to the fiscal year ended May 31, 2021 is available.

Participation, Vesting and Service Credit—Active volunteer members of the Carmel Ambulance District No. 1 who have reached the age of eighteen and who have completed one year of service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with five years of service, upon attaining the program's entitlement age, becoming totally and permanently disabled or dying while an active member. The program's entitlement age is age sixty-five. In general, an active volunteer ambulance first responder is credited with a year of service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of service rendered prior to the establishment of the program.

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board of the ambulance district having members who participate in the program. The ambulance district must maintain all required records on forms prescribed by the governing board.

Fiduciary Investment and Control—The governing board of the sponsor has retained and designated Penflex, Inc. to assist in the administration of the program. The designated program administrator's functions include general administration in questions of eligibility, as well as, to compute, certify, and direct the Trustee with respect to entitlement and payment of benefits. Disbursements of program assets for the payment of benefits or administrative expenses must be approved by Penflex, Inc. who calculates and certifies monthly and other lump sum amounts to be paid.

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program.

Authority to invest program assets is vested in the Village/Town's Board, subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" standard and the Investment Policy Statement for the LOSAP as approved by the Board.

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is Penflex, Inc. Portions of the following information are derived from the most recent report prepared by the actuary with a valuation date of December 31, 2020.

Benefits Provided—A participant’s benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person’s total number of years of ambulance service. The number of years of ambulance service used to compute the benefit cannot exceed twenty. Benefits are not payable until the first day of the month if the participant attained the entitlement age on that date or the first date of the next month, except in the case of disability or death. In the case of total and permanent disability before attaining entitlement age in the line-of-duty the payment commences immediately, with monthly payments guaranteed for ten years using service to entitlement age. In the case of total and permanent disability before attaining entitlement age not in the line-of-duty the payment commences immediately, with monthly payments guaranteed for ten years using accrued service only. In the case of death before attaining entitlement age active members would receive the greater of the present value of accrued benefit; inactive members would receive the present value of accrued benefits, which are payable as soon as administratively possible. In the case of death after attaining eligibility, the beneficiary would receive a lump sum payment equal to the present value of the remaining certain period monthly payments, if any.

Participants Covered by the Benefit Terms—At the December 31, 2020 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	4
Inactive participants entitled to but not yet receiving benefit payments	6
Active participants	<u>29</u>
Total	<u><u>39</u></u>

Contributions—New York State General Municipal Law §219(d) requires the Village Board to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Village/Town.

Trust Assets—Although assets have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Village/Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability as of May 31, 2021 was determined using an actuarial valuation as of December 31, 2020.

Actuarial Assumptions—The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Mortality Table (60/40 male/female blend) projected for mortality improvement to the year 2025 with scale MP2020.

Discount Rate—The discount rate used to measure the total pension liability was 1.93%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody’s Investors Service’s, AA by Fitch, or AA by Standard & Poor’s Rating Services.

Changes in the Total Pension Liability—The following table presents the changes to the total pension liability during the fiscal year, by source:

	Total Pension Liability
Balance as of 12/31/2019 measurement date (fiscal year 5/31/2020)	\$ 487,373
Changes for the year:	
Service cost	29,711
Interest	16,683
Changes of assumptions or other inputs	160,268
Differences between expected and actual experience	37,239
Benefit payments	(10,665)
Net changes	233,236
Balance as of 12/31/2020 measurement date (fiscal year 5/31/2021)	\$ 720,609

Sensitivity of the Total Pension Liability to Changes in the Discount Rate—The following table presents the total pension liability of the Village/Town as of the December 31, 2020 measurement date, calculated using the discount rate of 1.93 percent, as well as what the Village/Town’s total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93 percent) or one percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 888,719	\$ 720,609	\$ 594,837

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension—For the year ended May 31, 2021, the Village/Town recognized pension expense of \$65,359. The following table presents the components of pension expense for the year ended May 31, 2021:

Service cost	\$ 29,711
Interest	16,683
Changes of assumptions or other inputs	15,239
Differences between expected and actual experience	596
Pension Plan administrative expenses	3,130
Total pension expense	\$ 65,359

At May 31, 2021, the Village/Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,283	\$ 30,002
Changes of assumptions or other inputs	203,608	32,267
Benefit payments and administrative expenses subsequent to the measurement date	4,444	-
Total	<u>\$ 242,335</u>	<u>\$ 62,269</u>

Deferred outflows and inflows of resources related to pensions resulting from Village/Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending May 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending May 31,	Pension Expense
2022	\$ 15,835
2023	15,835
2024	15,835
2025	15,835
2026	15,835
Thereafter	96,447

As of May 31, 2021, the Ambulance Service Award program investments totaled \$542,451.

9. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) LIABILITY

Plan Description—In addition to providing pension benefits, the Village/Town provides health insurance coverage and/or payment for fractional values of unused sick leave to eligible retired employees. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village/Town may vary according to length of service. The cost of providing post-employment benefits is shared between the Village/Town and the retired employee. Substantially all of the Village/Town’s employees may become eligible for these benefits if they reach normal retirement age while working for the Village/Town. The cost of retiree health care benefits is recognized as an expenditure/payable as claims are paid.

