

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORT  
May 31, 2020

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Incorporated Village of Upper Brookville  
Oyster Bay, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Incorporated Village of Upper Brookville (Village), as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund information of the Incorporated Village of Upper Brookville, as of May 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, and the schedule of revenues, expenditures and changes in fund balance - budget and actual - general fund, schedule of the Village's proportionate share of the net pension liability, and schedule of Village pension contributions on pages 3 through 13 and 41 through 45, respectively, 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.

*Cullen & Danowski, LLP*  
November 2, 2020

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Incorporated Village of Upper Brookville's discussion and analysis of the financial performance provides an overall review of the Village's financial activities for the fiscal year ended May 31, 2020 in comparison with the year ended May 31, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

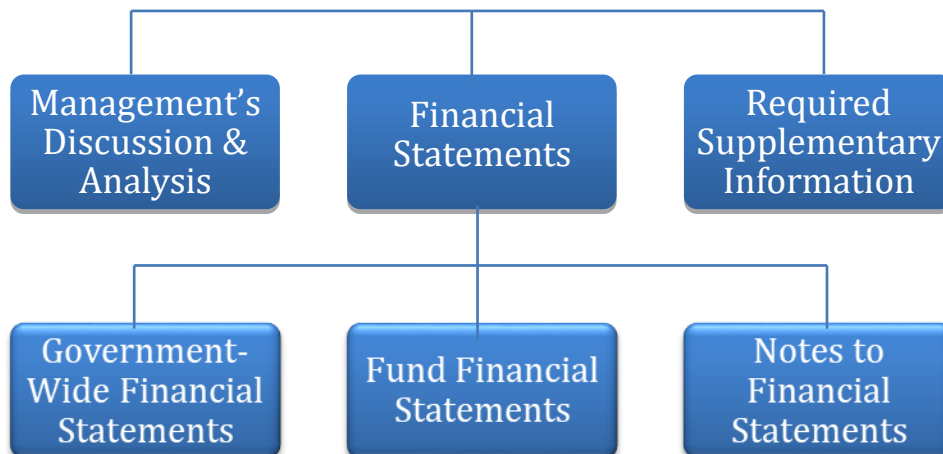
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2020 are as follows:

- The Village's total net position, as reflected in the government-wide financial statements is \$5,072,858, an increase of \$1,302,617 over the prior year due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting. In addition, the prior year net position was increased by \$696,139 due to a prior period adjustment resulting from an updated capital asset inventory appraisal report.
- The Village's expenses for the year, as reflected in the government-wide financial statements, totaled \$2,844,006. Of this amount, \$219,642 was offset by program charges for services and operating grants. General revenues of \$3,926,981 amount to 94.7% of total revenues, and were adequate to cover the balance of program expenses.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$1,388,460 to \$3,151,099. This was due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting.
- On the balance sheet, the general fund's unassigned fund balance at year end was \$1,341,830. This represents an increase of 11.6% over the prior year.
- The Village's 2020 property tax levy of \$2,838,750 was a 0.6% decrease compared to the 2019 tax levy and was less than the property tax cap.
- The Villages' police protection contract was reduced by \$970,749 as a result of the Board of Police Commissioners' for the Old Brookville Police Department (OBPD) amending the May 31, 2020 OBPD budget, thereby reducing the Village's fees for police protection for the year ending May 31, 2020 by \$970,749. Additionally, the Village received \$403,143 from the OBPD as a result of excess fund balance accumulated by the OBPD. The Village recorded this in miscellaneous revenues for the year ended May 31, 2020.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management's discussion and analysis (MD&A), the financial statements, and required supplementary information. The financial statements consist of government-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**A. Government-wide Financial Statements**

The government-wide financial statements present the governmental activities of the Village and are organized to provide an understanding of the fiscal performance of the Village as a whole in a manner similar to a private sector business. There are two government-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the Village's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the Village's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the Village's funds, not the Village as a whole. 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 also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the Village are reported in the governmental funds and the fiduciary funds.

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the Village incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness and pension costs, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the Village's operations and the services it provides.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Because the focus of governmental funds is narrower than that of 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, the reader may better understand the long-term impact of the Village'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 maintains four individual governmental funds: general fund, parkland fund, garbage district fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Village in its capacity as agent or trustee and utilize the economic resources measurement focus and the accrual basis of accounting. All of the Village's fiduciary activities are reported in a separate statement of Fiduciary Net Position. The fiduciary activities have been excluded from the government-wide financial statements because the Village cannot use these assets to finance its operations.

**3. FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE**

**A. Net Position**

The Village's total net position increased by \$1,302,617 between fiscal year 2020 and 2019. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. The May 31, 2019 net position has been increased by \$696,139 resulting from an updated capital asset inventory appraisal report. A summary of the Village's Statements of Net Position follows:

	2020	As Restated 2019	Increase (Decrease)	Percentage Change
<b>Assets</b>				
Current and Other Assets	\$ 4,183,533	\$ 2,708,356	\$ 1,475,177	54.47 %
Capital Assets	2,909,353	3,039,230	(129,877)	(4.27)%
Total Assets	<u>7,092,886</u>	<u>5,747,586</u>	<u>1,345,300</u>	23.41 %
<b>Deferred Outflows of Resources</b>	<u>166,863</u>	<u>46,316</u>	<u>120,547</u>	260.27 %
<b>Liabilities</b>				
Current and Other Liabilities	184,759	71,127	113,632	159.76 %
Long-Term Liabilities	1,770,000	1,885,000	(115,000)	(6.10)%
Net Pension Liability - Proportionate Share	<u>225,537</u>	<u>47,681</u>	<u>177,856</u>	373.01 %
Total Liabilities	<u>2,180,296</u>	<u>2,003,808</u>	<u>176,488</u>	8.81 %
<b>Deferred Inflows of Resources</b>	<u>6,595</u>	<u>19,853</u>	<u>(13,258)</u>	(66.78)%
<b>Net Position</b>				
Net Investment in Capital Assets	1,168,818	1,245,877	(77,059)	(6.19)%
Restricted	104,829	104,150	679	0.65 %
Unrestricted	<u>3,799,211</u>	<u>2,420,214</u>	<u>1,378,997</u>	56.98 %
Total Net Position	<u>\$ 5,072,858</u>	<u>\$ 3,770,241</u>	<u>\$ 1,302,617</u>	34.55 %

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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The increase in current and other assets is primarily related to increases in cash and taxes receivable.

The decrease in capital assets is due to depreciation expense in excess of capital asset additions, net of a prior period adjustment of \$696,139. The accompanying Notes to Financial Statements, Note 8 "Capital Assets / Prior Period Adjustment" provides additional information.

Deferred outflows of resources represents contributions to the pension plan subsequent to the measurement date and actuarial adjustments of the pension plan that will be amortized in future years.

The increase in current and other liabilities is primarily attributed to increases in collections in advance and accounts payable, offset by a decrease in accrued liabilities.

