

Village of Pelham, New York

Financial Statements and
Supplementary Information

Year Ended May 31, 2020

Village of Pelham, New York

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Government- Wide Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	20
Statement of Assets and Liabilities - Fiduciary Fund	21
Notes to Financial Statements	22
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the Village's Total OPEB Liability and Related Ratios	46
New York State and Local Employees' Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	47
Schedule of Contributions	47
New York State and Local Police and Fire Retirement System	
Schedule of the Village's Proportionate Share of the Net Pension Liability	48
Schedule of Contributions	48
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	49
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	50
Schedule of Revenues and Other Financing Sources Compared to Budget	52
Schedule of Expenditures and Other Financing Uses Compared to Budget	55
Capital Projects Fund	
Comparative Balance Sheet	58
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	59
Project-Length Schedule	60
Non-Major Governmental Fund	
Special Purpose Fund	
Comparative Balance Sheet	62
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	63

(This page intentionally left blank)

Independent Auditors' Report

**The Honorable Mayor and Board of Trustees
of the Village of Pelham, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Pelham, New York ("Village") as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As discussed in Note 4 in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit for the year ended May 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The combining and individual fund financial statements and schedules for the year ended May 31, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended May 31, 2020 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended May 31, 2020.

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Village as of and for the year ended May 31, 2019 (not presented herein), and have issued our report thereon dated September 20, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended May 31, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended May 31, 2019.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 29, 2020

(This page intentionally left blank)

Village of Pelham, New York

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

Introduction

The management of the Village of Pelham offers this overview and analysis of the financial activities of the Village for the fiscal year ended May 31, 2020 to readers of the Village's financial statements. This document should be read and considered in conjunction with the basic financial statements, which immediately follow this section, in order to enhance the understanding of the Village's financial performance.

Financial Highlights and Comparative Information

- ❖ At the conclusion of FYE 2018-2019, the government-wide financial statements reflected liabilities and deferred inflows of resources which exceeded assets and deferred outflows of resources by \$44,559,958. This change is due to implementation of Governmental Accounting Standards Board ("GASB") Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")*, which replaces GASB Statement No. 45, reflecting a Net Pension Liability.
- ❖ At the conclusion of FYE 2019-2020, the government-wide financial statements reflected liabilities and deferred inflows of resources which exceeded assets and deferred outflows of resources by \$49,611,946. This change is due to implementation of Governmental Accounting Standards Board ("GASB") Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("OPEB")*, which replaces GASB Statement No. 45, reflecting a Net Pension Liability.
- ❖ As of the close of FYE 2018-2019, the Village's governmental funds reported combined ending fund balances of \$180,902, of which (\$1,622,945) is for Capital Projects Fund. The majority of these funds are included in the General Fund and are available for spending at the Village's discretion.
- ❖ As of the close of FYE 2019-2020, the Village's governmental funds reported combined ending fund balances of (\$1,130,632), of which (\$2,344,476) is for Capital Projects Fund. A portion of these funds are included in the General Fund and are available for spending at the Village's discretion.
- ❖ At the end of FYE 2019-2020, the unassigned fund balance for the General Fund decreased by 7.95% from \$1,272,085, to \$1,170,965, *which equates to 7.41% of total General Fund expenditures budgeted* of \$15,795,071 for 2020-2021.
- ❖ At the close of the current fiscal year, the Village had short term debt outstanding of \$3,265,100.
- ❖ The government-wide financial statements must report certain items in accordance with the pronouncements of the GASB. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of these standards, GASB Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*, requires the Village to recognize the financial impact associated with OPEB obligations. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. This standard requires the Village to report the *total*, rather than *net*, OPEB liability related to its employees, since New York State has not authorized the establishment of an irrevocable trust to set aside assets for this purpose. The prior standard under the provisions of GASB Statement No. 45 allowed for the amortization of prior service costs over a thirty year period. As a result of the provisions of GASB Statement No. 75, the Village's total OPEB liability as of

May 31, 2020 is \$50,640,798. The OPEB liability is reflected on the government-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the Village's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in note 3F in the notes to financial statements. Also noteworthy is that this standard parallels the pension standard under the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*", presented in note 3F as well. At May 31, 2020, the Village also reported in its Statement of Net Position a liability of \$9,643,890 for its proportionate share of the Employee Retirement System ("ERS") and the Police & Fire Retirement System ("PFRS") net pension liabilities.

- ❖ During the process of issuing bonds in 2005-06, the Village received their first bond rating from Standards and Poor of AA+. In March of 2011 the rating was changed to AA+/negative outlook. An updated review by Standards and Poor issued November 28, 2012 upgraded the rating back to AA+ with a stable outlook.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the Village's assets, liabilities and deferred inflows/outflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. - uncollected taxes and accrued but unused vacation and compensatory leave, post-employment benefits and net pension liabilities).

The *governmental activities* of the Village include general government support, public safety, transportation, culture and recreation and home and community services.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains two major governmental funds: the General Fund and the Capital Projects Fund. Major funds have their information presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. There is one fund classified as non-major, the Special Purpose Fund to account for the Thomas Fenlon Tree Trust.

Budgetary comparison statements are provided for the General Fund. Budgetary comparison statements have been provided for this fund within the basic financial statements to demonstrate compliance budget.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Village programs. The Village maintains one type of fiduciary fund, an Agency Fund. Resources in the Agency Fund are held by the Village purely in a custodial capacity. The activity in this fund is limited to the receipt and remittance of resources to the appropriate individual, organization, or government.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the Village's other postemployment and pension benefit obligations as well as the individual fund financial statements and schedules of "budgets to actual" comparisons.

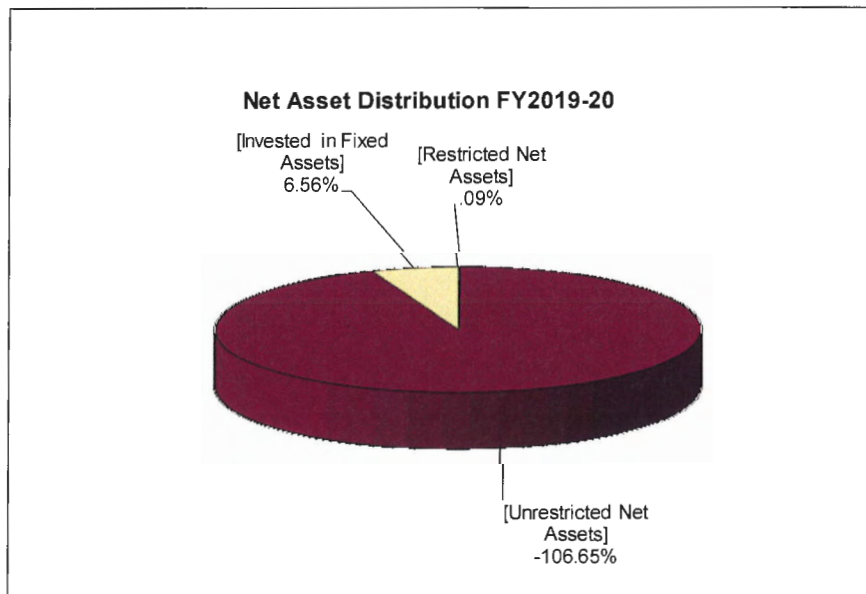
Government-wide Financial Analysis

As noted earlier, over time net position may serve as a useful indicator of a government's financial position. In the case of the Village, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$49,611,946 for fiscal year ended May 31, 2020. This is an increase of \$5,051,988, as compared to the prior year, mostly because of the implementation GASB