Employees Covered by Benefit Terms—As of the June 1, 2019 valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	70
Active employees	<u>67</u>
Total	<u>137</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The Village/Town’s total OPEB liability for governmental activities and business-type activities of \$26,476,051 and \$1,388,687, respectively, was measured as of May 31, 2021, and was determined by an actuarial valuation as of June 1, 2019.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan, the plan as understood by the employer and the plan members, at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 1, 2019 actuarial valuation, the Entry Age Normal Method, over a level percent of pay, was used. The single discount rate changed from 2.48% to 1.99% effective May 31, 2021. Salaries are assumed to increase at 2.25% per year. The salary scale was based on the Village/Town’s review of historical experience as well as future expectations. The initial pre-65 healthcare rate as of May 31, 2021 was 7.00%, decreasing to an ultimate rate of 3.78%. As of May 31, 2021 the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2020, and then adjusted for mortality improvements with scale MP-2018 mortality improvement scale on a fully generational basis was used.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability	
	Governmental Activities	Business-type Activities
Balances at May 31, 2020	\$ 24,239,195	\$ 1,223,475
Changes for the year:		
Service cost	808,231	48,779
Interest	609,423	30,781
Difference between expected and actual experience	53,986	28,880
Changes of assumptions or other inputs	1,713,080	118,956
Benefit payments	(947,864)	(62,184)
Net changes	2,236,856	165,212
Balances at May 31, 2021	\$ 26,476,051	\$ 1,388,687

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The table on the following page presents the effect of a 1% change in the discount rate assumption would have on the total OPEB liability.

	1% Decrease (0.99%)	Current Discount Rate (1.99%)	1% Increase (2.99%)
Governmental activities:			
Total OPEB liability	\$ 30,935,871	\$ 26,476,051	\$ 22,901,343
Business-type activities:			
Total OPEB liability	\$ 1,628,204	\$ 1,388,687	\$ 1,205,334

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (7.00%)/ultimate (3.78%) healthcare cost trend rates.

	1% Decrease (6.00%/2.78%)	Healthcare Cost Trend Rates (7.00%/3.78%)	1% Increase (8.00%/4.78%)
Governmental activities:			
Total OPEB liability	\$ 22,639,026	\$ 26,476,051	\$ 31,363,324
Business-type activities:			
Total OPEB liability	\$ 1,191,528	\$ 1,388,687	\$ 1,650,701

Funding Policy—Authorization for the Village/Town to pay a portion of retiree health insurance premiums was enacted through various union contracts which were ratified by the Village/Town Boards. The Village/Town recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. Village/Town governmental activities and business-type activities contributed \$947,864 and \$62,184 for the fiscal year ended May 31, 2021, respectively. The Village/Town's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 16. Any amendments to the employer's contributions are subject to the collective bargaining agreements.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The Village/Town reports deferred outflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability are required to be determined. The table below presents the Village/Town's deferred outflows and inflows of resources at May 31, 2021:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Differences between expected and actual and actual experience	\$ -	\$ -	\$ 3,759,038	\$ 87,892
Changes of assumptions	2,990,099	209,057	-	-
Total	<u>\$ 2,990,099</u>	<u>\$ 209,057</u>	<u>\$ 3,759,038</u>	<u>\$ 87,892</u>

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

<u>Year Ending May 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ (268,284)	\$ 20,845
2023	(314,389)	20,845
2024	(403,893)	19,147
2025	111,341	14,101
2026	106,286	14,101
2027	-	14,462
2028	-	17,664

10. RISK MANAGEMENT

The Village/Town purchases various insurance coverages to reduce its exposure to loss. The Village/Town maintains general liability and public official's liability insurance coverage, with policy limits of \$2 million and \$1 million, respectively. The Village/Town also maintains an umbrella policy which provides coverage up to \$10 million per claim (\$20 million aggregate). Workers' compensation is secured with statutory coverages. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Village/Town, along with many other municipal entities, participates in the Municipal Employees Benefits Consortium ("MEBCO"). MEBCO was formed in April 1988 pursuant to an act of the Board of Legislators of the County of Westchester. This act provides cities, towns and villages throughout Westchester County with an opportunity to participate in a cooperative program for providing health benefits to municipal employees by entering into an inter-municipal agreement pursuant to Article 5G of the General Municipal Law. The purpose of the pool is to stabilize the cost of medical benefits provided to employees. Each member of MEBCO retains its own risk for individual claims up to \$75,000. Premium equivalents are set for each municipality based upon their individual claim loss experience for all claims under \$75,000. For individual claims above \$75,000, the risk is insured by MEBCO's participation in a captive insurance company, which currently is Tokio Marine. It underwrites risk for individual claims above \$75,000. MEBCO has entered into a participation agreement with Tokio Marine to be part of a segregated account within this captive insurance company ("MEBCO Segregated Cell"). Claims in this second tier are funded by amounts paid by each member to the captive for premium contributions and stop loss coverage that the captive secures on MEBCO's behalf.

The Village/Town is self-insured for claims arising from unemployment benefit cases. Unemployment benefits are accounted for in the General, Water and Public Library Funds. Incurred but not reported claims are not considered material.

Effective June 1, 2003, the Village/Town joined the New York Municipal Insurance Reciprocal ("NYMIR"). NYMIR is an insurance reciprocal formed in 1993 comprised of many other municipal entities throughout New York State, and is licensed by the New York State Insurance Department to provide property and casualty insurance coverage, including property, general liability, law enforcement, public official and automobile liability insurance.

