

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

*Basic Financial Statements, Required Supplementary  
Information and Supplementary Information  
for the Year Ended May 31, 2020  
and Independent Auditors' Reports*



**VILLAGE/TOWN OF MOUNT KISCO, NEW YORK**  
**Table of Contents**  
**Year Ended May 31, 2020**

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	<u>Page</u>
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet—Governmental Funds .....	17
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities .....	20
Statement of Net Position—Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Net Position—Proprietary Funds .....	22
Statement of Cash Flows—Proprietary Funds.....	23
Statement of Net Position—Fiduciary Funds .....	24
Statement of Changes in Net Position—Fiduciary Funds .....	25
Notes to the Financial Statements .....	26
<b>Required Supplementary Information:</b>	
Schedule of the Village/Town's Proportionate Share of the Net Pension Liability—Employees' Retirement System.....	65

(continued)



**VILLAGE/TOWN OF MOUNT KISCO, NEW YORK**  
**Table of Contents**  
**Year Ended May 31, 2020**

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(concluded)

Page

Schedule of the Village/Town's Contributions— Employees' Retirement System .....	66
Schedule of Changes in the Village/Town's Total Pension Liability—LOSAP Fire.....	67
Schedule of Changes in the Village/Town's Total Pension Liability—LOSAP Ambulance.....	68
Schedule of Changes in the Village/Town's Total OPEB Liability and Related Ratios .....	69
Schedule of Revenues, Expenditures, and Changes in Fund Balances— Budget and Actual—General Fund.....	70
Notes to the Required Supplementary Information .....	71
<b>Supplementary Information:</b>	
Combining Balance Sheet—Nonmajor Governmental Funds.....	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds .....	74
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	75
Schedule of Findings .....	77



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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, 2020, 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, 2020, 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.

## ***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 August 25, 2021 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 & Malechuk LLP*

August 25, 2021



**VILLAGE/TOWN OF MOUNT KISCO, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended May 31, 2020**

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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, 2020. 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.

**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 \$38,136,419 (*net position*). This consists of \$55,902,442 net investment in capital assets, \$2,509,972 restricted net position, offset by an unrestricted net position of \$(20,275,995).
- The Village/Town's primary government net position increased \$591,288 during the year ended May 31, 2020. Governmental activities increased the Village/Town's net position by \$949,365, and the net position of business-type activities decreased by \$358,077.
- At the close of the current fiscal year, the Village/Town's governmental funds reported a combined ending fund balance of \$22,252,524, a decrease of \$2,196,448 in comparison with the prior year's fund balance of \$24,448,972.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$8,254,029, or approximately 34.3 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 58.0 percent of the General Fund's total fund balance of \$14,232,637 at May 31, 2020.
- The Village/Town's total bonded indebtedness decreased by \$1,255,320 for governmental activities as a result of scheduled principal payments. Total bonded indebtedness decreased by \$1,464,980 for business-type activities as a result of scheduled principal payments.

**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 two types of fiduciary funds, the Pension Trust Fund and the Agency Fund. The Pension Trust Fund is used to account for trust arrangements for which the funds of the Village/Town's Volunteer Fire and Ambulance Length of Service Award Programs ("LOSAP") are maintained. The Agency 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 26-64 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 65-72 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 \$38,136,419 at the close of the fiscal year ended May 31, 2020, as compared to \$37,545,131 at the close of the fiscal year ended May 31, 2019.

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,	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 28,607,277	\$ 30,957,634	\$ 4,179,459	\$ 10,525,974	\$ 32,786,736	\$ 41,483,608
Noncurrent assets	43,989,313	42,058,428	36,999,375	34,785,387	80,988,688	76,843,815
Total assets	72,596,590	73,016,062	41,178,834	45,311,361	113,775,424	118,327,423
Deferred outflows of resources	7,081,754	1,450,389	1,028,932	362,734	8,110,686	1,813,123
Current liabilities	6,183,247	6,635,447	12,663,996	15,184,512	18,847,243	21,819,959
Noncurrent liabilities	51,908,567	51,825,644	7,452,781	8,071,520	59,361,348	59,897,164
Total liabilities	58,091,814	58,461,091	20,116,777	23,256,032	78,208,591	81,717,123
Deferred inflows of resources	5,366,940	735,135	174,160	143,157	5,541,100	878,292
Net position:						
Net investment in capital assets	34,340,884	32,093,132	21,561,558	20,111,281	55,902,442	52,204,413
Restricted	1,790,014	1,581,724	719,958	719,461	2,509,972	2,301,185
Unrestricted	(19,911,308)	(18,404,631)	(364,687)	1,444,164	(20,275,995)	(16,960,467)
Total net position	\$ 16,219,590	\$ 15,270,225	\$ 21,916,829	\$ 22,274,906	\$ 38,136,419	\$ 37,545,131

The largest portion of the Village/Town's primary government net position, \$55,902,442, 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, \$2,509,972, 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, \$(20,275,995) 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, 2020 and May 31, 2019.

**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,	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 3,915,189	\$ 3,730,893	\$ 4,970,668	\$ 4,934,145	\$ 8,885,857	\$ 8,665,038
Operating grants and contributions	225,827	156,412	-	-	225,827	156,412
Capital grants and contributions	150,959	386,318	-	-	150,959	386,318
General revenues	19,214,311	18,452,575	570,469	871,256	19,784,780	19,323,831
Total revenues	23,506,286	22,726,198	5,541,137	5,805,401	29,047,423	28,531,599
Program expenses	22,556,921	21,960,320	5,899,214	5,301,942	28,456,135	27,262,262
Change in net position	949,365	765,878	(358,077)	503,459	591,288	1,269,337
Net position—beginning	15,270,225	14,504,347	22,274,906	21,771,447	37,545,131	36,275,794
Net position—ending	<u>\$ 16,219,590</u>	<u>\$ 15,270,225</u>	<u>\$ 21,916,829</u>	<u>\$ 22,274,906</u>	<u>\$ 38,136,419</u>	<u>\$ 37,545,131</u>

**Governmental activities**—Governmental activities increased the Village/Town’s net position by \$949,365, primarily due to an increase in general revenues. Total expenses increased 2.7 percent from the year ended May 31, 2019, which is primarily attributable to an increase in culture and recreation services. Overall revenues of governmental activities increased 3.4 percent from the prior year, primarily due to an increase in sales tax receipts.

A summary of sources of revenues for governmental activities for the years ended May 31, 2020 and 2019 is presented in Table 3 below:

**Table 3—Summary of Sources of Revenues—Governmental Activities**

	Year Ended May 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Charges for services	\$ 3,915,189	\$ 3,730,893	\$ 184,296	4.9
Operating grants and contributions	225,827	156,412	69,415	44.4
Capital grants and contributions	150,959	386,318	(235,359)	(60.9)
Real property taxes and tax items	15,462,368	15,249,482	212,886	1.4
Other non-property taxes	2,738,193	2,265,075	473,118	20.9
Use of money and property	753,586	675,702	77,884	11.5
Sale of property and compensation for loss	126,756	38,838	87,918	226.4
Miscellaneous	53,510	143,580	(90,070)	(62.7)
State sources—unrestricted	79,898	79,898	-	0.0
Total revenues	<u>\$ 23,506,286</u>	<u>\$ 22,726,198</u>	<u>\$ 780,088</u>	3.4

The most significant sources of revenues for the year ended May 31, 2020 are 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 \$3,915,189, or 16.7 percent of total revenues, and other non-property taxes, which amount to \$2,738,193, or 11.6 percent of total revenues. Similarly, for the year ended May 31, 2019, the largest sources of revenues were real property taxes and tax items of \$15,249,482, or 67.1 percent of total revenues, charges for services of \$3,730,893, or 16.4 percent of total revenues, and other non-property taxes of \$2,265,075, or 10.0 percent of total revenues.

A summary of program expenses for governmental activities for the years ended May 31, 2020 and 2019 is presented below in Table 4:

**Table 4—Summary of Program Expenses—Governmental Activities**

	Year Ended May 31,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
General government support	\$ 3,457,748	\$ 3,485,215	\$ (27,467)	(0.8)
Public safety	9,345,641	9,411,593	(65,952)	(0.7)
Health	494,379	497,965	(3,586)	(0.7)
Transportation	2,048,012	2,124,555	(76,543)	(3.6)
Economic assistance and opportunity	807,811	790,810	17,001	2.1
Culture and recreation	3,550,787	3,145,163	405,624	12.9
Home and community services	2,286,402	2,113,537	172,865	8.2
Interest and other fiscal charges	566,141	391,482	174,659	44.6
Total program expenses	<u>\$ 22,556,921</u>	<u>\$ 21,960,320</u>	<u>\$ 596,601</u>	2.7

The Village/Town's most significant expense items for governmental activities for the year ended May 31, 2020 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. For the year ended May 31, 2019, the Village/Town's most significant expense items were public safety of \$9,411,593, or 42.9 percent of total expenses, general government support of \$3,485,215, or 15.9 percent of total expenses, and culture and recreation of \$3,145,163, or 14.3 percent of total expenses.

During the year ended May 31, 2020, overall expenses increased by 2.7 percent, primarily due to an increase in allocable employee benefit costs.

**Business-type activities**—Business-type activities decreased the Village/Town's net position by \$358,077. For the year ended May 31, 2020, revenues decreased 4.6 percent and expenses increased 11.3 percent.