Statement No. 75 and GASB Statement No. 68. A portion of the Village's net position is its investment in capital assets (land, buildings and improvements, infrastructure, machinery and equipment, and construction-in-progress), less any related debt outstanding that was used to acquire those assets. The Village uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Village's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The following table reflects the condensed Statement of Net Position:

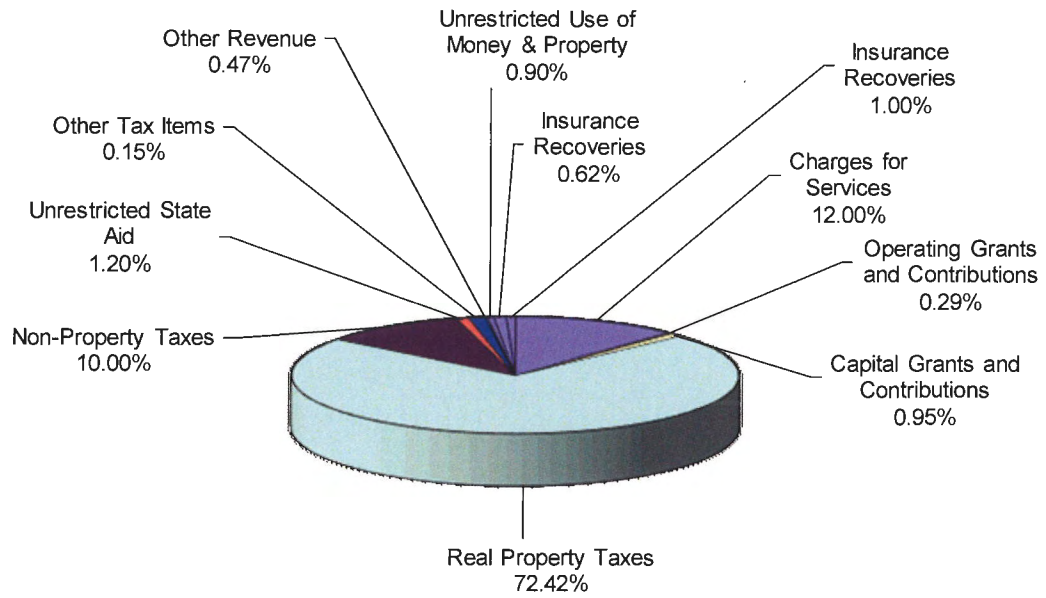
	May 31,	
	2020	2019
Current Assets	\$ 2,903,374	\$ 4,504,885
Capital Assets, net	7,054,718	7,437,189
Total Assets	9,958,092	11,942,074
Deferred Outflows of Resources	9,163,460	2,494,385
Current Liabilities	4,089,425	4,410,035
Long-term Liabilities	62,013,464	53,336,684
Total Liabilities	66,102,889	57,746,719
Deferred Inflows of Resources	2,630,609	1,249,698
Net Position:		
Net Investment in Capital Assets	3,255,243	4,154,244
Restricted	42,879	52,809
Unrestricted	(52,910,068)	(48,767,011)
Total Net Position	\$ (49,611,946)	\$ (44,559,958)



Change in Net Position

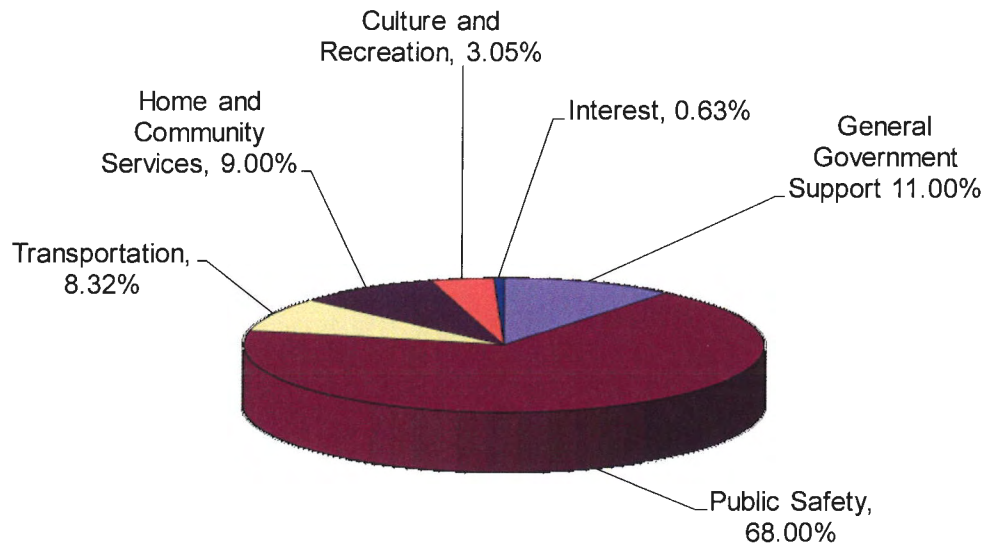
	2020	2019
REVENUES		
Program Revenues		
Charges for Services	\$ 1,876,297	\$ 2,081,716
Operating Grants and Contributions	44,577	217,983
Capital Grants and Contributions	147,276	147,196
	2,068,150	2,446,895
General Revenues		
Real Property Taxes	11,278,619	10,995,145
Other Tax Items	23,114	19,156
Non-Property Taxes	1,625,618	1,384,345
Unrestricted Use of Money and Property	140,277	134,534
Sale of property and compensation for loss	47,783	29,909
Unrestricted State Aid	187,051	239,837
Miscellaneous income	73,429	29,635
Insurance recoveries	101,925	103,178
	13,477,816	12,935,739
Total General Revenues	13,477,816	12,935,739
Total Revenues	15,545,966	15,382,634
PROGRAM EXPENSES		
General Government Support	2,195,698	1,801,505
Public Safety	13,945,045	12,010,884
Transportation	1,713,776	1,163,961
Culture and Recreation	810,264	736,843
Home and Community Services	1,804,107	1,594,713
Interest	129,064	134,335
	20,597,954	17,442,241
Total Expenses	20,597,954	17,442,241
Change in Net Position	(5,051,988)	(2,059,607)
NET POSITION		
Beginning, as reported	(44,559,958)	(8,046,247)
Cumulative Effect of Change in Accounting Principle	-	(34,454,104)
Beginning, as restated	(44,559,958)	(42,500,351)
Ending	\$ (49,611,946)	\$ (44,559,958)