11. LEASE OBLIGATIONS

The Village/Town entered into a long-term capital lease for a postage machine. The lease agreement qualifies as a capital lease/installment purchase contract for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The obligations under the lease is summarized below:

Year Ending May 31,	Equipment
2022	\$ 3,900
2023	<u>2,275</u>
Present value of minimum lease payments	<u>\$ 6,175</u>

The Village/Town reports the following leased asset and related accumulated depreciation at May 31, 2021:

	Governmental Activities
Assets:	
Equipment	\$ 19,500
Less: Accumulated depreciation	<u>(15,600)</u>
Total	<u>\$ 3,900</u>

12. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund and proprietary funds. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the life of permanent financing, provided that annual reductions of principal are made. The following is a summary of the Village/Town's short-term debt for the year ended May 31, 2021:

Description	Maturity Date	Interest Rate	Balance 6/1/2020	Additions	Reductions	Balance 5/31/2021
Business-type Activities:						
Sewer Fund:						
Sewer Relining Village-wide	3/12/2021	1.34%	\$ 1,080,000	\$ -	\$ 1,080,000	\$ -
Sewer Relining Village-wide	3/11/2022	1.34%	-	1,020,000	-	1,020,000
Water Fund:						
Water Projects	12/18/2020	1.50%	10,500,000	-	10,500,000	-
Water Projects	10/6/2021	2.00%	-	4,000,000	-	4,000,000
Total			<u>\$ 11,580,000</u>	<u>\$ 5,020,000</u>	<u>\$ 11,580,000</u>	<u>\$ 5,020,000</u>

13. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of 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. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Village/Town's outstanding long-term liabilities include bonds payable, capital lease, compensated absences, landfill post-closure costs, net pension liabilities, and the other postemployment benefits ("OPEB") liability. The bonds payable of the Village/Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Village/Town's long-term liabilities at May 31, 2021 is presented below:

	Balance 6/1/2020	Additions	Reductions	Balance 5/31/2021	Due Within One Year
Governmental activities:					
Serial bonds	\$ 16,223,581	\$ 3,405,000	\$ 1,305,791	\$ 18,322,790	\$ 1,466,946
Premiums on serial bonds	1,342,191	354,939	140,626	1,556,504	148,513
Bonds payable, net	17,565,772	3,759,939	1,446,417	19,879,294	1,615,459
Capital lease	10,075	-	3,900	6,175	3,900
Compensated absences	795,632	820,697	766,227	850,102	85,010
Landfill post-closure costs	114,342	-	11,255	103,087	11,593
Net pension liability*	3,978,784	-	3,964,235	14,549	-
Net pension liability—LOSAP	5,204,767	1,464,831	283,807	6,385,791	-
OPEB liability	24,239,195	3,184,720	947,864	26,476,051	-
Total governmental activities	<u>\$ 51,908,567</u>	<u>\$ 9,230,187</u>	<u>\$ 7,423,705</u>	<u>\$ 53,715,049</u>	<u>\$ 1,715,962</u>
Business-type activities:					
Serial bonds	\$ 4,461,419	\$ 10,410,000	\$ 1,534,209	\$ 13,337,210	\$ 2,088,054
Premiums on serial bonds	224,381	-	44,876	179,505	44,876
Bonds payable, net	4,685,800	10,410,000	1,579,085	13,516,715	2,132,930
Compensated absences	287,048	301,833	278,945	309,936	30,993
Net pension liability*	1,256,458	-	1,251,863	4,595	-
OPEB liability	1,223,475	227,396	62,184	1,388,687	-
Total business-type activities	<u>\$ 7,452,781</u>	<u>\$ 10,939,229</u>	<u>\$ 3,172,077</u>	<u>\$ 15,219,933</u>	<u>\$ 2,163,923</u>

(*reductions to the net pension liability are shown net of additions)

A default will have occurred if the payment of principal and interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the Village/Town of the amount due thereon. The Village/Town does not have any lines of credit.

Serial Bonds—The Village/Town issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village/Town. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 7 to 15 years. Principal is paid annually, interest is paid semi-annually; these payments are recorded in the Debt Service Fund for governmental activities and the associated fund, either being Water Fund or Sewer Fund, for the business-type activities.

On October 6, 2020, the Village/Town's issued Public Improvement Serial Bonds in the amount of \$3,405,000 which are reported as governmental activities. The bonds were issued at a premium of \$354,939. Interest rates on the bonds range from 1.0 – 5.0 percent. Principal payments on the bonds begin on October 1, 2021 and the bonds mature on October 1, 2035.

On October 6, 2020, the Village/Town's Water Fund issued Environmental Facilities Corporation bonds in the amount of \$10,410,000. Interest rates on the bonds range from 0.250 – 2.588 percent. Principal payments on the bonds begin on October 1, 2022 and the bonds mature on October 1, 2041.

A summary of additions and payments for the year ended May 31, 2021 is shown below:

Description	Original Issue	Year of Issue/ Maturity	Interest Rate (%)	Balance 6/1/2020	Additions	Reductions	Balance 5/31/2021
Governmental activities:							
Public improvement	\$ 745,000	2011 / 2023	3.00-4.00	\$ 215,000	\$ -	\$ 70,000	\$ 145,000
Library construction	717,000	2012 / 2027	2.00-4.00	370,000	-	50,000	320,000
Refunding	144,426	2016 / 2024	2.25-5.00	88,581	-	15,791	72,790
Refunding	5,075,000	2016 / 2026	2.25-5.00	3,740,000	-	465,000	3,275,000
Various improvements	12,500,300	2018 / 2033	4.00	11,810,000	-	705,000	11,105,000
Public improvement	3,405,000	2021 / 2035	1.00-5.00	-	3,405,000	-	3,405,000
Total governmental activities				<u>\$ 16,223,581</u>	<u>\$ 3,405,000</u>	<u>\$ 1,305,791</u>	<u>\$ 18,322,790</u>
Business-type activities:							
Refunding EFC - Water	\$ 10,785,000	2011 / 2022	2.62-3.99	\$ 2,360,000	\$ -	\$ 1,155,000	\$ 1,205,000
Refunding	3,625,574	2016 / 2024	2.25-5.00	2,101,419	-	379,209	1,722,210
EFC - Water	10,410,000	2020 / 2041	0.250-2.588	-	10,410,000	-	10,410,000
Total business-type activities				<u>\$ 4,461,419</u>	<u>\$ 10,410,000</u>	<u>\$ 1,534,209</u>	<u>\$ 13,337,210</u>

Premiums on Serial Bonds—Previously, the Village/Town issued serial bonds and refunding serial bonds which received bond premiums. The premiums are being amortized on a straight-line basis over the life of the bonds. Total unamortized bond premiums at May 31, 2021 are \$1,556,504 and \$179,505 for governmental and business-type activities, respectively.