A summary of revenues and expenses for the Village/Town's business-type activities for the years ended May 31, 2020 and 2019 is presented below in Table 5:

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

	Year Ended May 31,		Increase/(Decrease)	
	2020	2019	Dollar	Percent (%)
Revenues:				
Charges for services	\$ 4,970,668	\$ 4,934,145	\$ 36,523	0.7
Use of money and property	100,143	175,504	(75,361)	(42.9)
Premium on bond anticipation note	17,225	149,100	(131,875)	n/a
Insurance recoveries	452,881	542,076	(89,195)	n/a
Other revenue	220	4,576	(4,356)	(95.2)
Total revenues	<u>\$ 5,541,137</u>	<u>\$ 5,805,401</u>	<u>\$ (264,264)</u>	(4.6)
Expenses:				
Personal services and employee benefits	\$ 2,176,588	\$ 1,897,061	\$ 279,527	14.7
Supplies	153,304	166,780	(13,476)	(8.1)
Utilities	209,239	229,897	(20,658)	(9.0)
Contracted services	1,182,040	1,012,049	169,991	16.8
Depreciation	1,710,673	1,592,882	117,791	7.4
Interest	467,370	403,273	64,097	15.9
Total expenses	<u>\$ 5,899,214</u>	<u>\$ 5,301,942</u>	<u>\$ 597,272</u>	11.3

The most significant source of revenue for business-type activities for the year ended May 31, 2020 was charges for services, which accounted for \$4,970,668, or 89.7 percent of total business-type activities revenues. Similarly, for the year ended May 31, 2019, the most significant source of revenue for business-type activities was charges for services, which accounted for \$4,934,145, or 85.0 percent of total revenues.

The Village/Town's most significant expense items for business-type activities for the year ended May 31, 2020 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. Similarly, for the year ended May 31, 2019, the most significant expense items for business-type activities were personal services and employee benefits, which accounted for \$1,897,061, or 35.8 percent of total expenses, and depreciation expense of \$1,592,882, or 30.0 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, 2020, the Village/Town's governmental funds reported combined ending fund balances of \$22,252,524, a decrease of \$2,196,448 from the prior year fund balance of \$24,448,972. Approximately 37.1 percent, \$8,254,029, 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, \$2,049,905, 2) restricted for particular purposes, \$9,005,146, 3) committed for particular purposes, \$2,282,351, or 4) assigned for particular purposes, \$661,093.

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 \$8,254,029, while the total fund balance decreased to \$14,232,637. 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 34.3 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 59.1 percent of that same amount.

The fund balance in the Capital Projects Fund decreased \$1,081,796 from the prior year, resulting in fund balance of \$7,215,132 as of May 31, 2020. This total fund balance is restricted for capital projects.

The fund balance in the Debt Service Fund increased \$64,073 from the prior year, resulting in fund balance of \$366,499 as of May 31, 2020. 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, 2020 totaled \$18,301,982, which included \$17,633,161 net investment in capital assets, \$719,958 restricted net position, and an unrestricted net position of \$(51,137). The Water Fund net position decreased \$58,895 during the year ended May 31, 2020, primarily as a result of a decrease of insurance recoveries revenue related to a water system project.

Net position of the Sewer Fund at May 31, 2020 totaled \$3,614,847, which included \$3,928,397 net investment in capital assets, and an unrestricted net position deficit of \$(313,550). The Sewer Fund net position decreased \$299,182 during the year ended May 31, 2020, primarily as a result of increased contractual expenses.

### **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, 2020 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	\$ 22,172,921	\$ 22,916,875	\$ 22,916,875	\$ -
Expenditures and other financing uses	<u>23,294,993</u>	<u>22,916,875</u>	<u>24,080,084</u>	<u>(1,163,209)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (1,122,072)</u>	<u>\$ -</u>	<u>\$ (1,163,209)</u>	<u>\$ (1,163,209)</u>

**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, 2020, the Village/Town revenues budget increased primarily due to higher than anticipated revenue collected related to sales tax.

**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 an unfavorable variance from the final appropriations budget of \$1,163,209. The primary negative variance was realized in transfers out related to unanticipated transfers to the Capital Projects Fund.

### 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, 2020, amounted to \$43,989,313 and \$42,058,428, 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, 2020 and May 31, 2019 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,			
	2020	2019	2020	2019	2020	2019
Land	\$ 11,577,611	\$ 11,577,611	\$ 982,787	\$ 982,787	\$ 12,560,398	\$ 12,560,398
Construction in progress	959,255	552,293	-	422,917	959,255	975,210
Land improvements	1,573,385	1,978,958	803,092	507,875	2,376,477	2,486,833
Buildings and improvements	18,797,464	18,205,614	2,758,171	2,140,961	21,555,635	20,346,575
Machinery and equipment	2,977,308	2,539,621	1,211,765	1,360,011	4,189,073	3,899,632
Infrastructure	<u>8,104,290</u>	<u>7,204,331</u>	<u>31,243,560</u>	<u>29,370,836</u>	<u>39,347,850</u>	<u>36,575,167</u>
Total	<u>\$ 43,989,313</u>	<u>\$ 42,058,428</u>	<u>\$ 36,999,375</u>	<u>\$ 34,785,387</u>	<u>\$ 80,988,688</u>	<u>\$ 76,843,815</u>

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 4 to the basic financial statements.

**Long-term debt**—At May 31, 2020, the Village/Town had long term liabilities outstanding of \$51,908,567 and \$7,452,781 for governmental activities and business-type activities, respectively, as compared to \$51,825,644 and \$8,071,520 in the prior year. Of the total long-term liabilities outstanding at May 31, 2020, \$16,223,581 and \$4,461,419 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, 2020 and May 31, 2019 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,	
	2020	2019	2020	2019	2020	2019
Serial bonds	\$ 16,223,581	\$ 17,478,901	\$ 4,461,419	\$ 5,926,399	\$ 20,685,000	\$ 23,405,300
Premiums on serial bonds	1,342,191	1,467,042	224,381	269,257	1,566,572	1,736,299
Capital leases	10,075	13,975	-	-	10,075	13,975
Compensated absences	795,632	798,601	287,048	290,907	1,082,680	1,089,508
Landfill post-closure costs	114,342	125,269	-	-	114,342	125,269
Net pension liability	3,978,784	1,053,786	1,256,458	332,774	5,235,242	1,386,560
Net pension liability—LOSAP	5,204,767	3,024,708	-	-	5,204,767	3,024,708
OPEB obligation	24,239,195	27,863,362	1,223,475	1,252,183	25,462,670	29,115,545
Total	<u>\$ 51,908,567</u>	<u>\$ 51,825,644</u>	<u>\$ 7,452,781</u>	<u>\$ 8,071,520</u>	<u>\$ 59,361,348</u>	<u>\$ 59,897,164</u>

Total outstanding long-term liabilities decreased by \$535,816 from prior year. Major factors that contributed to this decrease include:

- The net pension liability increased in the governmental and business-type activities by \$2,924,998 and \$923,684, respectively. This liability is based on actuarial results related to the pension liability.
- The other postemployment benefits liability decreased in the governmental and business-type activities by \$3,624,167 and \$28,708, respectively. This liability is based on actuarial results related to postemployment benefits.

Additional information on the Village/Town's long-term debt can be found in Note 12 to the financial statements.

## **Economic Factors and Next Year's Budgets and Rates**

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. The extent of the impact of COVID-19 on the Village/Town's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which cannot be predicted.

Impacted by the pandemic is the unemployment rate, not seasonally adjusted, for the Village/Town of Mount Kisco, New York at May 31, 2020 was 11.1 percent. This compares to New York State's average unemployment rate of 14.2 percent and the national average unemployment rate of 13.3 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, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,907,654	\$ 1,059,018	\$ 13,966,672
Restricted cash and cash equivalents	5,583,682	1,436,175	7,019,857
Investments	5,035,046	-	5,035,046
Receivables (net of allowance for uncollectibles):			
Taxes	857,580	-	857,580
Accounts receivable	419,554	1,654,088	2,073,642
Due from Agency Fund	574	-	574
Intergovernmental receivables	1,753,282	-	1,753,282
Real estate acquired for resale	1,836,153	-	1,836,153
Prepaid and other assets	213,752	30,178	243,930
Capital assets, not being depreciated	12,536,866	982,787	13,519,653
Capital assets, net of accumulated depreciation	31,452,447	36,016,588	67,469,035
Total assets	<u>72,596,590</u>	<u>41,178,834</u>	<u>113,775,424</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	183,659	111,766	295,425
Deferred outflows—relating to pensions	4,755,695	791,771	5,547,466
Deferred outflows—relating to OPEB	2,142,400	125,395	2,267,795
Total deferred outflows of resources	<u>7,081,754</u>	<u>1,028,932</u>	<u>8,110,686</u>
<b>LIABILITIES</b>			
Accounts payable	2,864,507	883,488	3,747,995
Accrued liabilities	552,395	185,551	737,946
Intergovernmental payables	2,499,747	-	2,499,747
Due to retirement system	129,015	14,957	143,972
Unearned revenue	137,583	-	137,583
Bond anticipation notes payable	-	11,580,000	11,580,000
Noncurrent liabilities:			
Due within one year	1,525,360	1,607,790	3,133,150
Due within more than one year	50,383,207	5,844,991	56,228,198
Total liabilities	<u>58,091,814</u>	<u>20,116,777</u>	<u>78,208,591</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows—relating to pensions	420,251	42,939	463,190
Deferred inflows—relating to OPEB	4,946,689	131,221	5,077,910
Total deferred inflows of resources	<u>5,366,940</u>	<u>174,160</u>	<u>5,541,100</u>
<b>NET POSITION</b>			
Net investment in capital assets	34,340,884	21,561,558	55,902,442
Restricted for:			
Unemployment benefits	34,379	15,480	49,859
Open space	1,205,190	-	1,205,190
Special purposes	52,454	-	52,454
Capital projects	58	596,134	596,192
Debt service	497,933	108,344	606,277
Unrestricted	(19,911,308)	(364,687)	(20,275,995)
Total net position	<u>\$ 16,219,590</u>	<u>\$ 21,916,829</u>	<u>\$ 38,136,419</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, 2020**