**Sources of Revenues for Fiscal Year 2020
Governmental Activities**



Expenses for Fiscal Year 2020

Governmental Activities



Governmental Activities – Changes in Net Position

Government-wide activities decreased the Village's net position by (\$5,051,988). For the fiscal year ended May 31, 2020, revenues from governmental activities totaled \$15,545,966. Real estate property tax revenues for Fiscal Year 2019-2020 were \$11,278,619. Total tax revenues (\$12,927,351) comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source. Total Program Revenues were \$2,068,150.

For the fiscal year ended May 31, 2020, expenses from governmental activities totaled \$20,597,954. The largest components of governmental activities' expenses are public safety \$13,945,045 (68%), general government support \$2,195,698 (11%), home and community services \$1,804,107 (9%), and Transportation \$1,713,776 (8.32%). Public Safety includes the following: Police, Fire and Safety Inspection and On Street Parking, Home and Community Services include the following: Zoning, Planning, Storm and Sanitary Sewers, Refuse Collection and Recycling, and Shade Trees. General Government Support includes the following: Board of Trustees, Village Administrator, Village Treasurer, Village Clerk, Law, Management Information Systems, Central Communications, Central Garage, Central Supplies, Central Printing and Mail, Unallocated Insurance, Consulting Fees, Bonding Expenses, Taxes on Village Property and Special Items, Judgments and Claims and Contingency. Transportation includes the following: Highway Maintenance, Snow Removal, Street and Traffic Lights.

Financial Analysis of the Village's Funds

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

Governmental Funds

The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Village's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year the Village's governmental funds reported combined ending fund balances of (\$1,130,632) which included a negative fund balance of \$2,344,476 in the Capital Projects Fund. A portion of fund balance is restricted to indicate that it is not available for new spending because it has already been restricted for debt service (\$21,452) and trusts (\$21,427).

The General Fund is the primary operating fund of the Village. At the end of the current fiscal year, fund balance of the General Fund was \$1,192,417 of which \$21,452 is restricted for debt.

Actual results of operations resulted in a decrease in the fund balance of the General Fund by \$588,250. Revenues and other financing sources were \$15,397,622. Expenditures and other financing uses were \$15,985,872.

The major areas where revenues exceeded budget were: Non-property Taxes by \$260,618, as a result from an increase in sales tax revenue and Use of Money and Property of \$109,989 due mainly to increased interest rates.

The major area where spending was less than budgeted was Employee Benefits by \$285,563.

The Capital Projects Fund has an unassigned deficit of \$2,344,476 which is normal due to the fact that this includes short-term bond anticipation notes. These short-term notes will be paid off over a period of five years from their dates of issue. A majority of capital projects are financed by short and long term debt and State aid as of May 31, 2020.

Capital Assets and Debt Administration

Capital Assets

The value of the Village's investment in capital assets for governmental activities at May 31, 2020, net of accumulated depreciation and assets not being depreciated, was \$7,054,718. This investment in capital assets includes land, buildings and improvements, infrastructure, licensed vehicles, and machinery and equipment.

Major capital asset activity during the current fiscal year is depicted in the following chart:

	May 31,	
	2020	2019
Capital Assets, not being depreciated:		
Land	\$ 528,387	\$ 528,387
Capital Assets being depreciated:		
Buildings and Improvements	6,736,071	6,691,631
Infrastructure	8,106,990	8,106,990
Machinery and Equipment	662,825	653,703
Licensed Vehicles	3,451,144	3,721,144
Total Capital Assets being depreciated	18,957,030	19,173,468
Less Accumulated Depreciation for:		
Buildings and Improvements	2,805,205	2,617,954
Infrastructure	6,677,457	6,649,261
Machinery and Equipment	660,696	470,178
Licensed Vehicles	2,287,341	2,527,273
Total Accumulated Depreciation	12,430,699	12,264,666
Total Capital Assets, net of accumulated depreciation	6,526,331	6,908,802
Capital Assets, net	\$ 7,054,718	\$ 7,437,189

Long-Term Debt/Short-Term Debt

At the end of the fiscal 2020 year, the Village had total bonded debt outstanding of \$1,455,000. At the close of the 2019-20 fiscal year; the Village had a total of \$3,265,100 in short term bond anticipation note debt, renewing short term bond anticipation note debt outstanding at May 31, 2019 with redemptions of \$1,888,000 and new issues of \$1,535,500.

Total short-term and long-term debt outstanding at May 31, 2020 was \$4,720,100. As required by New York State Law, all bonds issued by the Village are general obligation bonds, backed by the full faith and credit of the Village.

Known as the “constitutional debt limit”, and pursuant to New York State Local Finance Law §104, the Village must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At May 31, 2020, the Village’s five-year average full valuation was \$1,423,039,627 thereby establishing a constitutional debt limit for the year ending May 31, 2020 of \$99,612,774.

Current and Next Year’s Budget

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt.

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended (“Tax Levy Limitation Law”), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. This law requires that local governments maintain any property tax levy increase to no more than 2 percent or the rate of inflation, whichever is less.

The Tax Levy increase for 2019-20 for the Village budget was materially within the limit. The 2020-21 Village budget was again within the allowable limit.

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

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget.

In addition to these New York State actions, the Village’s economically sensitive revenues (i.e., sales tax distributions, mortgage tax, interest earnings) are being negatively impacted. Meanwhile, the Village’s expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support a safe working environment) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State’s operations and financial condition is not expected to be known for some time. Similarly, the degree of the impact on the Village’s future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects.

Requests for Information

This financial report is designed to provide a general overview of the Village of Pelham’s finances. Questions and comments concerning any of the information provided in this report should be addressed to Christopher Scelza, Assistant Village Administrator/Village Treasurer, Village of Pelham, 195 Sparks Avenue, Pelham, New York 10803.