Capital Lease—As discussed in Note 11, the Village/Town entered into a long-term capital lease for a postage machine. The outstanding balance at May 31, 2021 was \$6,175.

Compensated Absences—As explained in Note 1, the Village/Town records the value of compensated absences in the government-wide and proprietary fund financial statements. The annual budgets of the operating funds provide for these benefits as they become due. The liability for compensated absences at May 31, 2021 for governmental and business-type activities amounts to \$850,102 and \$309,936, respectively.

Landfill Post-Closure Costs—The results of the Village/Town's evaluation of its landfill post-closure costs concluded with an estimate of \$103,087 being recorded within liabilities of the governmental activities on the government-wide financial statements.

Net Pension Liabilities—The Village/Town reported a liability for governmental and business-type activities, totaling \$14,549 and \$4,595, respectively, for its proportionate share of the net pension liability for the New York Employees' Retirement System. The Village/Town also reported the net pension liability related to its fire and ambulance LOSAP, which totals \$6,385,791 at May 31, 2021. Refer to Notes 7 and 8 for additional information related to the Village/Town's net pension liabilities.

OPEB Liability—As explained in Note 9, the Village/Town provides health insurance coverage for certain retirees. The Village/Town's annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB liability for governmental and business-type activities is estimated to be \$26,476,051 and \$1,388,687, respectively, as of May 31, 2021.

A maturity schedule of the Village/Town's indebtedness is presented as follows:

Governmental Activities									
Year Ending May 31,	Serial Bonds	Premiums on Serial Bonds	Capital Lease	Compensated Absences	Landfill Post-Closure Costs	Net Pension Liability	Net Pension Liability— LOSAP	OPEB Liability	Total
2022	\$ 1,466,946	\$ 148,513	\$ 3,900	\$ 85,010	\$ 11,593	\$ -	\$ -	\$ -	\$ 1,715,962
2023	1,567,716	148,513	2,275	-	11,941	-	-	-	1,730,445
2024	1,548,486	148,513	-	-	12,299	-	-	-	1,709,298
2025	1,619,642	148,513	-	-	12,668	-	-	-	1,780,823
2026	1,640,000	146,726	-	-	13,048	-	-	-	1,799,774
2027-2031	6,200,000	528,046	-	-	41,538	-	-	-	6,769,584
2032-2036	4,280,000	287,680	-	-	-	-	-	-	4,567,680
Thereafter	-	-	-	765,092	-	14,549	6,385,791	26,476,051	33,641,483
Total	<u>\$ 18,322,790</u>	<u>\$ 1,556,504</u>	<u>\$ 6,175</u>	<u>\$ 850,102</u>	<u>\$ 103,087</u>	<u>\$ 14,549</u>	<u>\$ 6,385,791</u>	<u>\$ 26,476,051</u>	<u>\$ 53,715,049</u>

Business-type Activities							
Year Ending May 31,	Serial Bonds	Premiums on Serial Bonds	Compensated Absences	Net Pension Liability	OPEB Liability	Total	
2022	\$ 2,088,054	\$ 44,876	\$ 30,993	\$ -	\$ -	\$ 2,163,923	
2023	892,284	44,876	-	-	-	937,160	
2024	916,514	44,876	-	-	-	961,390	
2025	945,358	44,877	-	-	-	990,235	
2026	485,000	-	-	-	-	485,000	
2027-2031	2,460,000	-	-	-	-	2,460,000	
2032-2036	2,625,000	-	-	-	-	2,625,000	
2037-2041	2,925,000	-	-	-	-	2,925,000	
Thereafter	-	-	278,943	4,595	1,388,687	1,672,225	
Total	<u>\$ 13,337,210</u>	<u>\$ 179,505</u>	<u>\$ 309,936</u>	<u>\$ 4,595</u>	<u>\$ 1,388,687</u>	<u>\$ 15,219,933</u>	

Interest requirements on serial bonds payable are as follows:

Year Ending May 31,	Governmental Activities	Business-type Activities	Total
2022	\$ 724,060	\$ 229,219	\$ 953,279
2023	605,484	183,458	788,942
2024	536,229	160,848	697,077
2025	473,809	143,356	617,165
2026	417,388	136,600	553,988
2027-2031	1,321,655	642,637	1,964,292
2032-2036	301,919	489,699	791,618
2037-2041	-	185,127	185,127
Total	<u>\$ 4,380,544</u>	<u>\$ 2,170,944</u>	<u>\$ 6,551,488</u>

14. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital Assets***—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Village/Town's governmental and business-type activities net investment in capital assets is presented below:

	Governmental Activities
Capital assets, net of accumulated depreciation	\$51,143,492
Less related debt:	
Serial bonds	(18,322,790)
Unamortized bond premiums	(1,556,504)
Deferred charge on refunding	157,169
Capital lease	(6,175)
Unspent debt proceeds	<u>5,566,152</u>
Net investment in capital assets	<u>\$36,981,344</u>