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating	Capital	Primary Government			
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government support	\$ 3,457,748	\$ 322,346	\$ -	\$ -	\$ (3,135,402)	\$ -	\$ (3,135,402)	
Public safety	9,345,641	2,274,036	-	-	(7,071,605)	-	(7,071,605)	
Health	494,379	43,107	100,736	-	(350,536)	-	(350,536)	
Transportation	2,048,012	860,678	8,171	150,959	(1,028,204)	-	(1,028,204)	
Economic assistance and opportunity	807,811	36,635	97,602	-	(673,574)	-	(673,574)	
Culture and recreation	3,550,787	357,267	19,318	-	(3,174,202)	-	(3,174,202)	
Home and community services	2,286,402	21,120	-	-	(2,265,282)	-	(2,265,282)	
Interest and other fiscal charges	566,141	-	-	-	(566,141)	-	(566,141)	
Total governmental activities	22,556,921	3,915,189	225,827	150,959	(18,264,946)	-	(18,264,946)	
Business-type activities:								
Water	4,666,683	4,049,113	-	-	-	(617,570)	(617,570)	
Sewer	1,232,531	921,555	-	-	-	(310,976)	(310,976)	
Total business-type activities	5,899,214	4,970,668	-	-	-	(928,546)	(928,546)	
Total primary government	\$ 28,456,135	\$ 8,885,857	\$ 225,827	\$ 150,959	(18,264,946)	(928,546)	(19,193,492)	
General revenues:								
Real property taxes and tax items					15,462,368	-	15,462,368	
Other non-property taxes					2,738,193	-	2,738,193	
Use of money and property					753,586	100,143	853,729	
Sale of property and compensation for loss					126,756	452,881	579,637	
Miscellaneous					53,510	17,445	70,955	
State sources—unrestricted					79,898	-	79,898	
Total general revenues					19,214,311	570,469	19,784,780	
Change in net position					949,365	(358,077)	591,288	
Net position—beginning					15,270,225	22,274,906	37,545,131	
Net position—ending					\$ 16,219,590	\$ 21,916,829	\$ 38,136,419	

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, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 12,491,329	\$ -	\$ -	\$ 416,325	\$ 12,907,654
Restricted cash and cash equivalents	1,504,199	3,655,185	366,499	57,799	5,583,682
Investments	946,472	4,088,574	-	-	5,035,046
Receivables (net of allowances for uncollectibles):					
Taxes	857,580	-	-	-	857,580
Accounts receivable	419,402	-	-	152	419,554
Due from other funds	1,474	-	-	-	1,474
Intergovernmental receivables	1,753,282	-	-	-	1,753,282
Real estate acquired for resale	1,836,153	-	-	-	1,836,153
Prepaid and other assets	198,107	-	-	15,645	213,752
Total assets	<u>\$ 20,007,998</u>	<u>\$ 7,743,759</u>	<u>\$ 366,499</u>	<u>\$ 489,921</u>	<u>\$ 28,608,177</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 2,312,812	\$ 528,627	\$ -	\$ 23,068	\$ 2,864,507
Accrued liabilities	254,073	-	-	16,433	270,506
Due to other funds	-	-	-	900	900
Intergovernmental payables	2,499,747	-	-	-	2,499,747
Due to retirement system	117,751	-	-	11,264	129,015
Unearned revenue	137,583	-	-	-	137,583
Total liabilities	<u>5,321,966</u>	<u>528,627</u>	<u>-</u>	<u>51,665</u>	<u>5,902,258</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	453,395	-	-	-	453,395
Total deferred inflows of resources	<u>453,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453,395</u>
<b>FUND BALANCES</b>					
Nonspendable	2,034,260	-	-	15,645	2,049,905
Restricted	1,366,616	7,215,132	366,499	56,899	9,005,146
Committed	2,282,351	-	-	-	2,282,351
Assigned	295,381	-	-	365,712	661,093
Unassigned	8,254,029	-	-	-	8,254,029
Total fund balances	<u>14,232,637</u>	<u>7,215,132</u>	<u>366,499</u>	<u>438,256</u>	<u>22,252,524</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,007,998</u>	<u>\$ 7,743,759</u>	<u>\$ 366,499</u>	<u>\$ 489,921</u>	<u>\$ 28,608,177</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, 2020**

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

Total fund balances—governmental funds (page 17)		\$ 22,252,524
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 \$81,221,445 and the accumulated depreciation is \$37,232,132.		43,989,313
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.		453,395
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.		183,659
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	\$ 107,157	
Deferred outflows related to experience, changes in assumptions and investment earnings	4,648,538	
Deferred inflows related to pension plans	<u>(420,251)</u>	4,335,444
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	\$ 2,142,400	
Deferred inflows of resources related to OPEB	<u>(4,946,689)</u>	(2,804,289)
Net accrued interest expense for serial bonds is not reported in the fund statements.		(281,889)
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	\$ (16,223,581)	
Premiums on serial bonds	(1,342,191)	
Capital leases	(10,075)	
Compensated absences	(795,632)	
Landfill post-closure costs	(114,342)	
Net pension liability	(3,978,784)	
Net pension liability—LOSAP	(5,204,767)	
OPEB obligation	<u>(24,239,195)</u>	(51,908,567)
Net position of governmental activities		<u>\$ 16,219,590</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, 2020**

	<b>General</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes and tax items	\$ 15,152,443	\$ -	\$ -	\$ -	\$ 15,152,443
Non-property tax items	2,738,193	-	-	-	2,738,193
Departmental income	1,809,912	-	-	651	1,810,563
Intergovernmental charges	1,091,297	-	-	-	1,091,297
Use of money and property	666,053	-	84,066	3,467	753,586
Licenses and permits	104,671	-	-	-	104,671
Fines and forfeitures	654,086	-	-	-	654,086
Sale of property and compensation for loss	126,756	-	-	-	126,756
Miscellaneous	30,246	-	-	23,264	53,510
State aid	339,765	150,959	-	17,079	507,803
Federal aid	203,453	-	-	-	203,453
Total revenues	<u>22,916,875</u>	<u>150,959</u>	<u>84,066</u>	<u>44,461</u>	<u>23,196,361</u>
<b>EXPENDITURES</b>					
Current:					
General government support	2,533,286	-	-	20,550	2,553,836
Public safety	8,277,918	-	-	-	8,277,918
Health	443,572	-	-	-	443,572
Transportation	825,624	-	-	-	825,624
Economic assistance and opportunity	495,811	-	-	-	495,811
Culture and recreation	1,045,539	-	-	895,184	1,940,723
Home and community services	1,337,742	-	-	415	1,338,157
Employee benefits	3,217,595	-	-	286,659	3,504,254
Debt service:					
Principal	3,900	-	1,255,320	-	1,259,220
Interest and other fiscal charges	-	-	652,868	-	652,868
Capital outlay	-	4,100,826	-	-	4,100,826
Total expenditures	<u>18,180,987</u>	<u>4,100,826</u>	<u>1,908,188</u>	<u>1,202,808</u>	<u>25,392,809</u>
Excess (deficiency) of revenues over expenditures	<u>4,735,888</u>	<u>(3,949,867)</u>	<u>(1,824,122)</u>	<u>(1,158,347)</u>	<u>(2,196,448)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	2,868,071	1,908,189	1,792,994	6,569,254
Transfers out	(5,899,097)	-	(19,994)	(650,163)	(6,569,254)
Total other financing sources (uses)	<u>(5,899,097)</u>	<u>2,868,071</u>	<u>1,888,195</u>	<u>1,142,831</u>	<u>-</u>
Net change in fund balances	(1,163,209)	(1,081,796)	64,073	(15,516)	(2,196,448)
Fund balances—beginning	15,395,846	8,296,928	302,426	453,772	24,448,972
Fund balances—ending	<u>\$ 14,232,637</u>	<u>\$ 7,215,132</u>	<u>\$ 366,499</u>	<u>\$ 438,256</u>	<u>\$ 22,252,524</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, 2020**

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) \$ (2,196,448)

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	\$ 4,100,826	
Depreciation expense	<u>(2,169,941)</u>	1,930,885

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. 309,925

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	\$ 819,736	
Cost of benefits earned net of employee contributions	<u>(1,598,123)</u>	(778,387)

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. (3,300,620)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (11,634)

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:

Repayment of serial bonds	\$ 1,255,320	
Amortization of bond premiums	124,851	
Repayment of capital lease	3,900	
Change in compensated absences	2,969	
Change in landfill post-closure costs	10,927	
Change in OPEB obligation	<u>3,624,167</u>	<u>5,022,134</u>

Change in net position of governmental activities \$ 949,365

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**  
**Year Ended May 31, 2020**

	<b>Business-type Activities</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 865,417	\$ 193,601	\$ 1,059,018
Restricted cash and cash equivalents	719,958	716,217	1,436,175
Receivables	1,346,884	307,204	1,654,088
Prepaid and other assets	21,192	8,986	30,178
Total current assets	<u>2,953,451</u>	<u>1,226,008</u>	<u>4,179,459</u>
Noncurrent assets:			
Capital assets not being depreciated:			
Land	492,276	490,511	982,787
Capital assets, net of accumulated depreciation:			
Land improvements	803,092	-	803,092
Buildings and improvements	2,705,639	52,532	2,758,171
Machinery and equipment	1,152,684	59,081	1,211,765
Infrastructure	27,553,504	3,690,056	31,243,560
Total noncurrent assets	<u>32,707,195</u>	<u>4,292,180</u>	<u>36,999,375</u>
Total assets	<u>35,660,646</u>	<u>5,518,188</u>	<u>41,178,834</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	111,766	-	111,766
Deferred outflows—relating to pensions	527,847	263,924	791,771
Deferred outflows—relating to OPEB	75,237	50,158	125,395
Total deferred outflows of resources	<u>714,850</u>	<u>314,082</u>	<u>1,028,932</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	838,498	44,990	883,488
Accrued liabilities	33,402	14,395	47,797
Accrued interest payable	134,741	3,013	137,754
Due to retirement system	14,957	-	14,957
Bond anticipation notes payable	10,500,000	1,080,000	11,580,000
Total current liabilities	<u>11,521,598</u>	<u>1,142,398</u>	<u>12,663,996</u>
Noncurrent liabilities:			
Due within one year	1,598,346	9,444	1,607,790
Due within more than one year	4,846,211	998,780	5,844,991
Total noncurrent liabilities	<u>6,444,557</u>	<u>1,008,224</u>	<u>7,452,781</u>
Total liabilities	<u>17,966,155</u>	<u>2,150,622</u>	<u>20,116,777</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows—relating to pensions	28,626	14,313	42,939
Deferred inflows—relating to OPEB	78,733	52,488	131,221
Total deferred inflows of resources	<u>107,359</u>	<u>66,801</u>	<u>174,160</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,633,161	3,928,397	21,561,558
Restricted for:			
Unemployment insurance	15,480	-	15,480
Capital projects	596,134	-	596,134
Debt service	108,344	-	108,344
Unrestricted	(51,137)	(313,550)	(364,687)
Total net position	<u>\$ 18,301,982</u>	<u>\$ 3,614,847</u>	<u>\$ 21,916,829</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, 2020**