The decrease in long-term liabilities is the result of the repayment of the current maturity of the bond indebtedness.

Net pension liability – proportionate share represents the Village's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 11 "Pension Plan – New York State", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension plan that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt.

The restricted amount is funds reserved for park and conservation projects.

The unrestricted amount is the balance of the Village's net position. This balance does not include the Village's reserve, which is classified as restricted.



**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**B. Changes in Net Position**

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended May 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 185,311	\$ 118,284	\$ 67,027	56.67 %
Operating Grants	34,331	56,128	(21,797)	(38.83)%
Capital Grants		100,000	(100,000)	(100.00)%
General Revenues				
Property Taxes	2,841,468	2,858,431	(16,963)	(0.59)%
State Sources	140,901	125,395	15,506	12.37 %
Other	944,612	558,202	386,410	69.22 %
Total Revenues	<u>4,146,623</u>	<u>3,816,440</u>	<u>330,183</u>	8.65 %
<b>Expenses</b>				
General government	548,181	428,196	119,985	28.02 %
Public safety	1,480,673	2,387,492	(906,819)	(37.98)%
Transportation	604,753	408,280	196,473	48.12 %
Culture and recreation	3,526	424	3,102	731.60 %
Home and community	161,393	115,961	45,432	39.18 %
Debt Service - Interest	45,480	49,242	(3,762)	(7.64)%
Total Expenses	<u>2,844,006</u>	<u>3,389,595</u>	<u>(545,589)</u>	(16.10)%
Change in Net Position	<u>\$ 1,302,617</u>	<u>\$ 426,845</u>	<u>\$ 875,772</u>	205.17 %

The Village's net position increased by \$1,302,617 and \$426,845 for the years ended May 31, 2020 and 2019, respectively.

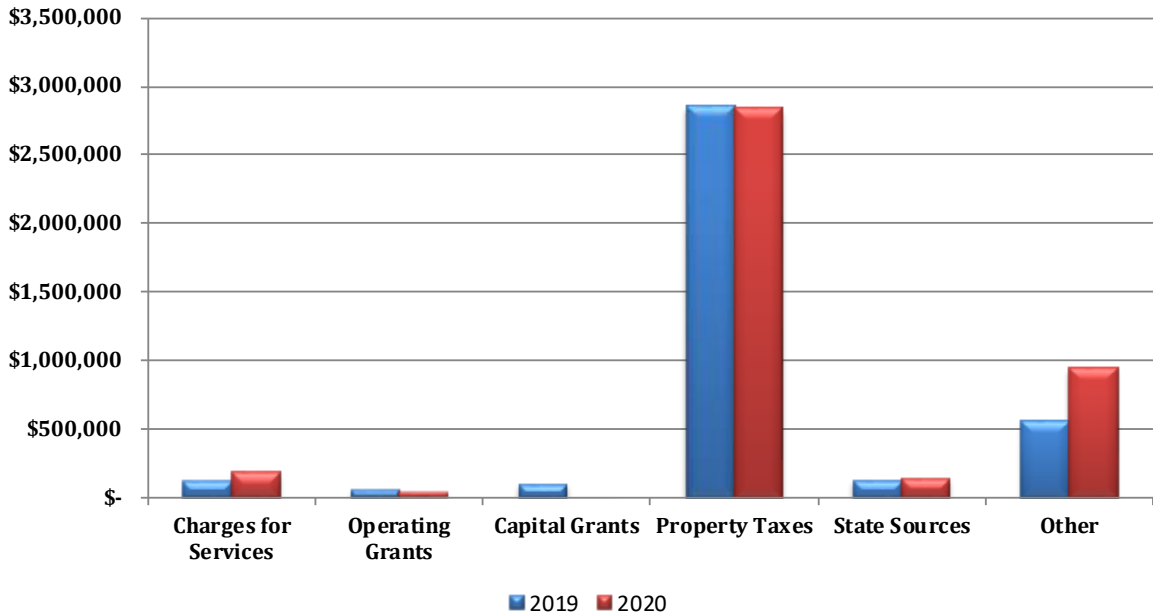
The Village's revenues increased by \$330,183 or 8.65%. The major factor that contributed to the increase was the change in the refund of prior year expenses due to a refund of surplus funds received from the Old Brookville Police Department (OBPD) for police protection expenses, offset by a decrease in capital grants.

Expenses decreased by \$545,589 or 16.10%. The decrease in expenses is primarily due to a decrease in public safety expense, based on the reduction of police protection expenses paid to the OBPD resulting from a surplus of funds received by the OBPD in prior years which enabled OBPD to reduce the amount charged to other local governments for police services. This was offset by increases in depreciation expense resulting from an updated capital asset inventory appraisal report, primarily in transportation. Additionally, general government increased due to an increase in salaries and related benefits, and the need for more legal services.

As indicated on the graphs that follow, real property taxes is the largest component of revenues recognized (i.e., 68.5% and 74.9% of the total for the years 2020 and 2019, respectively). Public safety is the largest category of expenses incurred (i.e., 52.0% and 70.5% of the total for the years 2020 and 2019, respectively).

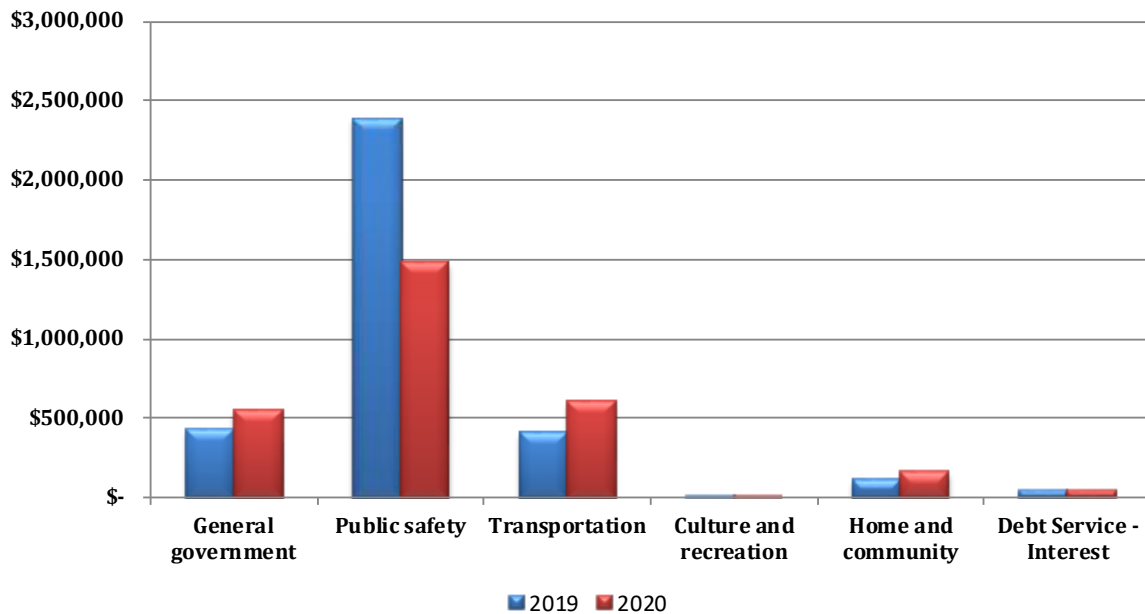
**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants	Capital Grants	Property Taxes	State Sources	Other
<b>2019</b>	3.1%	1.5%	2.6%	74.9%	3.3%	14.6%
<b>2020</b>	4.5%	0.8%	0.0%	68.5%	3.4%	22.8%