	Business-type Activities		
	Water	Sewer	
	Fund	Fund	Total
Capital assets, net of accumulated depreciation	\$ 32,612,630	\$ 4,579,302	\$ 37,191,932
Less related debt:			
Serial bonds	(13,337,210)	-	(13,337,210)
Unamortized bond premiums	(179,505)	-	(179,505)
Deferred charge on refunding	89,413	-	89,413
Bond anticipation notes	(4,000,000)	(1,020,000)	(5,020,000)
Unspent debt proceeds	-	123,681	123,681
Net investment in capital assets	<u>\$ 15,185,328</u>	<u>\$ 3,682,983</u>	<u>\$ 18,868,311</u>

- ***Restricted Net Position***—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At May 31, 2021, the Village/Town reported \$7,464,321 of restricted net position in governmental activities for unemployment insurance, open space, special purposes, capital improvements, debt service, donations, and LOSAP. At May 31, 2021, the Village/Town business-type activities reported \$719,974 of restricted net position in the Water Fund.
- ***Unrestricted Net Position***—This category represents net position of the Village/Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Village/Town at May 31, 2021 is shown below:

- ***Real Estate Acquired for Resale***—Representing the portion of fund balance, \$1,814,936, composed of real estate acquired for future resale. This balance is nonspendable within the General Fund as the asset does not represent an available resource.
- ***Prepaid and Other Assets***—Representing the portion of fund balance, \$77,992 and \$5,940, composed of prepaid and other asset items for the General Fund and Public Library Fund, respectively. This balance is nonspendable as the asset does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. Restricted fund balance maintained by the Village/Town at May 31, 2021 is presented in the table on the following page.

	Governmental Funds				
	General	Capital	Debt	Total	
	Fund	Projects	Service	Nonmajor	Total
		Fund		Funds	
Unemployment benefits	\$ 29,996	\$ -	\$ -	\$ 4,446	\$ 34,442
Open space	1,323,145	-	-	-	1,323,145
Special purposes	-	-	-	56,330	56,330
Capital projects	58	3,869,399	-	-	3,869,457
Debt service	131,708	-	375,664	-	507,372
Donations	23,350	-	-	41,623	64,973
LOSAP	5,478,001	-	-	-	5,478,001
Total	<u>\$ 6,986,258</u>	<u>\$ 3,869,399</u>	<u>\$ 375,664</u>	<u>\$ 102,399</u>	<u>\$ 11,333,720</u>

- ***Restricted for Unemployment Benefits***—According to General Municipal Law Section 6-p, the restriction must be used to pay for any accrued employee benefit due to an employee upon termination of the employee's service.
- ***Restricted for Open Space***—According to General Municipal Law Section 6-c, the restriction may be used to finance all, or part of, the construction or acquisition of a specific type of improvement subject to the approval of voters.
- ***Restricted for Special Purposes***—This component of restricted fund balance reports the differences between assets and liabilities with constraints placed on their use by either external parties and/or statutes.
- ***Restricted for Capital Projects***—The component of fund balance that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings. Additionally, according to General Municipal Law Section 6-c, the restriction represents resources legally restricted for the financial resources to be used for acquisition, construction or renovation of major capital facilities or equipment.
- ***Restricted for Debt Service***—According to General Municipal Law Section 6-h, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of Village/Town property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The Village/Town has budgeted to use \$32,502 of this reserve in the 2021-2022 fiscal year.
- ***Restricted for Donations***—This component of restricted fund balance represents donations made to the Village/Town for specific purposes in the General Fund and Library fund of \$23,350 and \$41,623, respectively.
- ***Restricted for LOSAP***—Represents monies, \$4,935,550 and \$542,451, held in trust for the administration of the Village/Town's LOSAP Fire and LOSAP Ambulance programs, respectively.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Village/Town's highest level of decision-making authority. At May 31, 2021, the Village/Town reported the following committed fund balance:

- ***Committed for Tax Stabilization***—Represents funds, \$295,003, committed to tax stabilization. The Village/Town has budgeted to use \$32,000 of this commitment in the 2021-2022 fiscal year.
- ***Committed for Capital Projects***—Represents funds, \$1,992,107, committed to Village/Town capital projects.

In the fund financial statements, assignments are not legally required segregations, but are segregated for a specific purpose by the Village/Town at May 31, 2021 and include the following:

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2021-2022 fiscal year. As of May 31, 2021, the General Fund recorded \$472,283 of assigned fund balance related to subsequent year's expenditures.
- ***Assigned to Encumbrances***—Represents amounts related to unperformed (executory) contracts for goods and services. As of May 31, 2021, the General Fund recorded \$7,570 of assigned fund balance related to encumbrances.
- ***Assigned to Specific Use***—Represents funds, \$301,832 related to the Public Library Fund. The assignment's purpose relates to the fund's operations and represents the remaining amounts within the fund that are not restricted or committed.

If the Village/Town must use funds for emergency expenditures, the Boards shall authorize the Treasurer to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the Village/Town will use unassigned fund balance.

15. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of May 31, 2021 is as follows:

	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 17	\$ -
Nonmajor funds	-	17
Total governmental funds	<u>\$ 17</u>	<u>\$ 17</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The Village/Town made the following transfers during the year ended May 31, 2021:

	Transfers Out:			
	Governmental Funds			
Transfers In:	General Fund	Debt Service	Nonmajor Funds	Total
Governmental Funds:				
Capital Projects Fund	\$ 1,275,000	\$ -	\$ -	\$ 1,275,000
Debt Service Fund	1,273,885	-	656,525	1,930,410
Nonmajor funds	1,803,000	19,994	-	1,822,994
Total	\$ 4,351,885	\$ 19,994	\$ 656,525	\$ 5,028,404

Transfers are used primarily to move amounts to fulfill commitments, to finance various capital projects, or to pay down on outstanding debt.