	<b>Business-type Activities</b>		<b>Total Enterprise Funds</b>
	<b>Water</b>	<b>Sewer</b>	
Operating revenues:			
Charges for services	\$ 4,049,113	\$ 921,555	\$ 4,970,668
Miscellaneous	220	-	220
Total operating revenues	<u>4,049,333</u>	<u>921,555</u>	<u>4,970,888</u>
Operating expenses:			
Personal services	897,032	440,913	1,337,945
Supplies	151,709	1,595	153,304
Utilities	205,290	3,949	209,239
Contractual expenses	875,026	307,014	1,182,040
Employee benefits	569,024	269,619	838,643
Depreciation	<u>1,525,259</u>	<u>185,414</u>	<u>1,710,673</u>
Total operating expenses	<u>4,223,340</u>	<u>1,208,504</u>	<u>5,431,844</u>
Operating income (loss)	<u>(174,007)</u>	<u>(286,949)</u>	<u>(460,956)</u>
Nonoperating revenues (expenses):			
Interest earnings	88,349	11,794	100,143
Interest expense	(443,343)	(24,027)	(467,370)
Premium on bond anticipation note	17,225	-	17,225
Insurance recoveries	<u>452,881</u>	<u>-</u>	<u>452,881</u>
Total nonoperating revenues (expenses)	<u>115,112</u>	<u>(12,233)</u>	<u>102,879</u>
Change in net position	(58,895)	(299,182)	(358,077)
Total net position—beginning	<u>18,360,877</u>	<u>3,914,029</u>	<u>22,274,906</u>
Total net position—ending	<u>\$ 18,301,982</u>	<u>\$ 3,614,847</u>	<u>\$ 21,916,829</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, 2020**

	<b>Business-type Activities</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total Enterprise Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from services provided	\$ 3,864,452	\$ 857,306	\$ 4,721,758
Receipts from other operating revenue	220	-	220
Payments to employees	(897,032)	(440,913)	(1,337,945)
Payments for employee benefits	(417,183)	(193,952)	(611,135)
Payments to suppliers of contracted services	(3,621,858)	(292,343)	(3,914,201)
Net cash (used for) operating activities	(1,071,401)	(69,902)	(1,141,303)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(3,784,252)	(140,409)	(3,924,661)
Premium on issuance of bond anticipation notes	17,225	-	17,225
Principal payments on bond anticipation notes, net	-	(60,000)	(60,000)
Principal payments on bonds	(1,464,980)	-	(1,464,980)
Interest payments	(580,628)	(23,987)	(604,615)
Insurance recoveries	452,881	-	452,881
Net cash (used for) capital and related financing activities	(5,359,754)	(224,396)	(5,584,150)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income earned	88,349	11,794	100,143
Net cash provided by investing activities	88,349	11,794	100,143
(Decrease) in cash and cash equivalents	(6,342,806)	(282,504)	(6,625,310)
Cash and cash equivalents—beginning of year	7,928,181	1,192,322	9,120,503
Cash and cash equivalents—end of year	\$ 1,585,375	\$ 909,818	\$ 2,495,193
<b>Reconciliation of operating income (loss) to net cash (used for) operating activities:</b>			
Operating (loss)	\$ (174,007)	\$ (286,949)	\$ (460,956)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	1,525,259	185,414	1,710,673
(Increase) in receivables	(184,661)	(64,249)	(248,910)
(Increase) in prepaid and other assets	(20,941)	(8,944)	(29,885)
(Increase) in deferred outflows of resources—pensions	(396,785)	(198,393)	(595,178)
(Increase) in deferred outflows of resources—OPEB	(56,024)	(37,349)	(93,373)
Increase (decrease) in payables	(2,368,892)	29,159	(2,339,733)
(Decrease) in accrued liabilities	(4,039)	(2,021)	(6,060)
Increase in noncurrent liabilities	596,768	294,348	891,116
(Decrease) in deferred inflows of resources—pensions	(66,812)	(33,406)	(100,218)
Increase in deferred inflows of resources—OPEB	78,733	52,488	131,221
Total adjustments	(897,394)	217,047	(680,347)
Net cash (used for) operating activities	\$ (1,071,401)	\$ (69,902)	\$ (1,141,303)

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 Net Position—Fiduciary Funds**  
**May 31, 2020**

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	<u>Pension Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 23,268	\$ 418,107
Restricted investments	<u>4,216,585</u>	<u>-</u>
Total assets	<u>4,239,853</u>	<u>\$ 418,107</u>
<b>LIABILITIES</b>		
Accounts payable	1,200	\$ 40,120
Due to other funds	-	574
Other agency liabilities	<u>-</u>	<u>377,413</u>
Total liabilities	<u>1,200</u>	<u>\$ 418,107</u>
<b>NET POSITION</b>		
Restricted for pension benefits	<u>\$ 4,238,653</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 Net Position—Fiduciary Funds**  
**Year Ended May 31, 2020**

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	<u><b>Pension Trust</b></u>
<b>ADDITIONS</b>	
Net investment income	\$ 124,673
Pension contributions	284,488
Net change in fair value of investments	<u>280,359</u>
Total additions	<u>689,520</u>
<b>DEDUCTIONS</b>	
Pension benefits	223,565
Administrative fees	<u>59,098</u>
Total deductions	<u>282,663</u>
Change in net position	406,857
Net position—beginning	<u>3,831,796</u>
Net position—ending	<u><u>\$ 4,238,653</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**  
**Notes to the Financial Statements**  
**Year Ended May 31, 2020**

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**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. The Police Department ceased operation on June 1, 2015, when the Village/Town’s police functions were transferred from the Village/Town to the County of Westchester. 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, 2020. 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. Fiduciary funds include the *Pension Trust Fund* and the *Agency Fund*.

- *Pension Trust Fund*—The Pension Trust Fund is used to account for the service award programs for both firefighter and ambulance volunteers.
- *Agency Fund*—The Agency Fund is used to account for assets held by the Village/Town in a trustee capacity or as an agent for individuals or other governmental units.

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 pension trust funds are reported using the *economic resource measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

#### ***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 of the Pension Trust Fund 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 1<sup>st</sup> 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, 2020, 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 net 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 net 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, 2020, 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 \$453,395, 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 net 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 1<sup>st</sup>. 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 30<sup>th</sup> without penalty; a 2% penalty is imposed on July 1<sup>st</sup>, and 1% added on the first day of each month thereafter. The second half of payable taxes are due December 31<sup>st</sup>, without penalty; a 2% penalty is imposed on January 1<sup>st</sup>, 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, 2020, the Village/Town reported unearned revenues of \$137,583 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 6.

**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 7.

**Other Postemployment Benefits**—In addition to providing pension benefits, the Village/Town provides health insurance coverage for certain retired employees, as disclosed in Note 8.

#### **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, 2020, the Village/Town implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The implementation of GASB Statement No. 95 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. 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*, 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 *Supersession of GASB Statement No. 32*, effective for the year ending May 31, 2021, No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending May 31, 2022, No. 87, *Leases*; No. 91, *Conduit Debt Obligations*; and No. 92, *Omnibus 2020*; 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. 83, 84, 87, 88, 89, 90, 91, 92, 93, 94, 96 and 97 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 20<sup>th</sup>, the budget officer prepares and files a tentative budget with the Board of Trustees for the fiscal year commencing the following June 1<sup>st</sup>. 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 20<sup>th</sup> in order to obtain taxpayer comments.
- By May 1<sup>st</sup> 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. 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, 2020 are as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 650	\$ -	\$ -	\$ 650
Deposits	18,490,686	2,495,193	441,375	21,427,254
Investments	5,035,046	-	4,216,585	9,251,631
Total	<u>\$ 23,526,382</u>	<u>\$ 2,495,193</u>	<u>\$ 4,657,960</u>	<u>\$ 30,679,535</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at May 31, 2020 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,250,000	\$ 1,250,000
Uninsured:		
Collateral held by pledging bank's agent in the Village/Town's name	20,469,530	20,177,254
Total	<u>\$ 21,719,530</u>	<u>\$ 21,427,254</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, 2020, 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, 2020, the Village/Town reported \$5,583,682 and \$1,436,175 of restricted cash within its governmental activities and business-type activities, respectively. Additionally, the Village/Town reported \$441,375 of restricted cash within its fiduciary funds.

**Investments**—At May 31, 2020 the Village/Town reported \$946,472 and \$4,088,574 of investments within the General Fund and Capital Projects Fund, respectively. In addition, the Village/Town reported \$3,770,439 and \$446,146 of service award program investments for fire and ambulance, respectively, within the Pension Trust Fund at May 31, 2020. 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, 2020 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	\$ 5,035,046	\$ -	\$ -
Total	<u>\$ 5,035,046</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.

### 3. RECEIVABLES

Major revenues accrued by the Village/Town at May 31, 2020 consisted of the following:

***Taxes Receivable***—Represents amounts due from taxpayers that remain unpaid. At May 31, 2020, the Village/Town recorded \$929,712 related to taxes receivable. These amounts are reported net of an allowance for uncollectible taxes provision of \$72,132.