A graphic display of the distribution of expenses for the two years follows:



	General government	Public safety	Transportation	Culture and recreation	Home and community	Debt Service - Interest
<b>2019</b>	12.6%	70.5%	12.0%	0.0%	3.4%	1.5%
<b>2020</b>	19.3%	52.0%	21.3%	0.1%	5.7%	1.6%

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**4. FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

At May 31, 2020, the Village's governmental funds reported a combined fund balance of \$3,955,254, which is an increase of \$1,335,177 over the prior year. This increase is due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	<u>2020</u>	<u>2019</u>	Increase (Decrease)
<b>General Fund</b>			
Nonspendable:			
Prepays	\$ 54,269	\$ 43,060	\$ 11,209
Inventory		2,082	(2,082)
Assigned:			
Designated for litigation	200,000	200,000	-
Designated for Library	5,000	5,000	-
Designated for Village Hall	600,000		600,000
Designated for Mill River Road	600,000		600,000
Designated for Planting Fields Road	200,000		200,000
Appropriated	150,000	280,000	(130,000)
Unappropriated		30,161	(30,161)
Unassigned: Fund balance	<u>1,341,830</u>	<u>1,202,336</u>	<u>139,494</u>
	<u>3,151,099</u>	<u>1,762,639</u>	<u>1,388,460</u>
<b>Parkland Fund</b>			
Restricted: Parkland	<u>104,829</u>	<u>104,150</u>	<u>679</u>
<b>Garbage District Fund</b>			
Assigned: Unappropriated fund balance	<u>5,940</u>	<u>4,526</u>	<u>1,414</u>
<b>Capital Projects Fund</b>			
Restricted: Unspent bond proceeds	29,465	91,647	(62,182)
Assigned: Unappropriated fund balance	<u>663,921</u>	<u>657,115</u>	<u>6,806</u>
	<u>693,386</u>	<u>748,762</u>	<u>(55,376)</u>
 Total Fund Balance	 <u>\$ 3,955,254</u>	 <u>\$ 2,620,077</u>	 <u>\$ 1,335,177</u>

**A. General Fund**

The net change in the general fund – fund balance is an increase of \$1,388,460 compared to an increase of \$41,126 in 2019. This resulted from revenues in excess of expenditures.

The Village's revenues increased by \$398,003 or 11.09%, as compared to the prior year. This increase is primarily attributable to increases in miscellaneous revenues, licenses and permits and departmental income, offset by decreases in real property taxes and fines and forfeited bail.

Expenditures and other financing uses decreased by \$949,331 or 26.77%, as compared to the prior year. This decrease is primarily attributable to decreases in public safety and operating transfers out.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**B. Parkland Fund**

The net change in the parkland fund – fund balance is an increase of \$679. This resulted from revenues in excess of expenditures.

**C. Garbage District Fund**

The net change in the garbage district fund – fund balance is an increase of \$1,414. This resulted from revenues in excess of expenditures.

**D. Capital Projects Fund**

The net change in the capital projects fund - fund balance is a decrease of \$55,376, due to expenditures incurred during the year on capital projects in excess of revenue received from an insurance recovery.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2019-2020 Budget**

The Village's general fund adopted budget for the year ended May 31, 2020 was \$3,816,675. This amount was increased by encumbrances carried forward from the prior year in the amount of \$30,161 for a total final budget of \$3,846,836.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$2,838,750 in estimated property taxes.

**B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)**

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances (if any) and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 1,202,336
Revenues Over Budget	448,779
Expenditures Under Budget	1,249,842
Net Change in Nonspendable Fund Balance	(9,127)
Allocation to Special Designations	(1,400,000)
Appropriated Fund Balance for the 2020-2021 Budget	<u>(150,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 1,341,830</u></u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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Opening, Unassigned Fund Balance

The \$1,202,336 shown in the table is the portion of the Village's May 31, 2019 fund balance that was retained as unassigned.

Revenues Over Budget

The 2019-2020 final budget for revenues was \$3,536,675. Actual revenues recognized for the year were \$3,985,454. The excess of actual revenue over estimated or budgeted revenue was \$448,779, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2019 to May 31, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, provides additional information.

Expenditures Under Budget

The final 2019-2020 budget for expenditures as of May 31, 2020, was \$3,846,836. Actual expenditures as of May 31, 2020 were \$2,596,994. The final budget variance was \$1,249,842, which contributes directly to the change to the general fund unassigned fund balance from May 31, 2019 to May 31, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, provides additional information.

Net Change in Nonspendable Fund Balance

The Village prepaid fire protection and various insurance premiums at May 31, 2020. The resulting balance sheet assets (prepaids) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as Nonspendable. The increase in nonspendable fund balance reduces unassigned fund balance.

Allocation to Special Designations

Monies transferred into authorized designations do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the Village's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

Appropriated Fund Balance

The Village has chosen to use \$150,000 of the available May 31, 2020 unassigned fund balance to partially fund the 2020-2021 approved operating budget. As such, the May 31, 2020 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at May 31, 2020 was \$1,341,830.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES**

**A. Capital Assets**

At May 31, 2020, the Village had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation expense of \$185,848 in excess of capital additions of \$55,971 recorded for the year ended May 31, 2020. A summary of the Village's capital assets, net of accumulated depreciation at May 31, 2020 and 2019 is as follows:

	2020	As Restated 2019	Increase (Decrease)
Land	\$ 234,800	\$ 234,800	\$ -
Buildings	41,841	45,653	(3,812)
Improvements	14,734	15,552	(818)
Equipment	34,748	36,766	(2,018)
Infrastructure	2,583,230	2,706,459	(123,229)
Capital assets, net	<u>\$ 2,909,353</u>	<u>\$ 3,039,230</u>	<u>\$ (129,877)</u>

The Village's capital assets inventory report was updated during the year ended May 31, 2020. The 2019 balances have been restated to reflect the updated report.

The Village is continuing to make significant capital expenditures resulting from a board approved \$3,000,000 bond authorization for capital improvements to Village facilities and infrastructure. As of May 31, 2020, the Village has issued \$2,000,000 in bonds and the construction is ongoing.