16. LABOR CONTRACTS

Village/Town employees are represented by three bargaining units and Boards rules and regulations. Settled contracts are in place through May 31, 2021 for the Administrative Group, the International Brotherhood of Teamsters, and the Union Federation of Police Officers.

17. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The Village/Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of May 31, 2021, the Village/Town had the following significant encumbrances:

Fund	Description	Amount
Water Fund	John Deere Loader	\$ 133,475
Water Fund	Chevrolet Silverado	90,068
Water Fund	Chevrolet Silverado	56,548
Capital Projects Fund	Equipment and installation	55,551

18. TAX ABATEMENTS

The Village/Town is subject to tax abatements granted to the Northern Westchester Hospital (the "Hospital") and the Mount Kisco Housing Authority (the "Authority") which stipulate a reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by the Village/Town with the Hospital and Authority, the Village/Town collected \$218,047 during the 2020-2021 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$218,047 of property taxes.

19. CONTINGENCIES

Litigation—Various legal actions are pending against the Village/Town. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the Village/Town.

Grants—In the normal course of business, the Village/Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental and proprietary funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

20. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2022, which is the date the financial statements are available for issuance, and have determined, except for the following item, there are no subsequent events that require disclosure under generally accepted accounting principles.

On October 5, 2021, the Village/Town issued \$10,300,000 of bond anticipation notes for the purposes of financing water system improvements and replacements and streetscape improvements. The notes carry an interest rate of 1.5% and mature on October 5, 2022.

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REQUIRED SUPPLEMENTARY INFORMATION

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VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Schedule of the Village/Town's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended May 31,						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Plan fiduciary net position as a percentage of the total pension liability	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
Governmental Activities:							
Village/Town's proportion of the net pension liability	0.0146118%	0.0150253%	0.0148728%	0.0161783%	0.0149009%	0.0149704%	0.0151291%
Village/Town's proportionate share of the net pension liability	<u>\$ 14,549</u>	<u>\$ 3,978,784</u>	<u>\$ 1,053,786</u>	<u>\$ 522,147</u>	<u>\$ 1,400,126</u>	<u>\$ 2,402,791</u>	<u>\$ 511,097</u>
Village/Town's covered payroll	\$ 4,432,860	\$ 4,320,598	\$ 4,183,952	\$ 3,984,391	\$ 4,085,902	\$ 3,636,158	\$ 3,627,311
Village/Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.3%	92.1%	25.2%	13.1%	34.3%	66.1%	14.1%
Business-type Activities:							
Village/Town's proportion of the net pension liability	0.0046142%	0.0047448%	0.0046967%	0.0051090%	0.0047056%	0.0047275%	0.0047776%
Village/Town's proportionate share of the net pension liability	<u>\$ 4,595</u>	<u>\$ 1,256,458</u>	<u>\$ 332,774</u>	<u>\$ 164,889</u>	<u>\$ 442,145</u>	<u>\$ 758,776</u>	<u>\$ 161,399</u>
Village/Town's covered payroll	\$ 1,399,851	\$ 1,364,399	\$ 1,321,248	\$ 1,258,229	\$ 1,290,285	\$ 1,148,261	\$ 1,145,467
Village/Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.3%	92.1%	25.2%	13.1%	34.3%	66.1%	14.1%

*Information prior to the year ended May 31, 2015 is not available.

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Schedule of the Village/Town's Contributions—
Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended May 31,						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Governmental Activities:</i>							
Contractually required contribution	\$ 631,593	\$ 602,621	\$ 590,423	\$ 599,854	\$ 554,323	\$ 576,741	\$ 694,306
Contributions in relation to the contractually required contribution	<u>(631,593)</u>	<u>(602,621)</u>	<u>(590,423)</u>	<u>(599,854)</u>	<u>(554,323)</u>	<u>(576,741)</u>	<u>(694,306)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village/Town's covered payroll	\$ 4,436,625	\$ 4,345,207	\$ 4,197,930	\$ 4,013,164	\$ 3,944,823	\$ 3,670,097	\$ 3,606,183
Contributions as a percentage of covered payroll	14.2%	13.9%	14.1%	14.9%	14.1%	15.7%	19.3%
<i>Business-type Activities:</i>							
Contractually required contribution	\$ 199,451	\$ 190,301	\$ 186,449	\$ 189,427	\$ 175,050	\$ 182,129	\$ 219,255
Contributions in relation to the contractually required contribution	<u>(199,451)</u>	<u>(190,301)</u>	<u>(186,449)</u>	<u>(189,427)</u>	<u>(175,050)</u>	<u>(182,129)</u>	<u>(219,255)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village/Town's covered payroll	\$ 1,401,040	\$ 1,372,171	\$ 1,325,662	\$ 1,267,315	\$ 1,245,733	\$ 1,158,978	\$ 1,138,794
Contributions as a percentage of covered payroll	14.2%	13.9%	14.1%	14.9%	14.1%	15.7%	19.3%

*Information prior to the year ended May 31, 2015 is not available.