(This page intentionally left blank)

Village of Pelham, New York

Statement of Net Position
May 31, 2020

ASSETS

Cash and equivalents	\$ 2,537,068
Receivables	
Accounts	260,845
Due from other governments	105,461
Capital assets	
Not being depreciated	528,387
Being depreciated, net	<u>6,526,331</u>
Total Assets	<u>9,958,092</u>

DEFERRED OUTFLOWS OF RESOURCES

9,163,460

LIABILITIES

Accounts payable	192,121
Accrued liabilities	317,300
Due to retirement systems	259,485
Bond anticipation notes payable	3,265,100
Accrued interest payable	55,419
Non-current liabilities	
Due within one year	232,380
Due in more than one year	<u>61,781,084</u>
Total Liabilities	<u>66,102,889</u>

DEFERRED INFLOWS OF RESOURCES

2,630,609

NET POSITION

Net investment in capital assets	3,255,243
Restricted for	
Debt service	21,452
Special purpose	21,427
Unrestricted	<u>(52,910,068)</u>
Total Net Position	<u>\$ (49,611,946)</u>

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

Village of Pelham, New York

Statement of Activities
Year Ended May 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government support	\$ 2,195,698	\$ 370,390	\$ 600	\$ -
Public safety	13,945,045	705,910	13,066	-
Transportation	1,713,776	796,497	-	147,276
Culture and recreation	810,264	-	3,568	-
Home and community services	1,804,107	3,500	27,343	-
Interest	129,064	-	-	-
Total Governmental Activities	\$ 20,597,954	\$ 1,876,297	\$ 44,577	\$ 147,276

General revenues
 Real property taxes
 Other tax items
 Interest and penalties on real property taxes
 Non-property taxes
 Non-property tax distribution from County
 Public utility taxes
 Cable television franchise fees
 Unrestricted use of money and property
 Sale of property and compensation for loss
 Unrestricted State aid
 Miscellaneous
 Insurance recoveries

Total General Revenues

Change in Net Position

NET POSITION

Beginning

Ending

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

Net (Expense)
Revenue and
Changes in
Net Position

\$ (1,824,708)
(13,226,069)
(770,003)
(806,696)

(1,773,264)
(129,064)

(18,529,804)

11,278,619

23,114

1,366,310
124,407
134,901
140,277
47,783
187,051
73,429
101,925

13,477,816

(5,051,988)

(44,559,958)

\$ (49,611,946)

Village of Pelham, New York

Balance Sheet
 Governmental Funds
 May 31, 2020

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
ASSETS				
Cash and equivalents	\$ 1,593,064	\$ 922,577	\$ 21,427	\$ 2,537,068
Receivables				
Accounts	260,845	-	-	260,845
Due from other governments	105,461	-	-	105,461
Due from other funds	1,953	-	-	1,953
	<u>368,259</u>	<u>-</u>	<u>-</u>	<u>368,259</u>
Total Assets	<u>\$ 1,961,323</u>	<u>\$ 922,577</u>	<u>\$ 21,427</u>	<u>\$ 2,905,327</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 192,121	\$ -	\$ -	\$ 192,121
Accrued liabilities	317,300	-	-	317,300
Due to retirement systems	259,485	-	-	259,485
Due to other funds	-	1,953	-	1,953
Bond anticipation notes payable	-	3,265,100	-	3,265,100
Total Liabilities	<u>768,906</u>	<u>3,267,053</u>	<u>-</u>	<u>4,035,959</u>
Fund balances (deficits)				
Restricted	21,452	-	21,427	42,879
Unassigned	1,170,965	(2,344,476)	-	(1,173,511)
Total Fund Balances (Deficits)	<u>1,192,417</u>	<u>(2,344,476)</u>	<u>21,427</u>	<u>(1,130,632)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,961,323</u>	<u>\$ 922,577</u>	<u>\$ 21,427</u>	<u>\$ 2,905,327</u>

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

Village of Pelham, New York

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

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

Fund Balances - Total Governmental Funds	<u>\$ (1,130,632)</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>7,054,718</u>
Governmental funds do not report the effect of assets or liabilities related to net pension and postemployment benefit obligations whereas these amounts are deferred in the statement of activities.	
Deferred amounts on net pension liabilities	5,622,214
Deferred amounts on other postemployment benefit obligations	<u>910,637</u>
	<u>6,532,851</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(55,419)
Bonds payable	(1,455,000)
Compensated absences	(273,776)
Net pension liability	(9,643,890)
Other post employment benefit obligations payable	<u>(50,640,798)</u>
	<u>(62,068,883)</u>
Net Position of Governmental Activities	<u><u>\$ (49,611,946)</u></u>

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

Village of Pelham, New York

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended May 31, 2020

	General	Capital Projects	Non-Major Governmental	Total Governmental Funds
REVENUES				
Real property taxes	\$ 11,278,619	\$ -	\$ -	\$ 11,278,619
Other tax items	23,114	-	-	23,114
Non-property taxes	1,625,618	-	-	1,625,618
Departmental income	767,493	-	-	767,493
Intergovernmental charges	2,846	-	-	2,846
Use of money and property	309,039	-	-	309,039
Licenses and permits	242,421	-	-	242,421
Fines and forfeitures	341,648	-	-	341,648
Sale of property and compensation for loss	47,783	-	-	47,783
State aid	200,717	147,276	-	347,993
Federal aid	27,343	-	-	27,343
Miscellaneous	429,056	-	1,068	430,124
Total Revenues	15,295,697	147,276	1,068	15,444,041
EXPENDITURES				
Current				
General government support	1,540,250	-	-	1,540,250
Public safety	6,789,127	-	-	6,789,127
Transportation	475,506	-	-	475,506
Culture and recreation	382,822	-	2,821	385,643
Home and community services	1,478,438	-	-	1,478,438
Employee benefits	4,767,032	-	-	4,767,032
Debt service				
Principal	205,000	-	-	205,000
Interest	159,697	-	-	159,697
Capital outlay	-	1,056,807	-	1,056,807
Total Expenditures	15,797,872	1,056,807	2,821	16,857,500
Deficiency of Revenues Over Expenditures	(502,175)	(909,531)	(1,753)	(1,413,459)
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	101,925	-	-	101,925
Transfers in	-	188,000	-	188,000
Transfers out	(188,000)	-	-	(188,000)
Total Other Financing Sources (Uses)	(86,075)	188,000	-	101,925
Net Change in Fund Balances	(588,250)	(721,531)	(1,753)	(1,311,534)
FUND BALANCES (DEFICITS)				
Beginning of Year	1,780,667	(1,622,945)	23,180	180,902
End of Year	\$ 1,192,417	\$ (2,344,476)	\$ 21,427	\$ (1,130,632)