***Accounts Receivable***—Represents amounts due from various sources. The Village/Town's significant accounts receivable at May 31, 2020 are presented below:

Governmental funds:

General Fund:

Payment in lieu of rent agreements	\$ 240,660	
Village court	17,725	
Rental agreements	101,650	
Franchise fees	46,765	
Other	55,699	
Less: allowance for uncollectibles	<u>(43,097)</u>	\$ 419,402

Nonmajor governmental funds:

Miscellaneous	<u>152</u>	
Total governmental funds		<u>\$ 419,554</u>

Proprietary funds:

Water Fund:

Water charges	\$ 1,346,884	
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Sewer Fund:

Sewer charges	<u>307,204</u>	
Total proprietary funds		<u>\$ 1,654,088</u>

***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, 2020 are presented below:

Governmental funds:

General Fund:

Fire district billings	\$ 1,034,500	
Sales tax	440,476	
Mortgage tax	115,855	
Other	<u>162,451</u>	
Total governmental funds		<u>\$ 1,753,282</u>

#### 4. CAPITAL ASSETS

**Governmental activities**—Capital asset activity for the Village/Town's governmental activities for the year ended May 31, 2020 was as follows:

	Balance 6/1/2019	Increases	Decreases	Balance 5/31/2020
Capital assets, not being depreciated:				
Land	\$ 11,577,611	\$ -	\$ -	\$ 11,577,611
Construction in progress	552,293	406,962	-	959,255
Total capital assets, not being depreciated	12,129,904	406,962	-	12,536,866
Capital assets, being depreciated:				
Land improvements	13,394,711	-	-	13,394,711
Buildings and improvements	29,023,390	1,355,802	-	30,379,192
Machinery and equipment	8,179,023	848,405	185,490	8,841,938
Infrastructure	14,579,081	1,489,657	-	16,068,738
Total capital assets, being depreciated	65,176,205	3,693,864	185,490	68,684,579
Less accumulated depreciation for:				
Land improvements	11,415,753	405,573	-	11,821,326
Buildings and improvements	10,817,776	763,952	-	11,581,728
Machinery and equipment	5,639,402	410,718	185,490	5,864,630
Infrastructure	7,374,750	589,698	-	7,964,448
Total accumulated depreciation	35,247,681	2,169,941	185,490	37,232,132
Total capital assets, being depreciated, net	29,928,524	1,523,923	-	31,452,447
Governmental activities capital assets, net	\$ 42,058,428	\$ 1,930,885	\$ -	\$ 43,989,313

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

General governmental support	\$ 109,746
Public safety	431,204
Health	12,816
Transportation	759,049
Economic assistance and opportunity	51,581
Culture and recreation	603,638
Home and community services	201,907
Total governmental activities	<u>\$ 2,169,941</u>

**Business-type activities**—Capital asset activity for the Village/Town's business-type activities for the year ended May 31, 2020 was as follows:

	Balance 6/1/2019	Increases	Decreases	Balance 5/31/2020
Capital assets, not being depreciated:				
Land	\$ 982,787	\$ -	\$ -	\$ 982,787
Construction in progress	422,917	-	422,917	-
Total capital assets, not being depreciated	<u>1,405,704</u>	<u>-</u>	<u>422,917</u>	<u>982,787</u>
Capital assets, being depreciated:				
Land improvements	2,142,476	395,126	-	2,537,602
Buildings and improvements	3,779,201	740,604	-	4,519,805
Machinery and equipment	6,167,344	108,394	-	6,275,738
Infrastructure	<u>45,797,246</u>	<u>3,103,454</u>	<u>-</u>	<u>48,900,700</u>
Total capital assets, being depreciated	<u>57,886,267</u>	<u>4,347,578</u>	<u>-</u>	<u>62,233,845</u>
Less accumulated depreciation for:				
Land improvements	1,634,603	99,907	-	1,734,510
Buildings and improvements	1,638,235	123,399	-	1,761,634
Machinery and equipment	4,807,334	256,639	-	5,063,973
Infrastructure	<u>16,426,412</u>	<u>1,230,728</u>	<u>-</u>	<u>17,657,140</u>
Total accumulated depreciation	<u>24,506,584</u>	<u>1,710,673</u>	<u>-</u>	<u>26,217,257</u>
Total capital assets, being depreciated, net	<u>33,379,683</u>	<u>2,636,905</u>	<u>-</u>	<u>36,016,588</u>
Business-type activities capital assets, net	<u>\$ 34,785,387</u>	<u>\$ 2,636,905</u>	<u>\$ 422,917</u>	<u>\$ 36,999,375</u>

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

Water	\$ 1,525,259
Sewer	<u>185,414</u>
Total business-type activities	<u>\$ 1,710,673</u>

## 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental and proprietary funds at May 31, 2020, were as follows:

	Governmental Funds		
	Nonmajor		Total
	General Fund	Governmental Funds	
Salaries and employee benefits	\$ 239,490	\$ 16,433	\$ 255,923
Current health claims	14,583	-	14,583
Total accrued liabilities	<u>\$ 254,073</u>	<u>\$ 16,433</u>	<u>\$ 270,506</u>

  

	Proprietary Funds		
	Water	Sewer	Total
	Fund	Fund	
Salaries and employee benefits	\$ 30,802	\$ 14,395	\$ 45,197
Current health claims	2,600	-	2,600
Total accrued liabilities	<u>\$ 33,402</u>	<u>\$ 14,395</u>	<u>\$ 47,797</u>

## 6. 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](http://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, 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019, 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, 2020	March 31, 2020
Net pension liability	\$ 3,978,784	\$ 1,256,458
Village/Town's portion of the Plan's total net pension liability	0.0150253%	0.0047448%

For the year ended May 31, 2020, the Village/Town recognized ERS pension expenses of \$1,325,533 and \$418,589 for governmental activities and business-type activities, respectively. At May 31, 2020, 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	\$ 234,167	\$ 73,948	\$ -	\$ -
Changes of assumptions	80,114	25,299	69,177	21,845
Net difference between projected and actual earnings on pension plan investments	2,039,718	644,122	-	-
Changes in proportion and differences between the Village/Town's contributions and proportionate share of contributions	50,463	15,936	66,796	21,094
Village/Town contributions subsequent to the measurement date	102,813	32,466	-	-
Total	<u>\$ 2,507,275</u>	<u>\$ 791,771</u>	<u>\$ 135,973</u>	<u>\$ 42,939</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, 2021. 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
2021	\$ 372,322	\$ 117,575
2022	571,208	180,381
2023	727,705	229,802
2024	597,254	188,608

**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, 2020
Actuarial valuation date	April 1, 2019
Interest rate	6.80%
Salary scale	4.20%
Decrement tables	April 1, 2010 - March 31, 2015
Inflation rate	2.50%
Cost-of-living adjustments	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2018. The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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.

Measurement date	ERS	
	Target Allocation	Long-Term Expected Real Rate of Return
	March 31, 2020	
Asset class:		
Domestic equities	36.0 %	4.1 %
International equities	14.0	6.1
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	1.0
Short-term	1.0	0.0
Inflation-indexed bonds	4.0	1.0
Total	100.0 %	

**Discount Rate**—The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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 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 6.8%, 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 (5.8%) or one percentage-point higher (7.8%) than the current assumption.

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Governmental activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 7,302,192	\$ 3,978,784	\$ (917,911)
Business-type activities:			
Employer's proportionate share of the net pension liability/(asset)	\$ 2,305,956	\$ 1,256,458	\$ (289,867)

***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, 2019
Employers' total pension liability	\$ 194,596,261
Plan fiduciary net position	<u>168,115,682</u>
Employers' net pension liability	<u>\$ 26,480,579</u>
System fiduciary net position as a percentage of total pension liability	86.4%

***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, 2020 represent the projected employer contribution for the period of April 1, 2020 through May 31, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions for ERS as of May 31, 2020 for governmental activities and business-type activities amounted to \$129,015 and \$14,957, respectively.

## 7. 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, 2019, which is the most recent valuation date for which complete information related to the fiscal year ended May 31, 2020 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, 2019.

***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, 2019 measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefits	62
Inactive participants not currently receiving benefits	6
Active participants	<u>104</u>
Total	<u><u>172</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, 2020 was determined by an actuarial valuation as of December 31, 2019.

**Actuarial Assumptions**—The total pension liability in the December 31, 2019 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 rolled back to 2006, using MP-2018 improvement scale on a fully generational basis.

**Discount Rate**—The discount rate used to measure the total pension liability was 3.26%. This was the S&P Municipal Bond 20 Year High Grade Rate Index yield to maturity as of December 31, 2019.

**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 12/31/2018 measurement date (fiscal year 5/31/2019)	<u>\$ 2,583,968</u>
Changes for the year:	
Service cost	185,864
Interest	97,060
Changes of assumptions or other inputs	2,024,057
Differences between expected and actual experience	33,135
Benefit payments	<u>(206,690)</u>
Net changes	<u>2,133,426</u>
Balance as of 12/31/2019 measurement date (fiscal year 5/31/2020)	<u>\$ 4,717,394</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, 2019 measurement date, calculated using the discount rate of 3.26 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 (2.26 percent) or one percentage point higher (4.26 percent) than the current rate.

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 5,349,396	\$ 4,717,394	\$ 4,193,483

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***—For the year ended May 31, 2020, the Village/Town recognized pension expense of \$470,325. The following table presents the components of pension expense for the year ended May 31, 2020:

Service cost	\$ 185,864
Interest and total pension liability	97,060
Changes of assumptions or other inputs	178,827
Differences between expected and actual experience	254
Pension plan administrative expenses	8,320
Total pension expense	<u>\$ 470,325</u>

At May 31, 2020, 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	\$ 30,177	\$ 59,916
Changes of assumptions or other inputs	1,922,001	157,290
Benefit payments and administrative expenses subsequent to the measurement date	230,874	-
Total	<u>\$ 2,183,052</u>	<u>\$ 217,206</u>

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
2021	\$ (179,080)
2022	(179,080)
2023	(179,080)
2024	(179,080)
2025	(179,080)
Thereafter	(839,572)

The Village/Town accounts for service award program assets within its Pension Trust Fund. As of May 31, 2020, the Fire Service Award program investments totaled \$3,770,439.