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Schedule of Changes in the Village/Town's Total Pension Liability—LOSAP Fire
Last Four Fiscal Years*

	Year Ended May 31,			
	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ 182,716	\$ 185,864	\$ 245,028	\$ 237,539
Interest	156,177	97,060	88,039	96,005
Changes of assumptions or other inputs	882,037	2,024,057	(168,941)	90,464
Differences between expected and actual experience	(54,362)	33,135	(24,074)	(43,128)
Benefit payments	<u>(218,780)</u>	<u>(206,690)</u>	<u>(192,680)</u>	<u>(187,240)</u>
Net change in total pension liability	<u>947,788</u>	<u>2,133,426</u>	<u>(52,628)</u>	<u>193,640</u>
Total pension liability—beginning	<u>4,717,394</u>	<u>2,583,968</u>	<u>2,636,596</u>	<u>2,442,956</u>
Total pension liability—ending	<u><u>\$ 5,665,182</u></u>	<u><u>\$ 4,717,394</u></u>	<u><u>\$ 2,583,968</u></u>	<u><u>\$ 2,636,596</u></u>
 Covered-employee payroll	 N/A	 N/A	 N/A	 N/A
 Total pension liability as a percentage of covered-employee payroll	 N/A	 N/A	 N/A	 N/A

*Information prior to the year ended May 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Schedule of Changes in the Village/Town's Total Pension Liability—LOSAP Ambulance
Last Four Fiscal Years*

	Year Ended May 31,			
	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ 29,711	\$ 24,226	\$ 31,344	\$ 28,310
Interest	16,683	16,735	15,567	15,734
Changes of assumptions or other inputs	160,268	31,908	(39,600)	39,667
Differences between expected and actual experience	37,239	(15,811)	(17,507)	(2,891)
Benefit payments	<u>(10,665)</u>	<u>(10,425)</u>	<u>(20,698)</u>	<u>(9,945)</u>
Net change in total pension liability	<u>233,236</u>	<u>46,633</u>	<u>(30,894)</u>	<u>70,875</u>
Total pension liability—beginning	<u>487,373</u>	<u>440,740</u>	<u>471,634</u>	<u>400,759</u>
Total pension liability—ending	<u><u>\$ 720,609</u></u>	<u><u>\$ 487,373</u></u>	<u><u>\$ 440,740</u></u>	<u><u>\$ 471,634</u></u>
 Covered-employee payroll	 N/A	 N/A	 N/A	 N/A
 Total pension liability as a percentage of covered-employee payroll	 N/A	 N/A	 N/A	 N/A

*Information prior to the year ended May 31, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Schedule of Changes in the Village/Town's Total OPEB Liability and Related Ratios
Last Three Fiscal Years*

	Year Ended May 31,		
	2021	2020	2019
Governmental Activities:			
Total OPEB Liability			
Service cost	\$ 808,231	\$ 665,373	\$ 569,032
Interest	609,423	673,521	958,026
Differences between expected and actual experience	53,986	(6,153,650)	80,401
Changes of assumptions	1,713,080	2,252,590	551,539
Benefit payments	(947,864)	(1,062,001)	(974,224)
Net change in total OPEB liability	2,236,856	(3,624,167)	1,184,774
Total OPEB liability—beginning	24,239,195	27,863,362	26,678,588
Total OPEB liability—ending	<u>\$ 26,476,051</u>	<u>\$ 24,239,195</u>	<u>\$ 27,863,362</u>
Plan Fiduciary Net Position			
Contributions—employer	\$ 947,864	\$ 1,062,001	\$ 974,224
Benefit payments	(947,864)	(1,062,001)	(974,224)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village/Town's net OPEB liability—ending	<u>\$ 26,476,051</u>	<u>\$ 24,239,195</u>	<u>\$ 27,863,362</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 4,398,320	\$ 4,243,262	\$ 3,952,082
Village/Town's net OPEB liability as a percentage of covered-employee payroll	602.0%	571.2%	705.0%
Business-type Activities:			
Total OPEB Liability			
Service cost	\$ 48,779	\$ 39,468	\$ 34,949
Interest	30,781	33,723	43,009
Differences between expected and actual experience	28,880	(158,431)	11,050
Changes of assumptions	118,956	122,832	27,716
Benefit payments	(62,184)	(66,300)	(61,910)
Net change in total OPEB liability	165,212	(28,708)	54,814
Plan fiduciary net position—beginning	1,223,475	1,252,183	1,197,369
Total OPEB liability—ending	<u>\$ 1,388,687</u>	<u>\$ 1,223,475</u>	<u>\$ 1,252,183</u>
Plan Fiduciary Net Position			
Contributions—employer	\$ 62,184	\$ 66,300	\$ 61,910
Benefit payments	(62,184)	(66,300)	(61,910)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position—beginning	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village/Town's net OPEB liability—ending	<u>\$ 1,388,687</u>	<u>\$ 1,223,475</u>	<u>\$ 1,252,183</u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 1,350,754	\$ 1,325,229	\$ 1,199,541
Village/Town's net OPEB liability as a percentage of covered-employee payroll	102.8%	92.3%	104.4%

*Information prior to the year ended May 31, 2019 is not available.