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

Village of Pelham, New York

Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended May 31, 2020

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (1,311,534)</u>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	53,562
Depreciation expense	<u>(436,033)</u>
	<u>(382,471)</u>
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal paid on bonds	<u>205,000</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	30,633
Compensated absences	20,760
Pension obligations	(1,921,774)
Other post employment benefit obligations	<u>(1,692,602)</u>
	<u>(3,562,983)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (5,051,988)</u></u>

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

Village of Pelham, New York

Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual
 General Fund
 Year Ended May 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Real property taxes	\$ 11,285,257	\$ 11,285,257	\$ 11,278,619	\$ (6,638)
Other tax items	30,000	30,000	23,114	(6,886)
Non-property taxes	1,365,000	1,365,000	1,625,618	260,618
Departmental income	889,100	889,100	767,493	(121,607)
Intergovernmental charges	2,500	2,500	2,846	346
Use of money and property	199,050	199,050	309,039	109,989
Licenses and permits	373,000	373,000	242,421	(130,579)
Fines and forfeitures	397,500	397,500	341,648	(55,852)
Sale of property and compensation for loss	2,000	24,383	47,783	23,400
State aid	193,500	206,433	200,717	(5,716)
Federal aid	-	27,343	27,343	-
Miscellaneous	280,154	571,806	429,056	(142,750)
Total Revenues	15,017,061	15,371,372	15,295,697	(75,675)
EXPENDITURES				
Current				
General government support	1,483,528	1,575,401	1,540,250	35,151
Public safety	6,275,374	6,820,867	6,789,127	31,740
Transportation	422,416	552,295	475,506	76,789
Culture and recreation	380,218	388,455	382,822	5,633
Home and community services	1,149,253	1,485,520	1,478,438	7,082
Employee benefits	4,937,854	5,052,595	4,767,032	285,563
Debt service				
Principal	205,000	205,000	205,000	-
Interest	130,069	159,698	159,697	1
Total Expenditures	14,983,712	16,239,831	15,797,872	441,959
Deficiency of Revenues Over Expenditures	33,349	(868,459)	(502,175)	366,284
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	10,000	10,000	101,925	91,925
Transfers out	(188,000)	(188,000)	(188,000)	-
Total Other Financing Uses	(178,000)	(178,000)	(86,075)	91,925
Net Change in Fund Balance	(144,651)	(1,046,459)	(588,250)	458,209
FUND BALANCE				
Beginning of Year	144,651	1,046,459	1,780,667	734,208
End of Year	\$ -	\$ -	\$ 1,192,417	\$ 1,192,417

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

Village of Pelham, New York

Statement of Assets and Liabilities

Fiduciary Fund

May 31, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and equivalents	<u>\$ 76,608</u>
LIABILITIES	
Deposits	<u>\$ 76,608</u>

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

(This page intentionally left blank)

Note 1 - Summary of Significant Accounting Policies

The Village of Pelham, New York ("Village") was incorporated in 1975 and operates in accordance with Village Law and the various other applicable laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operations. The Mayor serves as the chief executive officer and the Village Administrator serves as the Operating Officer. The Village provides the following services to its residents: public safety, transportation, culture and recreation, home and community services and general and administrative support.

The accounting policies of the Village conform to generally accepted accounting principles as applicable to governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Village's more significant accounting policies:

A. Financial Reporting Entity

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

In evaluating how to define the Village, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Village's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the Village as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the Village at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Village does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Village's major governmental funds.

General Fund - The General Fund constitutes the primary operating fund of the Village and is used to account for and report all financial resources not accounted for and reported in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specific purposes other than debt service or capital projects purposes.

The Village reports the following non-major Special Revenue Fund.

The Special Purpose Fund is used to account for assets held by the Village in accordance with the terms of a trust agreement.

- b. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Village in an agency capacity on behalf of others. The Village's Fiduciary Fund is primarily used to account for various deposits and payroll withholdings that are payable to other jurisdictions and individuals.

Note 1 - Summary of Significant Accounting Policies (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liability and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Village's deposits and investment policies are governed by State statutes. The Village has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Village is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Village has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations

Note 1 - Summary of Significant Accounting Policies (Continued)

include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Village follows the provisions of GASB Statement No. 72, "*Fair Value Measurements and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Village does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Village does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Village's name. The Village's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at May 31, 2020.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Village does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Village's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien on real property and are levied on June 1st. After the levy date, the tax roll is transferred to the Town of Pelham, New York ("Town"). The Town is responsible for the collection of the Village's taxes and for conducting in-rem foreclosure proceedings. The Town remits tax collections to the Village as they are collected.

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Village. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the Village has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of May 31, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure (e.g., roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the Village are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and improvements	20-50
Infrastructure	10-65
Machinery and equipment	5-20
Licensed vehicles	5

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Governmental Activities	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	\$ 931,449	\$ 73,313
New York State and Local Police and Fire Retirement System	5,242,075	477,997
Other postemployment benefit obligations	2,989,936	2,079,299
Totals	\$ 9,163,460	\$ 2,630,609

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

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

capital assets, restricted for debt service and special purpose. The balance is classified as unrestricted.

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

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

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

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

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Trustees for amounts assigned for balancing the subsequent year's budget or delegated to the Village Treasurer for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Village's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Village's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 4).

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 29, 2020.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The Village generally follows the procedures enumerated below in establishing the budgetary data reflected in the financial statements:

- a) On or before March 20th, the budget officer submits to the Board of Trustees a tentative operating budget for the fiscal year commencing the following June 1st. The tentative budget includes proposed expenditures and the means of financing.
- b) The Board of Trustees, on or before March 31st, meets to discuss and review the tentative budget.
- c) The Board of Trustees conducts a public hearing on the tentative budget to obtain taxpayer comments on or before April 15th.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- d) After the public hearing and on or before May 1st, the Trustees meet to consider and adopt the budget.
- e) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- f) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. An annual budget is not adopted by the Board for the Special Purpose Fund.
- g) The Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Village Administrator. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations require a majority vote by the Board.
- h) Appropriations in General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Trustees.

B. Property Tax Limitations

The Village is permitted by the Constitution of the State of New York to levy taxes up to 2% of the five year average full valuation of taxable real estate located within the Village, exclusive of the amount raised for the payment of interest on and redemption of long-term debt. In accordance with this definition, the maximum amount of the levy for 2019-2020 fiscal year was \$27,247,329 which exceeded the actual levy (inclusive of \$12,000 for prior year exemptions and any exclusions) by \$15,974,072.