**B. Debt Administration**

At May 31, 2020, the Village had total bonds payable of \$1,770,000. The bonds were issued to construct improvements to Friendly Road, Chapel Gate Lane and other Village roads. The decrease in outstanding debt represents principal payments. A summary of the outstanding debt at May 31, 2020 and 2019 is as follows:

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
1/30/2018	2.48%	<u>\$ 1,770,000</u>	<u>\$ 1,885,000</u>	<u>\$ (115,000)</u>

As of May 31, 2020, the Village has yet to issue \$1,000,000 of the \$3,000,000 approved bond authorization.

**C. Other Long-Term Liabilities**

Included in the Village's long-term liabilities is the net pension liability – proportionate share, which is based on an actuarial valuation.

	2020	2019	Increase (Decrease)
Net pension liability - proportionate share	<u>\$ 225,537</u>	<u>\$ 47,681</u>	<u>\$ 177,856</u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**A. Subsequent Year's Budget**

The Board of Trustees approved a \$3,575,343 general fund budget for the year ending May 31, 2021. This is a \$241,332 decrease compared to the previous year's budget.

The Village budgeted revenues other than property taxes at a \$48,250 decrease compared to the prior year's estimate, which is principally due to estimated decreases in interest earnings and court fines. In addition, the Village applied \$150,000 of appropriated fund balance to the budget, a decrease of \$130,000 from the prior year. Property taxes were budgeted at a decrease of \$63,082 (2.22%), levy to levy.

**B. Future Budgets**

The property tax cap and uncertainty in state aid, as well as operating adjustments attributed to COVID-19, may impact the Village's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of Villages to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. Villages may override the tax levy limit by first passing a local law that allows for the tax levy to be exceeded. The override vote requires a 60% vote of the total voting power of the governing board. Based on the law, the Village's tax levy cap for 2020-2021 is 4.03%. The 2020-2021 property tax levy decrease of (2.22%) was less than the tax cap and did not require an override vote.

**8. CONTACTING THE VILLAGE**

This financial report is designed to provide the reader with a general overview of the Village's finances and to demonstrate the Village's accountability for the funds it receives. Requests for additional information can be directed to:

Elliot S. Conway, Mayor  
Incorporated Village of Upper Brookville  
1395 Planting Fields Road  
Oyster Bay, New York 11771

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Statement of Net Position**  
May 31, 2020

**ASSETS**

Cash	
Unrestricted	\$ 3,903,545
Restricted	134,294
Receivables	
Accounts receivable	1,730
Taxes receivable	59,981
Due from state and federal	29,714
Prepays	54,269
Capital assets not being depreciated	234,800
Capital assets being depreciated, net of accumulated depreciation	<u>2,674,553</u>
 Total Assets	 <u>7,092,886</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	<u>166,863</u>
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**LIABILITIES**

Payables	
Accounts payable	29,974
Accrued liabilities	17,407
Due to employees' retirement system	7,048
Unearned credits: Collections in advance	130,330
Long-term liabilities	
Due and payable within one year	
Bonds payable	115,000
Due and payable after one year	
Bonds payable	1,655,000
Net pension liability - proportionate share	<u>225,537</u>
 Total Liabilities	 <u>2,180,296</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	<u>6,595</u>
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**NET POSITION**

Net investment in capital assets	1,168,818
Restricted	104,829
Unrestricted	<u>3,799,211</u>
 Total Net Position	 <u>\$ 5,072,858</u>



**INCORPORATED VILLAGE OF UPPER BROOKVILLE**

**Statement of Activities**

For the Year Ended May 31, 2020

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>				
General government	\$ 548,181	\$ 71,680	\$	\$ (476,501)
Public safety	1,480,673			(1,480,673)
Transportation	604,753			(604,753)
Culture and recreation	3,526			(3,526)
Home and community	161,393	113,631	34,331	(13,431)
Debt service - interest	45,480			(45,480)
Total Functions and Programs	<u>\$ 2,844,006</u>	<u>\$ 185,311</u>	<u>\$ 34,331</u>	<u>(2,624,364)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				2,841,468
Other tax items				14,722
Nonproperty taxes				97,083
Use of money and property				70,092
Licenses and permits				336,698
Sale of property and compensation for loss				19,126
Miscellaneous				406,891
State aid				140,901
Total General Revenues				<u>3,926,981</u>
Change in Net Position				1,302,617
Total Net Position - Beginning of Year, as Restated				<u>3,770,241</u>
Total Net Position - End of Year				<u>\$ 5,072,858</u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Balance Sheet - Governmental Funds**  
May 31, 2020

	General	Parkland	Garbage District	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash					
Unrestricted	\$ 3,110,256		\$ 116,834	\$ 676,455	\$ 3,903,545
Restricted		104,829		29,465	134,294
Receivables					
Accounts receivable	1,730				1,730
Taxes receivable	59,981				59,981
Due from other funds	12,534				12,534
Due from state and federal	29,714				29,714
Prepays	54,269				54,269
Total Assets	<u>\$ 3,268,484</u>	<u>\$ 104,829</u>	<u>\$ 116,834</u>	<u>\$ 705,920</u>	<u>\$ 4,196,067</u>
<b>LIABILITIES</b>					
Payables					
Accounts payable	\$ 29,974				\$ 29,974
Accrued liabilities	946				946
Due to other funds				12,534	12,534
Due to employees' retirement system	7,048				7,048
Unearned credits					
Collections in advance	19,436		110,894		130,330
Total Liabilities	<u>57,404</u>	<u>-</u>	<u>110,894</u>	<u>12,534</u>	<u>180,832</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	59,981				59,981
<b>FUND BALANCES</b>					
Nonspendable: Prepays	54,269				54,269
Restricted:					
Parkland		104,829			104,829
Unspent bond proceeds				29,465	29,465
Assigned:					
Appropriated fund balance	150,000				150,000
Designated for litigation	200,000				200,000
Designated for Library	5,000				5,000
Designated for Village Hall	600,000				600,000
Designated for Mill River Road	600,000				600,000
Designated for Planting Fields Road	200,000				200,000
Unappropriated fund balance			5,940	663,921	669,861
Unassigned: Fund balance	1,341,830				1,341,830
Total Fund Balances	<u>3,151,099</u>	<u>104,829</u>	<u>5,940</u>	<u>693,386</u>	<u>3,955,254</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,268,484</u>	<u>\$ 104,829</u>	<u>\$ 116,834</u>	<u>\$ 705,920</u>	<u>\$ 4,196,067</u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
May 31, 2020

Total Governmental Fund Balances \$ 3,955,254

Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Village as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 4,107,843	
Less: Accumulated depreciation	<u>(1,198,490)</u>	
		2,909,353

Proportionate share of long-term liability, and deferred outflows and inflows associated with participation in the state retirement system are not current financial resources or obligations and are not reported in the funds.