## **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, 2019, which is the most recent valuation date for which complete information related to the fiscal year ended May 31, 2020 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, 2019.

**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, 2019 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>25</u>
Total	<u>35</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, 2020 was determined using an actuarial valuation as of December 31, 2019.

**Actuarial Assumptions**—The total pension liability in the December 31, 2019 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 2020 with scale MP2017.

**Discount Rate**—The discount rate used to measure the total pension liability was 3.26%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019. 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 12/31/2018 measurement date (fiscal year 5/31/2019)	<u>\$ 440,740</u>
Changes for the year:	
Service cost	24,226
Interest	16,735
Changes of assumptions or other inputs	31,908
Differences between expected and actual experience	(15,811)
Benefit payments	<u>(10,425)</u>
Net changes	<u>46,633</u>
Balance as of 12/31/2019 measurement date (fiscal year 5/31/2020)	<u>\$ 487,373</u>

**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, 2019 measurement date, calculated using the discount rate of 3.26 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 (2.26 percent) or one percentage point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 588,851	\$ 487,373	\$ 409,703

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**—For the year ended May 31, 2020, the Village/Town recognized pension expense of \$44,251. The following table presents the components of pension expense for the year ended May 31, 2020:

Service cost	\$ 24,226
Interest	16,735
Changes of assumptions or other inputs	2,520
Differences between expected and actual experience	(2,360)
Pension Plan administrative expenses	<u>3,130</u>
Total pension expense	<u>\$ 44,251</u>

At May 31, 2020, 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	\$ -	\$ 32,361
Changes of assumptions or other inputs	61,024	34,711
Benefit payments and administrative expenses subsequent to the measurement date	4,344	-
Total	<u>\$ 65,368</u>	<u>\$ 67,072</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, 2021. 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
2021	\$ 160
2022	160
2023	160
2024	160
2025	160
Thereafter	(6,848)

The Village/Town accounts for service award program assets within its Pension Trust Fund. As of May 31, 2020, the Ambulance Service Award program investments totaled \$446,146.

## 8. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”) OBLIGATION

**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**—At May 31, 2020, 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 \$24,239,195 and \$1,223,475, respectively, was measured as of May 31, 2020, 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 3.12% to 2.48% effective May 31, 2020. 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, 2020 was 6.75%, decreasing to an ultimate rate of 3.78%. As of May 31, 2020 the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, 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, 2019	\$ 27,863,362	\$ 1,252,183
Changes for the year:		
Service cost	665,373	39,468
Interest	673,521	33,723
Difference between expected and actual experience	(6,153,650)	(158,431)
Changes of assumptions or other inputs	2,252,590	122,832
Benefit payments	(1,062,001)	(66,300)
Net changes	(3,624,167)	(28,708)
Balances at May 31, 2020	\$ 24,239,195	\$ 1,223,475

***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 net OPEB liability. The table on the following page presents the effect of a 1% change in the discount rate assumption would have on the net OPEB liability.

	1% Decrease (1.48%)	Current Discount Rate (2.48%)	1% Increase (3.48%)
Governmental activities:			
Total OPEB liability	\$ 28,164,688	\$ 24,239,195	\$ 21,010,281
Business-type activities:			
Total OPEB liability	\$ 1,485,352	\$ 1,223,475	\$ 1,105,804

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the net OPEB liability of a 1% change in the initial (6.75%)/ultimate (3.78%) healthcare cost trend rates.

	1% Decrease (5.75%/2.78%)	Healthcare Cost Trend Rates (6.75%/3.78%)	1% Increase (7.75%/4.78%)
Governmental activities:			
Total OPEB liability	\$ 20,782,497	\$ 24,239,195	\$ 28,525,592
Business-type activities:			
Total OPEB liability	\$ 1,093,816	\$ 1,223,475	\$ 1,501,347

**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 \$1,062,001 and \$66,300 for the fiscal year ended May 31, 2020, 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 net OPEB liability are required to be determined. The table below presents the Village/Town's deferred outflows and inflows of resources at May 31, 2020:

	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	\$ -	\$ -	\$ 4,946,689	\$ 131,221
Changes of assumptions	2,142,400	125,395	-	-
Total	<u>\$ 2,142,400</u>	<u>\$ 125,395</u>	<u>\$ 4,946,689</u>	<u>\$ 131,221</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>
2021	\$ (600,440)	\$ 2,249
2022	(600,440)	2,249
2023	(646,545)	2,249
2024	(736,049)	551
2025	(220,815)	(4,495)
2026	-	(4,495)
2027	-	(4,134)

## 9. 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 with 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.

## 10. 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
2021	\$ 3,900
2022	3,900
2023	<u>2,275</u>
Present value of minimum lease payments	<u>\$ 10,075</u>

The Village/Town reports the following leased asset and related accumulated depreciation at May 31, 2020:

	Governmental Activities
Assets:	
Equipment	\$ 19,500
Less: Accumulated depreciation	<u>(11,700)</u>
Total	<u>\$ 7,800</u>

## 11. 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, 2020:

Description	Maturity Date	Interest Rate	Balance 6/1/2019	Additions	Reductions	Balance 5/31/2020
Business-type Activities:						
Sewer Fund:						
Sewer Relining Village-wide	3/13/2020	2.11%	\$ 1,140,000	\$ -	\$ 1,140,000	\$ -
Sewer Relining Village-wide	3/12/2021	1.34%	-	1,080,000	-	1,080,000
Water Fund:						
Water Projects	12/20/2019	3.50%	10,500,000	-	10,500,000	-
Water Projects	12/18/2020	1.50%	<u>-</u>	<u>10,500,000</u>	<u>-</u>	<u>10,500,000</u>
Total			<u>\$ 11,640,000</u>	<u>\$ 11,580,000</u>	<u>\$ 11,640,000</u>	<u>\$ 11,580,000</u>

## 12. 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") obligation. 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, 2020 is presented below:

	Balance 6/1/2019	Additions	Reductions	Balance 5/31/2020	Due Within One Year
<b>Governmental activities:</b>					
Serial bonds	\$ 17,478,901	\$ -	\$ 1,255,320	\$ 16,223,581	\$ 1,305,791
Premiums on serial bonds	<u>1,467,042</u>	<u>-</u>	<u>124,851</u>	<u>1,342,191</u>	<u>124,851</u>
Bonds payable, net	18,945,943	-	1,380,171	17,565,772	1,430,642
Capital lease	13,975	-	3,900	10,075	3,900
Compensated absences	798,601	734,122	737,091	795,632	79,563
Landfill post-closure costs	125,269	-	10,927	114,342	11,255
Net pension liability*	1,053,786	2,924,998	-	3,978,784	-
Net pension liability—LOSAP	3,024,708	2,412,985	232,926	5,204,767	-
OPEB obligation	<u>27,863,362</u>	<u>3,591,484</u>	<u>7,215,651</u>	<u>24,239,195</u>	<u>-</u>
Total governmental activities	<u>\$ 51,825,644</u>	<u>\$ 9,663,589</u>	<u>\$ 9,580,666</u>	<u>\$ 51,908,567</u>	<u>\$ 1,525,360</u>
<b>Business-type activities:</b>					
Serial bonds	\$ 5,926,399	\$ -	\$ 1,464,980	\$ 4,461,419	\$ 1,534,209
Premiums on serial bonds	<u>269,257</u>	<u>-</u>	<u>44,876</u>	<u>224,381</u>	<u>44,876</u>
Bonds payable, net	6,195,656	-	1,509,856	4,685,800	1,579,085
Compensated absences	290,907	261,953	265,812	287,048	28,705
Net pension liability*	332,774	923,684	-	1,256,458	-
OPEB obligation	<u>1,252,183</u>	<u>196,023</u>	<u>224,731</u>	<u>1,223,475</u>	<u>-</u>
Total business-type activities	<u>\$ 8,071,520</u>	<u>\$ 1,381,660</u>	<u>\$ 2,000,399</u>	<u>\$ 7,452,781</u>	<u>\$ 1,607,790</u>

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

**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.

A summary of additions and payments for the year ended May 31, 2020 is shown below:

Description	Original Issue	Year of Issue/ Maturity	Interest Rate (%)	Balance 6/1/2019	Additions	Reductions	Balance 5/31/2020
<b>Governmental activities:</b>							
Public improvement	\$ 745,000	2011 / 2023	3.00-4.00	\$ 280,000	\$ -	\$ 65,000	\$ 215,000
Library construction	717,000	2012 / 2027	2.00-4.00	415,000	-	45,000	370,000
Refunding	144,426	2016 / 2024	2.25-5.00	103,601	-	15,020	88,581
Refunding	5,075,000	2016 / 2026	2.25-5.00	4,180,000	-	440,000	3,740,000
Various improvements	12,500,300	2018 / 2033	4.00	12,500,300	-	690,300	11,810,000
Total governmental activities				<u>\$ 17,478,901</u>	<u>\$ -</u>	<u>\$ 1,255,320</u>	<u>\$ 16,223,581</u>
<b>Business-type activities:</b>							
Refunding EFC - Water	\$ 10,785,000	2011 / 2022	2.62-3.99	\$ 3,465,000	\$ -	\$ 1,105,000	\$ 2,360,000
Refunding	3,625,574	2016 / 2024	2.25-5.00	2,461,399	-	359,980	2,101,419
Total business-type activities				<u>\$ 5,926,399</u>	<u>\$ -</u>	<u>\$ 1,464,980</u>	<u>\$ 4,461,419</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, 2020 are \$1,342,191 and \$224,381 for governmental and business-type activities, respectively.