In addition to this constitutional tax limitation, Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the Village to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The Village is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all

Note 2 - Stewardship, Compliance and Accountability (Continued)

relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the Village, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the Village. The Board of Trustees may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the Board first enacts, by a vote of at least sixty percent of the total voting power of the Board, a local law to override such limit for such coming fiscal year.

C. Capital Projects Fund Deficit

The unassigned deficit of \$2,344,476 arises because of the application of generally accepted accounting principles to the financial reporting of such funds. The proceeds of bond anticipation notes issued to finance construction of capital projects are not recognized as an "other financing source". Liabilities for bond anticipation notes payable are accounted for in the Capital Projects Fund. Bond anticipation notes are recognized as revenue only to the extent that they are redeemed. These deficits will be reduced and eliminated as the bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable consisted of the following:

Village taxes - Current year	\$	33,736
Tax liens and overdue taxes		<u>16,689</u>
Total Taxes		50,425
Less - Allowance for uncollectable taxes		<u>(50,425)</u>
Taxes Receivable	\$	<u><u>-</u></u>

B. Due From/To Other Funds

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

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 1,953	\$ -
Capital Projects	<u>-</u>	<u>1,953</u>
	<u>\$ 1,953</u>	<u>\$ 1,953</u>

The outstanding balances between funds results mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets

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

	Balance June 1, 2019	Additions	Deletions	Balance May 31, 2020
Capital Assets, not being depreciated:				
Land	\$ 528,387	\$ -	\$ -	\$ 528,387
Capital Assets, being depreciated:				
Buildings and improvements	\$ 6,691,631	\$ 44,440	\$ -	\$ 6,736,071
Infrastructure	8,106,990	-	-	8,106,990
Machinery and equipment	653,703	9,122	-	662,825
Licensed vehicles	3,721,144	-	270,000	3,451,144
Total Capital Assets, being depreciated	<u>19,173,468</u>	<u>53,562</u>	<u>270,000</u>	<u>18,957,030</u>
Less Accumulated Depreciation for:				
Buildings and improvements	2,617,954	187,251	-	2,805,205
Infrastructure	6,649,261	28,196	-	6,677,457
Machinery and equipment	470,178	190,518	-	660,696
Licensed vehicles	2,527,273	30,068	270,000	2,287,341
Total Accumulated Depreciation	<u>12,264,666</u>	<u>436,033</u>	<u>270,000</u>	<u>12,430,699</u>
Total Capital Assets, being depreciated, net	<u>\$ 6,908,802</u>	<u>\$ (382,471)</u>	<u>\$ -</u>	<u>\$ 6,526,331</u>
Capital Assets, net	<u>\$ 7,437,189</u>	<u>\$ (382,471)</u>	<u>\$ -</u>	<u>\$ 7,054,718</u>

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

Governmental Activities:	
General Government Support	\$ 56,142
Public Safety	171,376
Transportation	134,242
Culture and Recreation	51,054
Home and Community Services	23,219
Total Depreciation Expense	<u>\$ 436,033</u>

D. Accrued Liabilities

Accrued liabilities at May 31, 2020 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 317,300</u>

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Purpose	Date of Original Issue	Maturity Date	Rate of Interest	Balance June 1, 2019	New Issues	Redemptions	Balance May 31, 2020
Police Vehicle	5/3/2017	9/18/2020	2.00 %	\$ 16,000	-	\$ 8,000	\$ 8,000
DPW Equipment	5/3/2016	9/22/2019	3.00	60,000	-	30,000	30,000
Parking Lot Rehabilitation	10/15/2017	9/20/2019	-	1,500,000	-	1,500,000	-
Parking Lot Engineering	10/15/2017	9/20/2019	-	200,000	-	200,000	-
Engine Replacement	10/15/2017	9/18/2020	2.00	650,000	-	21,300	628,700
Street Resurfacing	10/15/2017	9/18/2020	2.00	500,000	-	25,500	474,500
Sidewalk Repairs	10/15/2017	9/18/2020	2.00	250,000	-	22,700	227,300
Police Vehicles	10/15/2017	9/18/2020	2.00	137,200	-	34,300	102,900
LED Street lighting	10/15/2017	9/18/2020	2.00	150,000	65,000	7,600	207,400
Cascade Fill Station	10/15/2017	9/18/2020	2.00	48,000	-	12,000	36,000
Traffic Safety Equipment	10/15/2017	9/18/2020	2.00	32,000	-	8,000	24,000
DPW Pickup Truck and Plow	10/15/2017	9/18/2020	2.00	32,000	-	8,000	24,000
DPW Tractor and Mower	10/15/2017	9/18/2020	2.00	26,400	-	6,600	19,800
Police Generator	10/15/2017	9/20/2019	2.00	16,000	-	4,000	12,000
Firefighting Apparatus	9/19/2019	9/18/2020	2.00	-	36,500	-	36,500
Fingerprinting System	9/19/2019	9/18/2020	2.00	-	41,000	-	41,000
Communications System Install	9/19/2019	9/18/2020	2.00	-	150,000	-	150,000
Patrol Cars	9/19/2019	9/18/2020	2.00	-	153,000	-	153,000
Street Resurfacing	9/19/2019	9/18/2020	2.00	-	600,000	-	600,000
Dump Truck w/ Front Plow	9/19/2019	9/18/2020	2.00	-	160,000	-	160,000
Young Avenue Field	9/19/2019	9/18/2020	2.00	-	50,000	-	50,000
Sanitary Sewer Evaluation Study	9/19/2019	9/18/2020	2.00	-	280,000	-	280,000
				<u>\$ 3,617,600</u>	<u>\$ 1,535,500</u>	<u>\$ 1,888,000</u>	<u>\$ 3,265,100</u>

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

Interest expenditures of \$108,528 were recorded in the fund financial statements in the General Fund. Interest expense of \$79,711 was recorded in the government-wide financial statements for governmental activities.