Deferred outflows of resources	166,863	
Net pension liability - employees' retirement system	(225,537)	
Deferred inflows of resources	<u>(6,595)</u>	
		(65,269)

Some of the Village's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. 59,981

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Accrued interest on bonds payable	(16,461)	
Bonds payable	<u>(1,770,000)</u>	
		<u>(1,786,461)</u>

Total Net Position \$ 5,072,858

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended May 31, 2020

	General	Parkland	Garbage District	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Real property taxes	\$ 2,816,170	\$	\$	\$	\$ 2,816,170
Real property tax items	14,722				14,722
Non-property taxes	97,083				97,083
Departmental income	36,000		113,631		149,631
Use of money and property	66,978	1,816	1,298		70,092
Licenses and permits	336,698				336,698
Fines and forfeited bail	35,680				35,680
Sale of property and compensation for loss				19,126	19,126
Miscellaneous	406,891				406,891
State aid	175,232				175,232
<b>Total Revenues</b>	<b>3,985,454</b>	<b>1,816</b>	<b>114,929</b>	<b>19,126</b>	<b>4,121,325</b>
<b>EXPENDITURES</b>					
General government	435,168			12,320	447,488
Public safety	1,476,861				1,476,861
Transportation	335,552			62,182	397,734
Culture and recreation	2,389	1,137			3,526
Home and community	47,060		113,515		160,575
Employee benefits	138,414				138,414
Debt service					
Principal	115,000				115,000
Interest	46,550				46,550
<b>Total Expenditures</b>	<b>2,596,994</b>	<b>1,137</b>	<b>113,515</b>	<b>74,502</b>	<b>2,786,148</b>
<b>Net Change in Fund Balances</b>	<b>1,388,460</b>	<b>679</b>	<b>1,414</b>	<b>(55,376)</b>	<b>1,335,177</b>
<b>Fund Balances</b>					
- Beginning of Year	1,762,639	104,150	4,526	748,762	2,620,077
<b>End of Year</b>	<b>\$ 3,151,099</b>	<b>\$ 104,829</b>	<b>\$ 5,940</b>	<b>\$ 693,386</b>	<b>\$ 3,955,254</b>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
For the Year Ended May 31, 2020

Net Change in Fund Balances \$ 1,335,177

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received). 25,298

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which, depreciation exceeded capital outlays in the period.

Capital outlays and other additions	\$ 55,971	
Depreciation expense	(185,848)	
		(129,877)

Long-Term Debt Transactions Differences

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Repayment of bond principal	115,000	
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from May 31, 2019 to May 31, 2020. 116,070

	1,070	
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Pension Differences

The change in the proportionate share of the collective pension expense of the state retirement plan reported in the Statement of Activities did not affect current financial resources and, therefore, is not reported in the governmental funds.

Employees' retirement system		(44,051)
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Change in Net Position of Governmental Activities		\$ 1,302,617
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**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Statement of Fiduciary Net Position -**  
**Fiduciary Funds**  
May 31, 2020

	<u>Agency</u>
<b>ASSETS</b>	
Cash: Unrestricted	<u><u>\$ 86,000</u></u>
<b>LIABILITIES</b>	
Other liabilities	<u><u>\$ 86,000</u></u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Incorporated Village of Upper Brookville (Village) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the Village are as follows:

**A. Reporting Entity**

The Village, which was incorporated in 1932, is governed by the Charter of the State of New York, Village law and other general Laws of the State of New York and various local laws and ordinances. The Village is governed by the Mayor and the Board of Trustees, which is the legislative body responsible for the overall operation of the Village (collectively five members). The Mayor serves as chief executive officer and the Treasurer serves as chief fiscal officer of the Village.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following basic services are provided: general support, public safety including contracted police and fire protection, sanitation, recreation, street maintenance and lighting.

The accompanying financial statements present the activities of the Village. The Village is not a component unit of another reporting entity. The decision to include a potential component unit in the Village's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the Village's reporting entity.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the Village, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the Village at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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Fund Financial Statements

The fund financial statements provide information about the Village's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The Village's financial statements present the following fund types:

**Governmental Funds** - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the Village's major governmental funds:

**General Fund** - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

**Special Revenue Funds** - are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes.

**Parkland Fund** - is used to account for special assessments from subdivisions that are specifically assigned for the improvement and conservation of parklands within the Village.

**Garbage District Fund** - is used to account for garbage collection and disposal services provided by a private carter contracted with the Village. The major source of revenue is collections from residents to pay for the services provided by the private carter.

**Capital Projects Fund** - is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets.

**Fiduciary Funds** - are used to account for activities in which the Village acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Village, and are not available to be used to finance Village operations. The following are the Village's fiduciary fund:

**Agency Funds** - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets held by the Village represent various guarantee deposits.

**C. Measurement Focus and Basis of Accounting**

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the Village would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.



**INCORPORATED VILLAGE OF UPPER BROOKVILLE**

NOTES TO FINANCIAL STATEMENTS

(Continued)

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Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The government-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Village gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, state aid, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and pension costs. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**D. Real Property Taxes**

Real property taxes are levied no later than May 15<sup>th</sup> and become a lien on June 1<sup>st</sup>. The Village collects its own taxes. Taxes are collected during the month of June without penalty. A 5% penalty is assessed on taxes paid after July 1, and an additional 1% is assessed each month on taxes paid after July. Unpaid Village taxes are collected through tax lien sales.

**E. Payments in Lieu of Taxes (PILOT)**

The Village's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The Village received \$6,646 in LIPA PILOT revenue during the 2019-2020 fiscal year.

**F. Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, the Village's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**G. Interfund Transactions**

The operations of the Village include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Village typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the Village must account for in other funds in accordance with budgetary authorizations.

In the Government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the Village's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables and payables activity is provided subsequently in these Notes to Financial Statements.

**H. Use of Estimates**

The preparation of 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 assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including pension costs, potential contingent liabilities, and useful lives of capital assets.

**I. Cash and Cash Equivalents/Investments**

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

**J. Receivables**

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**K. Prepaid Items**

Prepaid items represent payments made by the Village for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method. Under the consumption method, a current asset for the prepaid item is recorded at the time of purchase and an expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that prepaids do not constitute available spendable resources.

**L. Capital Assets**

Capital assets are reflected in the government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	50 years
Improvements	5,000	5-50 years
Vehicles Equipment	5,000	5-15 years
Infrastructure - Bridges	5,000	20-50 years
Infrastructure - Roads	5,000	20-50 years
Infrastructure - Water & Sewer	5,000	50-100 years

**M. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The balance is related to pensions and consists of the Village's proportionate share of changes in the collective net pension liability not included in the collective pension expense, and the Village's contributions to the pension system (ERS) subsequent to the measurement date.

**N. Collections in Advance**

Collections in advance arise when resources are received by the Village before it has a legal claim to them, as when monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the Village. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the Village has legal claim to the resources.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**O. Short-Term Debt**

The Village may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date; seven years if originally issued during calendar year 2015 through and including 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

No short-term debt was issued during the year ended May 31, 2020.

**P. Other Benefits**

Eligible Village employees participate in the New York State and Local Employees' Retirement System.