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual—General Fund
Year Ended May 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Real property taxes and other tax items	\$ 15,753,877	\$ 16,011,719	\$ 16,011,719	\$ -
Non-property taxes items	2,305,000	2,321,492	3,096,295	774,803
Departmental income	1,893,050	1,114,702	1,114,702	-
Intergovernmental charges	1,060,548	1,051,643	1,051,643	-
Use of money and property	485,535	444,162	446,355	2,193
Licenses and permits	101,750	82,699	82,699	-
Fines and forfeitures	552,500	280,103	280,103	-
Sale of property and compensation for loss	12,500	260,851	260,851	-
Miscellaneous	31,000	73,572	1,329,856	1,256,284
State aid	370,398	530,474	553,562	23,088
Federal aid	85,200	189,912	189,912	-
Total revenues	<u>22,651,358</u>	<u>22,361,329</u>	<u>24,417,697</u>	<u>2,056,368</u>
EXPENDITURES				
Current:				
General government support	2,924,328	2,527,031	2,527,031	-
Public safety	9,016,238	8,105,312	8,105,312	-
Health	388,113	471,549	471,549	-
Transportation	967,291	1,004,575	1,004,575	-
Economic assistance and opportunity	531,920	471,934	471,934	-
Culture and recreation	1,271,259	844,018	844,018	-
Home and community services	1,313,431	1,330,656	1,330,656	-
Employee benefits	3,271,775	3,250,469	3,250,469	-
Debt service:				
Principal	-	3,900	3,900	-
Total expenditures	<u>19,684,355</u>	<u>18,009,444</u>	<u>18,009,444</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,967,003</u>	<u>4,351,885</u>	<u>6,408,253</u>	<u>2,056,368</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	-	-	-
Transfers out	<u>(3,626,886)</u>	<u>(4,351,885)</u>	<u>(4,351,885)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,326,886)</u>	<u>(4,351,885)</u>	<u>(4,351,885)</u>	<u>-</u>
Net change in fund balances*	(359,883)	-	2,056,368	2,056,368
Fund balances—beginning, as restated	18,495,185	18,495,185	18,495,185	-
Fund balances—ending	<u>\$ 18,135,302</u>	<u>\$ 18,495,185</u>	<u>\$ 20,551,553</u>	<u>\$ 2,056,368</u>

*The net change in fund balance was included as an appropriation (i.e., spenddown) of fund balance, use of reserves, and re-appropriation of prior year encumbrances.

The notes to the required supplementary information are an integral part of this schedule.

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Notes to the Required Supplementary Information
Year Ended May 31, 2021

1. PENSION LIABILITY—LOSAP

Changes of Assumptions or Other Inputs—The discount rate used to measure the total pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2019	3.26%
December 31, 2020	1.93%

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

2. OPEB LIABILITY

Changes of Assumptions—The actuarial cost method used in the June 1, 2019 actuarial valuation was the Entry Age Normal Level Percent of Pay method as prescribed under GASB 75.

The rate used to discount future plan cash flows decreased from 2.48% to 1.99% as of May 31, 2021 based on a review of the Fidelity General Obligation 20-year AA Municipal Bond Index as of each measurement date.

The mortality assumption was revised as of May 31, 2021 to the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2020, and then adjusted for mortality improvements with scale MP-2018 mortality improvement scale on a generational basis.

3. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund, Debt Service Fund, and Public Library Fund. The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through Board resolution at the projects inception and lapse at upon termination of the project. No formal annual budgets are adopted for the Special Purpose Fund. Appropriation limits, where applicable, for the Special Purpose Fund are maintained based on individual grants and donations accepted by the Village/Town.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments require the approval of the Boards. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

SUPPLEMENTARY INFORMATION

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VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
May 31, 2021

	Special Revenue		Total
	Public Library	Special Purpose	Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 341,893	\$ -	\$ 341,893
Restricted cash and cash equivalents	46,069	56,347	102,416
Accounts receivable	330	-	330
Prepaid and other assets	5,940	-	5,940
Total assets	<u>\$ 394,232</u>	<u>\$ 56,347</u>	<u>\$ 450,579</u>
LIABILITIES			
Accounts payable	\$ 9,228	\$ -	\$ 9,228
Accrued liabilities	21,189	-	21,189
Due to other funds	-	17	17
Due to retirement system	9,974	-	9,974
Total liabilities	<u>40,391</u>	<u>17</u>	<u>40,408</u>
FUND BALANCES			
Nonspendable	5,940	-	5,940
Restricted	46,069	56,330	102,399
Assigned	301,832	-	301,832
Total fund balances	<u>353,841</u>	<u>56,330</u>	<u>410,171</u>
Total liabilities and fund balances	<u>\$ 394,232</u>	<u>\$ 56,347</u>	<u>\$ 450,579</u>

VILLAGE/TOWN OF MOUNT KISCO, NEW YORK
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—
Nonmajor Governmental Funds
Year Ended May 31, 2021

	Special Revenue		Total
	Public Library	Special Purpose	Nonmajor Funds
REVENUES			
Departmental income	\$ 620	\$ -	\$ 620
Use of money and property	41	-	41
Miscellaneous	3,050	10,579	13,629
State aid	<u>2,797</u>	<u>-</u>	<u>2,797</u>
Total revenues	<u>6,508</u>	<u>10,579</u>	<u>17,087</u>
EXPENDITURES			
Current:			
General government support	14,357	1,413	15,770
Culture and recreation	910,170	5,290	915,460
Employee benefits	<u>322,034</u>	<u>-</u>	<u>322,034</u>
Total expenditures	<u>1,246,561</u>	<u>6,703</u>	<u>1,253,264</u>
Excess (deficiency) of revenues over expenditures	<u>(1,240,053)</u>	<u>3,876</u>	<u>(1,236,177)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,822,994	-	1,822,994
Transfers out	<u>(656,525)</u>	<u>-</u>	<u>(656,525)</u>
Total other financing sources (uses)	<u>1,166,469</u>	<u>-</u>	<u>1,166,469</u>
Net change in fund balances	(73,584)	3,876	(69,708)
Fund balances—beginning, as restated	<u>427,425</u>	<u>52,454</u>	<u>479,879</u>
Fund balances—ending	<u>\$ 353,841</u>	<u>\$ 56,330</u>	<u>\$ 410,171</u>

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Certified Public Accountants

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

The Board of Trustees of the
Village/Town of Mount Kisco, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village/Town of Mount Kisco, New York (the "Village/Town") as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Village/Town's basic financial statements, and have issued our report thereon dated February 15, 2022 (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84).

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village/Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Drecher & Malecki LLP
February 15, 2022