F. Long-Term Liabilities

The changes in the Village's long-term indebtedness during the year ended May 31, 2020 are summarized as follows:

	Balance June 1, 2019	New Issues/ Additions	Maturities and/or Payments	Balance May 31, 2020	Due Within One-Year
General Obligation					
Bonds Payable	\$ 1,660,000	\$ -	\$ 205,000	\$ 1,455,000	\$ 205,000
Compensated Absences	294,536	8,880	29,640	273,776	27,380
Net Pension Liability	2,812,627	6,831,263	-	9,643,890	-
Other Post Employment Benefit Obligations Payable	48,569,521	3,166,048	1,094,771	50,640,798	-
	<u>\$ 53,336,684</u>	<u>\$ 10,006,191</u>	<u>\$ 1,329,411</u>	<u>\$ 62,013,464</u>	<u>\$ 232,380</u>

Village of Pelham, New York

Notes to Financial Statements (Continued)
May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

General Obligation Bonds Payable

General obligation bonds payable at May 31, 2020 are comprised of the following individual issues:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at May 31, 2020</u>
Public Improvements	2003	\$ 309,000	September, 2021	5.000 %	\$ 50,000
Public Improvements	2006	1,392,720	September, 2020	4.250 - 4.375	95,000
Public Improvements	2012	1,913,792	September, 2032	2.250 - 3.500	1,310,000
					<u>\$ 1,455,000</u>

Interest expenditures of \$51,169 were recorded in the fund financial statements in the General Fund. Interest expense of \$49,353 was recorded in the government-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded debt outstanding as of May 31, 2020 including interest payments of \$302,497 are as follows:

<u>Year Ending May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 205,000	\$ 43,825	\$ 248,825
2022	115,000	38,362	153,362
2023	90,000	35,375	125,375
2024	90,000	32,788	122,788
2025	95,000	30,013	125,013
2026-2030	515,000	103,670	618,670
2031-2033	345,000	18,464	363,464
	<u>\$ 1,455,000</u>	<u>\$ 302,497</u>	<u>\$ 1,757,497</u>

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

Compensated Absences

Pursuant to Village policy, vacation time is credited to an employee on January 1st of each year. All vacation time must be used by December 31st of that same year. In addition, pursuant to the collective bargaining agreement between the Village and PBA, police are entitled to accumulate compensatory time in lieu of paid overtime. At the option of the employee, payment will be made

Note 3 - Detailed Notes on All Funds (Continued)

either through additional compensation or compensatory time. The Village does not compensate employees for unused sick time.

Pension Plans

New York State and Local Retirement System

The Village participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State and Local Police and Fire Retirement System ("PFRS") which are collectively referred to as the New York State and Local Retirement System ("System"). These are cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Village also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. The employer contribution rates for the plan's year ending in 2020 are as follows:

	Tier/Plan	Rate
ERS	4 A15	15.8 %
	5 A15	13.2
	6 A15	9.3
PFRS	2 384D	24.3
	5 384D	19.8
	6 384D	14.6

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At May 31, 2020, the Village reported the following for its proportionate share of the net pension liability for ERS and PFRS:

	<u>ERS</u>	<u>PFRS</u>
Measurement date	March 31, 2020	March 31, 2020
Net pension liability	\$ 1,490,393	\$ 8,153,497
Village's proportion of the net pension liability	0.0056283 %	0.1525462 %
Change in proportion since the prior measurement date	(0.0004920) %	0.0106921 %

The net pension liability was measured as of March 31, 2020 and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the year ended May 31, 2020 the Village recognized pension expense in the government-wide financial statements of \$514,651 for ERS and \$2,835,180 for PFRS. Pension expenditures of \$233,191 for ERS and \$1,194,866 for PFRS were recorded in the fund financial statements and were charged to the General Fund.

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

	<u>ERS</u>		<u>PFRS</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,716	\$ -	\$ 542,937	\$ 136,570
Changes of assumptions	30,009	25,913	696,927	-
Net difference between projected and actual earnings on pension plan investments	764,048	-	3,671,776	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	10,141	47,400	110,485	341,427
Village contributions subsequent to the measurement date	39,535	-	219,950	-
	<u>\$ 931,449</u>	<u>\$ 73,313</u>	<u>\$ 5,242,075</u>	<u>\$ 477,997</u>

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 630,653	\$ 136,570
Changes of assumptions	726,936	25,913
Net difference between projected and actual earnings on pension plan investments	4,435,824	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	120,626	388,827
Village contributions subsequent to the measurement date	259,485	-
	<u>\$ 6,173,524</u>	<u>\$ 551,310</u>

\$39,535 and \$219,950 reported as deferred outflows of resources related to ERS and PFRS, respectively, resulting from the Village's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2021	\$ 133,108	\$ 945,771
2022	207,113	1,041,498
2023	264,591	1,344,477
2024	213,789	1,148,615
2025	-	63,767

The total pension liability for the March 31, 2020 measurement date was determined by using an actuarial valuation date as noted below, with update procedures used to roll forward the total pension liabilities to that measurement date. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PFRS
Measurement date	March 31, 2020	March 31, 2020
Actuarial valuation date	April 1, 2019	April 1, 2019
Investment rate of return	6.8% *	6.8% *
Salary scale	4.2%	5.0%
Inflation rate	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

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

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

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

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

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.8%) or 1 percentage point higher (7.8%) than the current rate:

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Village's proportionate share of the ERS net pension liability	<u>\$ 2,735,293</u>	<u>\$ 1,490,393</u>	<u>\$ 343,836</u>
Village's proportionate share of the PFRS net pension liability	<u>\$ 14,578,618</u>	<u>\$ 8,153,497</u>	<u>\$ 2,399,655</u>

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

	ERS	PFRS	Total
Total pension liability	\$ 194,596,261,000	\$ 35,309,917,000	\$ 229,906,178,000
Fiduciary net position	<u>168,115,682,000</u>	<u>29,964,080,000</u>	<u>198,079,762,000</u>
Employers' net pension liability	<u>\$ 26,480,579,000</u>	<u>\$ 5,345,837,000</u>	<u>\$ 31,826,416,000</u>
Fiduciary net position as a percentage of total pension liability	<u>86.39%</u>	<u>84.86%</u>	<u>86.16%</u>

Employer contributions to ERS and PFRS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Accrued retirement contributions as of May 31, 2020 represent the employer contribution for the period of April 1, 2020 through May 31, 2020 based on paid ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly. Accrued retirement contributions to ERS and PFRS as of May 31, 2020 were \$39,535 and \$219,950, respectively.

Voluntary Defined Contribution Plan

The Village can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Village will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Post Employment Benefit Obligations Payable

In addition to providing pension benefits, the Village provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Village may vary according to length of service. The cost of providing post employment health care benefits is shared between the Village and the retired employee. Substantially all of the Village's employees may become eligible for those benefits if they reach normal retirement age while working for the Village. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The number of participants as of May 31, 2020 was as follows:

Active Employees	63
Retired Employees	<u>58</u>
	<u><u>121</u></u>

The Village's total OPEB liability of \$50,640,798 was measured as of May 31, 2020 and was determined by an actuarial valuation as of June 1, 2019.

The total OPEB liability in the June 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.00%
Discount rate	2.63%
Healthcare cost trend rates	8.00% for 2021, decreasing by up to 5.00% per year to an ultimate rate of 5.00% for 2025
Retirees' share of benefit-related costs	Varies depending on applicable retirement year and bargaining unit

To value the May 31, 2020 total OPEB liability under GASB Statement No. 75 the S&P Municipal Bond 20 year High Grade Bond index rate of 2.63% was utilized.