The Village provides individual or family health insurance coverage for active employees pursuant to Village policy.

Village employees may choose to participate in the Village's elective deferred compensation plan established under Internal Revenue Code §457.

Village employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacation must be used in the year earned and cannot be accumulated. Unused vacation days will not be paid at year end. Sick days unused at the end of the year may be carried over into the next year, to a maximum of 30 days. Employees will not be paid for unused sick days upon separation from the Village.

**Q. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The Village has two items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the government-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the government-wide Statement of Net Position and consists of the Village's proportionate share of changes in the collective net pension liability not included in the collective pension expense.

**R. Equity Classifications**

Government-Wide Statements

In the government-wide statements there are three classes of net position:

*Net investment in capital assets* – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**

NOTES TO FINANCIAL STATEMENTS

(Continued)

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*Restricted* – Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – Reports the balance of net position that does not meet the definition of the above two classifications.

**Fund Statements**

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

*Nonspendable* – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaids, which are recorded in the general fund.

*Restricted* – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The Village has established the following restricted fund balances:

*Restricted – Unspent Bond Proceeds*

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

*Reserve for Parkland*

Represents fees received from landowners that have received approval for land subdivision and future development. These fees will be used for future park and conservation projects.

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the Village’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as special designations.

*Unassigned* – Represents the residual classification for the Village’s general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources.

**Fund Balance Classification**

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Trustees if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Trustees.

The Board of Trustees shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either approved budget or Board approved budget revision and then from the assigned fund balance to the extent that there is an appropriation and then from the unassigned fund balance.

**2. FUTURE ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but statements that the Village feels may have a future impact on these financial statements. The Village will evaluate the impact of these pronouncements and implement them, as applicable, if material.

<b>Effective for the Year Ending</b>	<b>Statement</b>
May 31, 2021	GASB No. 84 - <i>Fiduciary Activities</i>
May 31, 2023	GASB No. 87 - <i>Leases</i>

GASB Statement No. 84 will require the Village to assess activities currently classified as fiduciary and reported in the fiduciary funds to determine if these activities should be considered fiduciary in nature or if these activities should be reported as governmental funds.

GASB Statement No. 87 will change the reporting of leases in the government-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

**3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the government-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

**A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the Village's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities.

**B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities**

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**

NOTES TO FINANCIAL STATEMENTS

(Continued)

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Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the Village's proportionate share of the collective pension expense of the plan.

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

The Village's administration submits a tentative budget to the Board of Trustees. The tentative budget includes proposed expenditures and the proposed means of financing for the general fund.

A public hearing is held on the tentative budget by April 15<sup>th</sup>. After completion of the budget hearing, the Board of Trustees may further change the tentative budget. Such budget, as so revised, shall be adopted by resolution no later than May 1<sup>st</sup>.

All subsequent modifications of the budget must be approved by the Board of Trustees.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the current year are increased by the amount of the encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Trustees as a result of selected new revenue sources not included in the original budget (when permitted by law) and by the appropriation of fund balance. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. A summary of the general fund budget is as follows:

Approved Budget	\$ 3,816,675
Prior year encumbrances	<u>30,161</u>
	<u>\$ 3,846,836</u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**B. Encumbrances**

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The Village's investment policies are governed by state statutes and Village policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. 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 and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the Village may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the Village's name.

The Village's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the Village's behalf at year end.

The Village did not have any investments at year-end. Consequently, the Village was not exposed to any material interest rate risk or foreign currency risk.

**6. DUE FROM STATE AND FEDERAL**

Due from state and federal at May 31, 2020 consisted of:

General Fund	
Nassau County mortgage tax	\$ 24,996
Nassau County sales tax	<u>4,718</u>
	<u>\$ 29,714</u>

Village management expects these amounts to be fully collectible.



**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**7. PREPAIDS**

Prepays at May 31, 2020 consisted of:

General Fund		
Fire protection	\$	34,188
Health insurance		8,903
Workers' compensation		<u>11,178</u>
	<u>\$</u>	<u>54,269</u>

**8. CAPITAL ASSETS / PRIOR PERIOD ADJUSTMENT**

During the year ended May 31, 2020, the Village had a third-party vendor perform a physical inventory of the Village's capital assets. As a result of the inventory, it was necessary for the Village to adjust the May 31, 2019 capital assets and accumulated depreciation balances as follows:

	Reported Balance <u>May 31, 2019</u>	Restated Balance <u>May 31, 2019</u>	Increase (Decrease)
Governmental activities			
Capital assets not being depreciated:			
Land	\$ -	\$ 234,800	\$ 234,800
Construction in progress	<u>21,790</u>		<u>(21,790)</u>
Total capital assets not being depreciated	<u>21,790</u>	<u>234,800</u>	<u>213,010</u>
Capital assets being depreciated:			
Buildings	75,966	203,403	127,437
Improvements	-	16,355	16,355
Equipment	66,110	38,453	(27,657)
Infrastructure	<u>2,179,225</u>	<u>3,558,861</u>	<u>1,379,636</u>
Total capital assets being depreciated	<u>2,321,301</u>	<u>3,817,072</u>	<u>1,495,771</u>
Less accumulated depreciation for:			
Buildings	-	157,750	157,750
Improvements	-	803	803
Equipment	-	1,687	1,687
Infrastructure	<u>-</u>	<u>852,402</u>	<u>852,402</u>
Total accumulated depreciation	<u>-</u>	<u>1,012,642</u>	<u>1,012,642</u>
Total capital assets being depreciated, net	<u>2,321,301</u>	<u>2,804,430</u>	<u>483,129</u>
Capital assets, net	<u>\$ 2,343,091</u>	<u>\$ 3,039,230</u>	696,139
Total Net Position - Beginning of Year			
As originally stated			<u>3,074,102</u>
As restated			<u>\$ 3,770,241</u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Capital asset balances and activity for the year ended May 31, 2020 were as follows:

	Balance May 31, 2019	Additions	Reductions	Balance May 31, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 234,800	\$ -	\$ -	\$ 234,800
Capital assets being depreciated:				
Buildings	203,403			203,403
Improvements	16,355			16,355
Equipment	38,453			38,453
Infrastructure	3,558,861	55,971		3,614,832
Total capital assets being depreciated	3,817,072	55,971	-	3,873,043
Less accumulated depreciation for:				
Buildings	157,750	3,812		161,562
Improvements	803	818		1,621
Equipment	1,687	2,018		3,705
Infrastructure	852,402	179,200		1,031,602
Total accumulated depreciation	1,012,642	185,848		1,198,490
Total capital assets being depreciated, net	2,804,430	(129,877)		2,674,553
Capital assets, net	\$ 3,039,230	\$ (129,877)	\$ -	\$ 2,909,353

Depreciation expense was charged to governmental functions as follows:

General support	\$ 2,018
Public safety	3,812
Transportation	179,200
Home & community	818
	\$ 185,848

**9. INTERFUND TRANSACTIONS**

Interfund balances and activities at May 31, 2020, are as follows:

	Interfund	
	Receivable	Payable
General Fund	\$ 12,534	\$
Capital Projects Fund		12,534
	\$ 12,534	\$ 12,534

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**10. LONG-TERM LIABILITIES**

**A. Changes**

Long-term liability balances and activity, excluding pension costs, for the year are summarized below:

	Balance May 31, 2019	Additions	Reductions	Balance May 31, 2020	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 1,885,000	\$	\$ (115,000)	\$ 1,770,000	\$ 115,000

The general fund has typically been used to liquidate long-term liabilities.