**Capital Lease**—As discussed in Note 10, the Village/Town entered into a long-term capital lease for a postage machine. The outstanding balance at May 31, 2020 was \$10,075.

**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, 2020 for governmental and business-type activities amounts to \$795,632 and \$287,048, respectively.

**Landfill Post-Closure Costs**—The results of the Village/Town's evaluation of its landfill post-closure costs concluded with an estimate of \$114,342 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 \$3,978,784 and \$1,256,458, 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 \$5,204,767 at May 31, 2020. Refer to Notes 6 and 7 for additional information related to the Village/Town's net pension liabilities.

***OPEB Obligation***—As explained in Note 8, 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 \$24,239,195 and \$1,223,475, respectively, as of May 31, 2020.

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

Year Ending May 31,	Governmental Activities								Total
	Serial Bonds	Premiums on Serial Bonds	Capital Lease	Compensated Absences	Landfill Post-Closure Costs	Net Pension Liability	Net Pension Liability— LOSAP	OPEB Obligation	
2021	\$ 1,305,791	\$ 124,851	\$ 3,900	\$ 79,563	\$ 11,255	\$ -	\$ -	\$ -	\$ 1,525,360
2022	1,346,946	124,851	3,900	-	11,593	-	-	-	1,487,290
2023	1,387,716	124,851	2,275	-	11,941	-	-	-	1,526,783
2024	1,358,486	124,851	-	-	12,299	-	-	-	1,495,636
2025	1,419,642	124,851	-	-	12,668	-	-	-	1,557,161
2026-2030	5,515,000	461,130	-	-	54,586	-	-	-	6,030,716
2031-2035	3,890,000	256,806	-	-	-	-	-	-	4,146,806
Thereafter	-	-	-	716,069	-	3,978,784	5,204,767	24,239,195	34,138,815
Total	<u>\$ 16,223,581</u>	<u>\$ 1,342,191</u>	<u>\$ 10,075</u>	<u>\$ 795,632</u>	<u>\$ 114,342</u>	<u>\$ 3,978,784</u>	<u>\$ 5,204,767</u>	<u>\$ 24,239,195</u>	<u>\$ 51,908,567</u>

Year Ending May 31,	Business-type Activities						Total
	Serial Bonds	Premiums on Serial Bonds	Compensated Absences	Net Pension Liability	OPEB Obligation		
2021	\$ 1,534,209	\$ 44,876	\$ 28,705	\$ -	\$ -	\$ 1,607,790	
2022	1,608,054	44,876	-	-	-	1,652,930	
2023	417,284	44,876	-	-	-	462,160	
2024	436,514	44,876	-	-	-	481,390	
2025	465,358	44,877	-	-	-	510,235	
Thereafter	-	-	258,343	1,256,458	1,223,475	2,738,276	
Total	<u>\$ 4,461,419</u>	<u>\$ 224,381</u>	<u>\$ 287,048</u>	<u>\$ 1,256,458</u>	<u>\$ 1,223,475</u>	<u>\$ 7,452,781</u>	

Interest requirements on serial bonds payable are as follows:

Year Ending May 31,	Governmental Activities	Business-type Activities	Total
2021	\$ 624,619	\$ 152,892	\$ 777,511
2022	567,675	87,271	654,946
2023	508,734	42,728	551,462
2024	448,729	21,384	470,113
2025	396,059	5,236	401,295
2026-2030	1,329,599	-	1,329,599
2031-2035	395,400	-	395,400
Total	<u>\$ 4,270,815</u>	<u>\$ 309,511</u>	<u>\$ 4,580,326</u>

### 13. 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	\$ 43,989,313		
Less related debt:			
Serial bonds	(16,223,581)		
Unamortized bond premiums	(1,342,191)		
Deferred charge on refunding	183,659		
Capital lease	(10,075)		
Unspent debt proceeds	7,743,759		
Net investment in capital assets	<u>\$ 34,340,884</u>		

  

	Business-type Activities		
	Water Fund	Sewer Fund	Total
Capital assets, net of accumulated depreciation	\$ 32,707,195	\$ 4,292,180	\$ 36,999,375
Less related debt:			
Serial bonds	(4,461,419)	-	(4,461,419)
Unamortized bond premiums	(224,381)	-	(224,381)
Deferred charge on refunding	111,766	-	111,766
Bond anticipation notes	(10,500,000)	(1,080,000)	(11,580,000)
Unspent debt proceeds	-	716,217	716,217
Net investment in capital assets	<u>\$ 17,633,161</u>	<u>\$ 3,928,397</u>	<u>\$ 21,561,558</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, 2020, the Village/Town reported \$1,790,014 of restricted net position in governmental activities for unemployment insurance, open space, special purposes, capital improvements and debt service. At May 31, 2020, the Village/Town business-type activities reported \$719,958 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, 2020 is shown below:

- ***Real Estate Acquired for Resale***—Representing the portion of fund balance, \$1,836,153, 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, \$198,107 and \$15,645, 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, 2020 is presented in the following table:

	Governmental Funds				Total
	General Fund	Capital Projects Fund	Debt Service	Total Nonmajor Funds	
Unemployment benefits	\$ 29,934	\$ -	\$ -	\$ 4,445	\$ 34,379
Open space	1,205,190	-	-	-	1,205,190
Special purposes	-	-	-	52,454	52,454
Capital projects	58	7,215,132	-	-	7,215,190
Debt service	131,434	-	366,499	-	497,933
Total	<u>\$ 1,366,616</u>	<u>\$ 7,215,132</u>	<u>\$ 366,499</u>	<u>\$ 56,899</u>	<u>\$ 9,005,146</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 2020-2021 fiscal year.

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, 2020, the Village/Town reported the following committed fund balance:

- ***Committed for Tax Stabilization***—Represents funds, \$294,389, committed to tax stabilization. The Village/Town has budgeted to use \$32,000 of this commitment in the 2020-2021 fiscal year.
- ***Committed for Capital Projects***—Represents funds, \$1,987,962, 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, 2020 and include the following:

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2020-2021 fiscal year. As of May 31, 2020, the General Fund recorded \$287,814 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, 2020, the General Fund recorded \$7,567 of assigned fund balance related to encumbrances.
- ***Assigned to Specific Use***—Represents funds, \$365,712 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.

#### 14. 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, 2020 is as follows:

	Interfund	
	Receivable	Payable
Governmental funds:		
General Fund	\$ 1,474	\$ -
Nonmajor funds	-	900
Total governmental funds	<u>1,474</u>	<u>900</u>
Fiduciary funds:		
Agency Fund	-	574
Total	<u>\$ 1,474</u>	<u>\$ 1,474</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, 2020:

Transfers In:	Transfers Out:			
	Governmental Funds			Total
	General Fund	Debt Service	Nonmajor Funds	
Governmental Funds:				
Capital Projects Fund	\$ 2,868,071	\$ -	\$ -	\$ 2,868,071
Debt Service Fund	1,258,026	-	650,163	1,908,189
Nonmajor funds	<u>1,773,000</u>	<u>19,994</u>	<u>-</u>	<u>1,792,994</u>
Total	<u>\$ 5,899,097</u>	<u>\$ 19,994</u>	<u>\$ 650,163</u>	<u>\$ 6,569,254</u>

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

## 15. AGENCY FUND

The Agency Fund exists for temporary deposit funds. The following is a summary of changes in assets and liabilities for the fiscal year ended May 31, 2020:

	Balance 6/1/2019	Increases	Decreases	Balance 5/31/2020
<b>ASSETS</b>				
Restricted cash and cash equivalents	\$ 390,685	\$ 10,131,382	\$ 10,103,960	\$ 418,107
Receivables	3	-	3	-
Due from other funds	-	7,073,901	7,073,901	-
Total assets	<u>\$ 390,688</u>	<u>\$ 17,205,283</u>	<u>\$ 17,177,864</u>	<u>\$ 418,107</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 63,595	\$ 3,122,231	\$ 3,145,706	\$ 40,120
Due to other funds	1,412	6,864	7,702	574
Other agency liabilities	<u>325,681</u>	<u>586,853</u>	<u>535,121</u>	<u>377,413</u>
Total liabilities	<u>\$ 390,688</u>	<u>\$ 3,715,948</u>	<u>\$ 3,688,529</u>	<u>\$ 418,107</u>

## 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, 2020, the Village/Town did not have any significant encumbrances.

## 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 \$120,000 during the 2019-2020 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$120,000 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 August 25, 2021, which is the date the financial statements are available for issuance, and have determined, except for the following items, there are no subsequent events that require disclosure under generally accepted accounting principles.

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. The extent of the impact of COVID-19 on the Village/Town’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which cannot be predicted.

On October 6, 2020, the Village/Town issued \$4,000,000 of bond anticipation notes and \$3,405,000 of serial bonds for the purposes of financing the construction of water system improvements and Village/Town buildings improvements. The notes carry an interest rate of 2.00% and mature on October 6, 2021, and the bonds carry an interest rate of 5.0% and mature on October 1, 2035.