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at May 31, 2020
Serial bonds	1/30/2018	1/15/2033	2.48%	\$ 1,770,000

The following is a summary of debt service requirements for bonds payable:

Year Ending May,	Principal	Interest	Total
2021	\$ 115,000	\$ 43,896	\$ 158,896
2022	120,000	41,044	161,044
2023	120,000	38,068	158,068
2024	125,000	35,092	160,092
2025	130,000	31,992	161,992
2026 - 2030	695,000	110,360	805,360
2031 - 2033	465,000	23,312	488,312
Total	\$ 1,770,000	\$ 323,764	\$ 2,093,764

**C. Interest Expense**

Interest on long-term debt for the year was composed of:

Interest paid	\$ 46,550
Less interest accrued in the prior year	(17,531)
Plus interest accrued in the current year	16,461
Total interest expense on long-term debt	\$ 45,480

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**

NOTES TO FINANCIAL STATEMENTS

(Continued)

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**D. Unissued Debt**

On August 12, 2016, the Board adopted a \$3,000,000 bond resolution (\$500,000 to construct improvements to Friendly Road and Chapel Gate Lane and \$2,500,000 to construct improvements to other roads in the Village determined by the Board). The Village has issued \$2,000,000 in bonds for Friendly Road, Chapel Gate Lane, and other roads in the Village; therefore, \$1,000,000 remains authorized and unissued.

**11. PENSION PLANS – NEW YORK STATE**

**A. General Information**

The Village participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple employer, public employee retirement system. The system provides retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

**B. Provisions and Administration**

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on the NYS Comptroller's website 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 Employees' Retirement System, 110 State Street, Albany, NY 12244.

**C. Funding Policies**

Plan members who joined the system before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The Village paid 100% of the required contributions as billed by the ERS for the current year. The Village's average contribution rate was 13.75% of covered payroll for the ERS' fiscal year ended May 31, 2020.

The Village's share of the required contributions, based on covered payroll for the Village's year ended May 31, 2020 was \$39,766 for ERS at an average contribution rate of 13.75%.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**D. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At May 31, 2020, the Village reported the following liability for its proportionate share of the net pension liability for the system. 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. The Village's proportion of the net pension liability was based on a projection of the Village'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 ERS in reports provided to the Village.

Measurement date	March 31, 2020
Village's proportionate share of the net pension asset/(liability)	\$ (225,537)
Village's portion of the Plan's total net pension liability	0.0008517%
Change in proportion since the prior measurement date	0.0001787

For the year ended May 31, 2020, the Village recognized pension expense of \$83,819 for ERS. At May 31, 2020, the Village reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 13,274	\$
Changes of assumptions	4,541	3,921
Net difference between projected and actual earnings on pension plan investments	115,621	
Changes in proportion and differences between the Village's contributions and proportionate share of contributions	26,379	2,674
Village contributions subsequent to the measurement date	<u>7,048</u>	
Total	<u>\$ 166,863</u>	<u>\$ 6,595</u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Village 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 and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending May 31,	
2021	\$ 29,195
2022	38,969
2023	48,037
2024	37,019
	\$ 153,220

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 valuations used the following actuarial assumptions:

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Inflation	2.50%
Salary increases	4.20%
Investment rate of return (net of investment expense, including inflation)	6.80%
Cost of living adjustments	1.30%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

The actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	Target Allocation	Long-term Expected Rate of Return
Measurement date		March 31, 2020
Asset type		
Domestic equity	36.0%	4.05%
International equity	14.0%	6.15%
Real estate	10.0%	4.95%
Private equities	10.0%	6.75%
Alternatives investments	8.0%	3.25-5.95%
Bonds and mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation indexed bonds	4.0%	0.50%
	100.0%	

Real rates of return are net of a long-term inflation assumption of 2.5%.

Discount Rate

The discount rate used to measure the total pension liability was 6.80% (the discount rate used at the prior year's measurement date of March 31, 2019, was 7.00%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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 following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.80%) or 1 percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80)%	Current Assumption (6.80)%	1% Increase (7.80)%
ERS			
Village's proportionate share of the net pension asset (liability)	\$ (413,925)	\$ (225,537)	\$ (52,032)

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement date, were as follows:

	<i>(Dollars in Thousands)</i>
Measurement date	March 31, 2020
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>
Ratio of plan fiduciary net position to the employers' total pension liability	86.39%

Payables to the Pension Plan

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 covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of May 31, 2020 amounted to \$7,048 of employer contributions. Employee contributions are remitted monthly.

**12. PENSION PLANS - OTHER**

Deferred Compensation Plan

The Village has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Village makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$27,258.

**13. JOINT ACTIVITY CONTRACT**

The Incorporated Village of Old Brookville established a Police Department and agreed to furnish police protection for itself and the Incorporated Villages of Brookville, Cove Neck, Matinecock, Mill Neck, and Upper Brookville. The contract has been renewed to May 31, 2022. The transactions of the Joint Police Activity Fund are excluded from the financial statements of all participating municipalities. Separate financial statements are issued for the joint activity.

Significant provisions of the contract are as follows:

- A. The governing body is the Board of Police Commissioners, which is comprised of six members, one from each participating municipality.
- B. The Board of Police Commissioners shall prepare and submit an annual budget to the Mayors of all participating municipalities by March 1 of each year. Each Village shall incorporate such budget, without change, in its tentative budget for filing, budget hearing and adoption, according to Village law.



**INCORPORATED VILLAGE OF UPPER BROOKVILLE**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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- C. The Treasurer of Old Brookville shall maintain separate bank accounts to record activity of the Joint Police Activity Fund.
- D. The costs of operation of the Police Department shall be shared in the ratio of their respective assessed valuations as they appear on the assessment rolls of Nassau County. The Village's share of Police costs amounted to \$970,749 for the fiscal year ended May 31, 2020.
- E. In November 2019, the Board of Police Commissioners amended the 2019-2020 Old Brookville Police Department budget, resulting in a reduction of the Village's payments by approximately \$970,749.
- F. On March 16, 2020, the Board of Trustees approved the Old Brookville Police Department's budget amendment providing for distribution of excess projected fund balance of \$1,943,500, of which \$403,143 was distributed to the Village on March 18, 2020.
- G. Accident liability insurance shall be carried on employees of the Police Department.

**14. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**15. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$150,000 has been appropriated to reduce taxes for the year ending May 31, 2021.

**16. COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The Village has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the Village's administration believes disallowances, if any, would be immaterial.

**B. Litigation**

The Village is involved in lawsuits arising from the normal conduct of its affairs. The Village believes that the outcome of any matters will not have a material effect on these financial statements.

**C. Certiorari Proceedings**

From time to time, the Village is involved in certiorari proceedings under which taxpayers seek reduction in the assessed value of property upon which taxes are measured. A reduction in assessed valuation may result in a refund of real property taxes previously paid by the claimant. It is not possible to estimate the amount of refunds, if any, that the Village may be required to make for taxes collected through May 31, 2020, which could affect future operating budgets of the Village.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**D. Operating Leases/Related Party**

The Village leases its street maintenance equipment from a company whose principal is a Village employee. Lease expenses for the year were \$84,000. The lease renews annually.

**17. SUBSEQUENT EVENTS**

The Village has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

**A. Impact of COVID-19**

On March 11, 2020, coronavirus disease (COVID-19) was declared a pandemic. COVID 19 is an international, national and New York State public health emergency. As such, the COVID-19 outbreak is disrupting business activity across a range of industries. At this point, the extent of the impact of COVID-19 on the Village's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the Village's residents, employees and vendors, as well as the state, all of which are uncertain and cannot be predicted.

**B. Purchase of Land**

At the October 19, 2020 board meeting, the Board of Trustees authorized a real estate transaction to purchase property within the Village not to exceed \$1,675,000, including a 10% down payment of the accepted purchase price. This land will be used as the future site of Village Hall.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For the Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real Property Taxes	\$ 2,838,750	\$ 2,838,750	\$ 2,816,170	\$ (22,580)
Other Real Property Tax Items	17,000	17,325	14,722	(2,603)
Non-Property Taxes	95,000	95,000	97,083	2,083
Departmental Income	12,000	12,000	36,000	24,000
Use of Money and Property	90,000	90,000	66,978	(23,022)
Licenses and Permits	271,500	271,500	336,698	65,198
Fines and Forfeited Bail	75,000	75,000	35,680	(39,320)
Miscellaneous	2,525	2,200	406,891	404,691
State Aid	134,900	134,900	175,232	40,332
<b>Total Revenues</b>	<b>3,536,675</b>	<b>3,536,675</b>	<b>3,985,454</b>	<b>\$ 448,779</b>
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	280,000	280,000		
Prior Year's Encumbrances	-	30,161		
<b>Total Appropriated Fund Balance</b>	<b>280,000</b>	<b>310,161</b>		
<b>Total Revenues and Appropriated Fund Balance</b>	<b>\$ 3,816,675</b>	<b>\$ 3,846,836</b>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance
<b>EXPENDITURES</b>				
General Government Support				
Municipal Court	\$ 24,250	\$ 24,250	\$ 18,943	\$ 5,307
Legislative Board	1,500	1,500	412	1,088
Auditor	12,500	12,500	10,000	2,500
Clerk	234,525	264,686	253,906	10,780
Assessment	400	400	51	349
Attorney	74,000	105,652	105,316	336
Engineer	10,000	10,000	1,243	8,757
Elections	1,000	1,000	691	309
Records management	1,000	1,000	-	1,000
Buildings	7,000	7,000	5,816	1,184
Unallocated insurance	20,000	20,028	20,028	-
Municipal association dues	3,000	3,662	3,662	-
Judgements and claims	30,000	29,310	15,100	14,210
Total General Government Support	<u>419,175</u>	<u>480,988</u>	<u>435,168</u>	<u>45,820</u>
Public Safety				
Police	1,941,498	1,847,573	970,749	876,824
Fire Protection	414,400	414,400	402,360	12,040
Safety Inspection	100,000	106,372	103,752	2,620
Total Public Safety	<u>2,455,898</u>	<u>2,368,345</u>	<u>1,476,861</u>	<u>891,484</u>
Transportation				
Street Maintenance	315,604	327,374	309,119	18,255
Snow Removal	16,500	26,374	23,488	2,886
Street Lighting	3,500	3,500	2,945	555
Total Transportation	<u>335,604</u>	<u>357,248</u>	<u>335,552</u>	<u>21,696</u>
Culture & Recreation				
Celebrations	4,500	4,500	2,389	2,111
Home & Community				
Zoning Board of Appeals	8,000	42,257	42,257	-
Planning Board	5,000	5,000	950	4,050
Flood	5,000	5,000	3,853	1,147
Total Home & Community	<u>18,000</u>	<u>52,257</u>	<u>47,060</u>	<u>5,197</u>
Employee Benefits				
State Retirement	40,000	40,000	39,766	234
Social Security & Medicare	25,000	26,043	26,043	-
Workers' Compensation	14,500	13,457	12,573	884
Unemployment Insurance	2,000	2,000	725	1,275
Disability Insurance	250	250	-	250
Hospital & Medical Insurance	60,000	60,000	59,307	693
Total Employee Benefits	<u>141,750</u>	<u>141,750</u>	<u>138,414</u>	<u>3,336</u>

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance
<b>EXPENDITURES</b>				
Debt Service				
Principal	\$ 115,000	\$ 115,000	\$ 115,000	\$ -
Interest	46,748	46,748	46,550	198
Total Debt Service	161,748	161,748	161,550	198
Total Expenditures	3,536,675	3,566,836	2,596,994	969,842
<b>OTHER USES</b>				
Operating Transfers Out	280,000	280,000	-	280,000
Total Expenditures and Other Uses	<u>\$ 3,816,675</u>	<u>\$ 3,846,836</u>	<u>2,596,994</u>	<u>\$ 1,249,842</u>
Net Change in Fund Balance			1,388,460	
Fund Balance - Beginning of Year			<u>1,762,639</u>	
Fund Balance - End of Year			<u>\$ 3,151,099</u>	

**Note to Required Supplementary Information**

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Schedule of the Village's Proportionate Share of the Net Pension Liability**  
 Last Two Fiscal Years

*Employees' Retirement System*

	2020	2019
Village's proportion of the net pension liability	0.0008517%	0.0006730%
Village's proportionate share of the net pension liability	\$ 225,537	\$ 47,681
Village's covered payroll	\$ 289,183	\$ 238,541
Village's proportionate share of the net pension liability as a percentage of its covered payroll	77.99 %	19.99 %
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%
Discount Rate	6.80 %	7.00 %

*An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.*

**INCORPORATED VILLAGE OF UPPER BROOKVILLE**  
**Schedule of Village Pension Contributions**  
 Last Two Fiscal Years

***Employees' Retirement System***

	2020	2019
Contractually required contribution	\$ 39,766	\$ 35,137
Contributions in relation to the contractually required contribution	39,766	35,137
Contribution deficiency (excess)	\$ -	\$ -
Village's covered payroll	\$ 289,183	\$ 238,541
Contributions as a percentage of covered payroll	14%	15%

*An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.*