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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 Six Fiscal Years\***

	Year Ended May 31,					
	2020	2019	2018	2017	2016	2015
Measurement date	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	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
<b>Governmental Activities:</b>						
Village/Town's proportion of the net pension liability	0.0150253%	0.0148728%	0.0161783%	0.0149009%	0.0149704%	0.0151291%
Village/Town's proportionate share of the net pension liability	<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	\$ 4,320,598	\$ 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	92.1%	25.2%	13.1%	34.3%	66.1%	14.1%
<b>Business-type Activities:</b>						
Village/Town's proportion of the net pension liability	0.0047448%	0.0046967%	0.0051090%	0.0047056%	0.0047275%	0.0047776%
Village/Town's proportionate share of the net pension liability	<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	\$ 1,364,399	\$ 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	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 Six Fiscal Years\***

	<b>Year Ended May 31,</b>					
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b><i>Governmental Activities:</i></b>						
Contractually required contribution	\$ 602,621	\$ 590,423	\$ 599,854	\$ 554,323	\$ 576,741	\$ 694,306
Contributions in relation to the contractually required contribution	<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>
Village/Town's covered payroll	\$ 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	13.9%	14.1%	14.9%	14.1%	15.7%	19.3%
<b><i>Business-type Activities:</i></b>						
Contractually required contribution	\$ 190,301	\$ 186,449	\$ 189,427	\$ 175,050	\$ 182,129	\$ 219,255
Contributions in relation to the contractually required contribution	<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>
Village/Town's covered payroll	\$ 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	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 Three Fiscal Years\***

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total Pension Liability</b>			
Service cost	\$ 185,864	\$ 245,028	\$ 237,539
Interest	97,060	88,039	96,005
Changes of assumptions or other inputs	2,024,057	(168,941)	90,464
Differences between expected and actual experience	33,135	(24,074)	(43,128)
Benefit payments	<u>(206,690)</u>	<u>(192,680)</u>	<u>(187,240)</u>
Net change in total pension liability	<u>2,133,426</u>	<u>(52,628)</u>	<u>193,640</u>
Total pension liability—beginning	<u>2,583,968</u>	<u>2,636,596</u>	<u>2,442,956</u>
Total pension liability—ending	<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
Total pension liability as a percentage of covered-employee payroll	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 Three Fiscal Years\***

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

	<u>2020</u>	<u>2019</u>
<b>Governmental Activities:</b>		
<b>Total OPEB Liability</b>		
Service cost	\$ 665,373	\$ 569,032
Interest	673,521	958,026
Differences between expected and actual experience	(6,153,650)	80,401
Changes of assumptions	2,252,590	551,539
Benefit payments	<u>(1,062,001)</u>	<u>(974,224)</u>
Net change in total OPEB liability	<u>(3,624,167)</u>	<u>1,184,774</u>
Total OPEB liability—beginning	<u>27,863,362</u>	<u>26,678,588</u>
Total OPEB liability—ending	<u><u>\$ 24,239,195</u></u>	<u><u>\$ 27,863,362</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions—employer	\$ 1,062,001	\$ 974,224
Benefit payments	<u>(1,062,001)</u>	<u>(974,224)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Village/Town's net OPEB liability—ending	<u><u>\$ 24,239,195</u></u>	<u><u>\$ 27,863,362</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	\$ 4,243,262	\$ 3,952,082
Village/Town's net OPEB liability as a percentage of covered-employee payroll	571.2%	705.0%
<b>Business-type Activities:</b>		
<b>Total OPEB Liability</b>		
Service cost	\$ 39,468	\$ 34,949
Interest	33,723	43,009
Differences between expected and actual experience	(158,431)	11,050
Changes of assumptions	122,832	27,716
Benefit payments	<u>(66,300)</u>	<u>(61,910)</u>
Net change in total OPEB liability	<u>(28,708)</u>	<u>54,814</u>
Plan fiduciary net position—beginning	<u>1,252,183</u>	<u>1,197,369</u>
Total OPEB liability—ending	<u><u>\$ 1,223,475</u></u>	<u><u>\$ 1,252,183</u></u>
<b>Plan Fiduciary Net Position</b>		
Contributions—employer	\$ 66,300	\$ 61,910
Benefit payments	<u>(66,300)</u>	<u>(61,910)</u>
Net change in plan fiduciary net position	-	-
Plan fiduciary net position—beginning	<u>-</u>	<u>-</u>
Plan fiduciary net position—ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Village/Town's net OPEB liability—ending	<u><u>\$ 1,223,475</u></u>	<u><u>\$ 1,252,183</u></u>
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%
Covered-employee payroll	\$ 1,325,229	\$ 1,199,541
Village/Town's net OPEB liability as a percentage of covered-employee payroll	92.3%	104.4%

\*Information prior to the year ended May 31, 2019 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 Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—General Fund**  
**Year Ended May 31, 2020**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Real property taxes and other tax items	\$ 15,343,162	\$ 15,152,443	\$ 15,152,443	\$ -
Non-property taxes items	2,235,000	2,738,193	2,738,193	-
Departmental income	1,912,000	1,809,912	1,809,912	-
Intergovernmental charges	1,085,873	1,091,297	1,091,297	-
Use of money and property	477,738	666,053	666,053	-
Licenses and permits	101,750	104,671	104,671	-
Fines and forfeitures	527,500	654,086	654,086	-
Sale of property and compensation for loss	12,500	126,756	126,756	-
Miscellaneous	35,000	30,246	30,246	-
State aid	370,398	339,765	339,765	-
Federal aid	72,000	203,453	203,453	-
Total revenues	<u>22,172,921</u>	<u>22,916,875</u>	<u>22,916,875</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General government support	2,887,343	2,537,452	2,533,286	4,166
Public safety	9,284,983	8,277,918	8,277,918	-
Health	378,671	443,572	443,572	-
Transportation	957,443	825,624	825,624	-
Economic assistance and opportunity	519,360	495,811	495,811	-
Culture and recreation	1,101,284	1,045,539	1,045,539	-
Home and community services	1,327,892	1,341,241	1,337,742	3,499
Employee benefits	3,336,989	3,217,595	3,217,595	-
Debt service:				
Principal	-	3,900	3,900	-
Total expenditures	<u>19,793,965</u>	<u>18,188,652</u>	<u>18,180,987</u>	<u>7,665</u>
Excess (deficiency) of revenues over expenditures	<u>2,378,956</u>	<u>4,728,223</u>	<u>4,735,888</u>	<u>7,665</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(3,501,028)	(4,728,223)	(5,899,097)	(1,170,874)
Total other financing sources (uses)	<u>(3,501,028)</u>	<u>(4,728,223)</u>	<u>(5,899,097)</u>	<u>(1,170,874)</u>
Net change in fund balances*	(1,122,072)	-	(1,163,209)	(1,163,209)
Fund balances—beginning	<u>15,395,846</u>	<u>15,395,846</u>	<u>15,395,846</u>	<u>-</u>
Fund balances—ending	<u>\$ 14,273,774</u>	<u>\$ 15,395,846</u>	<u>\$ 14,232,637</u>	<u>\$ (1,163,209)</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, 2020**

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**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, 2018	3.64%
December 31, 2019	3.26%

*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 3.12% to 2.48% as of May 31, 2020 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, 2020 to the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, 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.

***Excess of Expenditures over Appropriations***—The Village/Town’s appropriations for the year ended May 31, 2020 exceeded the adjusted budget as follows:

- *Transfers Out*—The \$1,170,874 variance was due to capital project spending that is not budgeted for within the General Fund.

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## SUPPLEMENTARY INFORMATION



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**VILLAGE/TOWN OF MOUNT KISCO, NEW YORK**  
**Combining Balance Sheet—Nonmajor Governmental Funds**  
**May 31, 2020**

	<b>Special Revenue</b>		<b>Total</b>
	<b>Public Library</b>	<b>Special Purpose</b>	<b>Nonmajor Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 416,325	\$ -	\$ 416,325
Restricted cash and cash equivalents	4,445	53,354	57,799
Accounts receivable	152	-	152
Prepaid and other assets	15,645	-	15,645
Total assets	<u>\$ 436,567</u>	<u>\$ 53,354</u>	<u>\$ 489,921</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 23,068	\$ -	\$ 23,068
Accrued liabilities	16,433	-	16,433
Due to other funds	-	900	900
Due to retirement system	11,264	-	11,264
Total liabilities	<u>50,765</u>	<u>900</u>	<u>51,665</u>
<b>FUND BALANCES</b>			
Nonspendable	15,645	-	15,645
Restricted	4,445	52,454	56,899
Assigned	365,712	-	365,712
Total fund balances	<u>385,802</u>	<u>52,454</u>	<u>438,256</u>
Total liabilities and fund balances	<u>\$ 436,567</u>	<u>\$ 53,354</u>	<u>\$ 489,921</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, 2020**

	<b>Special Revenue</b>		<b>Total</b>
	<b>Public Library</b>	<b>Special Purpose</b>	<b>Nonmajor Funds</b>
<b>REVENUES</b>			
Departmental income	\$ 651	\$ -	\$ 651
Use of money and property	3,467	-	3,467
Miscellaneous	6,958	16,306	23,264
State aid	17,079	-	17,079
Total revenues	<u>28,155</u>	<u>16,306</u>	<u>44,461</u>
<b>EXPENDITURES</b>			
Current:			
General government support	13,754	6,796	20,550
Culture and recreation	892,945	2,239	895,184
Home and community services	-	415	415
Employee benefits	286,659	-	286,659
Total expenditures	<u>1,193,358</u>	<u>9,450</u>	<u>1,202,808</u>
Excess (deficiency) of revenues over expenditures	<u>(1,165,203)</u>	<u>6,856</u>	<u>(1,158,347)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,792,994	-	1,792,994
Transfers out	(650,163)	-	(650,163)
Total other financing sources (uses)	<u>1,142,831</u>	<u>-</u>	<u>1,142,831</u>
Net change in fund balances	(22,372)	6,856	(15,516)
Fund balances—beginning	<u>408,174</u>	<u>45,598</u>	<u>453,772</u>
Fund balances—ending	<u>\$ 385,802</u>	<u>\$ 52,454</u>	<u>\$ 438,256</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, 2020, 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 August 25, 2021.

***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") as a basis for designing 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 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 determination of financial statement amounts. 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.

*Drescher & Malecki LLP*

August 25, 2021

**VILLAGE/TOWN OF MOUNT KISCO, NEW YORK**  
**Schedule of Prior Audit Findings**  
**Year Ended May 31, 2020**  
**(Follow-up of May 31, 2019 Findings)**

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**Finding 2019-001— Journal Entry and Bank Reconciliation Review**

This finding has been resolved for the year ended May 31, 2020.

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