Mortality rates were based on the Society of Actuaries Mortality Projection Scale MP2016.

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

Total OPEB Liability - Beginning of Year	\$ 48,569,521
Service cost	1,119,293
Interest	1,464,675
Differences between expected and actual experience	(2,495,159)
Changes in assumption or other inputs	3,077,239
Benefit payments	<u>(1,094,771)</u>
Total OPEB Liability - End of Year	<u><u>\$ 50,640,798</u></u>

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) or 1 percentage point higher (3.63%) than the current discount rate:

	1% Decrease (1.63%)	Current Assumption (2.63%)	1% Increase (3.63%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 57,969,851</u>	<u>\$ 50,640,798</u>	<u>\$ 43,311,745</u>

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The following presents the total OPEB liability of the Village, as well as what the Village's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (7.0% decreasing to 4.0%) or 1 percentage point higher (9.0% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.0% decreasing to 4%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Total OPEB Liability	<u>\$ 41,886,861</u>	<u>\$ 50,640,798</u>	<u>\$ 61,104,298</u>

For the year ended May 31, 2020, the Village recognized OPEB expense of \$2,787,373 in the government-wide financial statements. At May 31, 2020, the Village reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 425,570	\$ 2,079,299
Changes in assumptions	<u>2,564,366</u>	<u>-</u>
Total	<u>\$ 2,989,936</u>	<u>\$ 2,079,299</u>

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

Year Ended May 31,	
2021	\$ 203,405
2022	203,405
2023	203,405
2024	203,405
2025	97,017
Thereafter	-

Note 3 - Detailed Notes on All Funds (Continued)

G. Revenues and Expenditures

Interfund Transfers

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

<u>Transfers Out</u>	<u>Transfer In</u> Capital Projects Fund
General Fund	<u>\$ 188,000</u>

Transfers are used to move funds earmarked in the operating funds to fulfill commitments for Capital Projects Fund.

H. Net Position

The components of net position are detailed below:

Net investment in capital assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Debt Service - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceed and unrestricted interest earnings.

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

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

Village of Pelham, New York

Notes to Financial Statements (Continued)
 May 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2020				2019			
	General Fund	Capital Projects Fund	Non-Major Governmental Fund	Total	General Fund	Capital Projects Fund	Non-Major Governmental Fund	Total
Nonspendable - Prepaid expenditures	\$ -	\$ -	\$ -	\$ -	\$ 334,332	\$ -	\$ -	\$ 334,332
Restricted:								
Debt	21,452	-	-	21,452	29,629	-	-	29,629
Special purposes	-	-	21,427	21,427	-	-	23,180	23,180
	<u>21,452</u>	<u>-</u>	<u>21,427</u>	<u>42,879</u>	<u>29,629</u>	<u>-</u>	<u>23,180</u>	<u>52,809</u>
Assigned - Subsequent year's expenditures	-	-	-	-	144,651	-	-	144,651
Unassigned	1,170,965	(2,344,476)	-	(1,173,511)	1,272,055	(1,622,945)	-	(350,890)
Total Fund Balances	<u>\$ 1,192,417</u>	<u>\$ (2,344,476)</u>	<u>\$ 21,427</u>	<u>\$ (1,130,632)</u>	<u>\$ 1,780,667</u>	<u>\$ (1,622,945)</u>	<u>\$ 23,180</u>	<u>\$ 180,902</u>

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund represents the deficit balances in the capital projects.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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

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

B. Contingencies

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

Coronavirus

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

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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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

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

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

C. Risk Management

The Village maintains various liability insurance policies to provide against potential losses. The Village maintains general liability, law enforcement liability and public officials liability insurance coverage with policy limits carrying \$1 million to \$15 million. The Village purchases conventional health insurance and workers' compensation insurance with coverage at statutory limits. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

Village of Pelham, New York

Required Supplementary Information - Schedule of Changes
 Village's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years (1) (2)

	<u>2020</u>	<u>2019</u>
Total OPEB Liability:		
Service Cost	\$ 1,119,293	\$ 1,024,994
Interest	1,464,675	1,405,362
Changes in benefit items	-	-
Differences between expected and actual experience	(2,495,159)	638,354
Changes of assumptions or other outputs	3,077,239 (4)	-
Benefits payments	<u>(1,094,771)</u>	<u>(1,153,293)</u>
Net Change in Total OPEB Liability	2,071,277	1,915,417
Total OPEB Liability – Beginning of Year	<u>48,569,521</u>	<u>46,654,104</u> (3)
Total OPEB Liability – End of Year	<u>\$ 50,640,798</u>	<u>\$ 48,569,521</u>
Village's covered-employee payroll	<u>\$ 8,025,254</u>	<u>\$ 7,589,273</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>631.02%</u>	<u>639.98%</u>

Notes to Schedule:

- (1) Data not available prior to fiscal year 2019 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".
- (2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of this Statement to pay related benefits.
- (3) Restated for the implementation of the provisions of GASB Statement No. 75.
- (4) The discount rate utilized for 2020 was 2.63% as compared to 3.05% in the prior year.

See independent auditors' report.

Village of Pelham, New York

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

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

	2020 (4)	2019	2018	2017	2016 (3)
Village's proportion of the net pension liability	0.0056283%	0.0061203%	0.0060793%	0.0056859%	0.0060713%
Village's proportionate share of the net pension liability	\$ 1,490,393	\$ 433,644	\$ 196,205	\$ 534,255	\$ 974,466
Village's covered payroll	\$ 1,637,380	\$ 1,521,356	1,514,416	\$ 1,443,904	\$ 1,450,700
Village's proportionate share of the net pension liability as a percentage of its covered payroll	91.02%	28.50%	12.96%	37.00%	67.17%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	97.90%

Schedule of Contributions

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 209,072	\$ 222,617	\$ 235,547	\$ 225,283	\$ 273,362
Contributions in relation to the contractually required contribution	(209,072)	(222,617)	(235,547)	(225,283)	(273,362)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 1,643,639	\$ 1,487,521	\$ 1,492,362	\$ 1,479,694	\$ 1,450,700
Contributions as a percentage of covered payroll	12.72%	14.97%	15.78%	15.22%	18.84%

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

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

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

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

See independent auditors' report.

Village of Pelham, New York

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

Schedule of the Village's Proportionate Share of the Net Pension Liability

	2020	2019	2018	2017	2016
Village's proportion of the net pension liability	0.1525462%	0.1418541%	0.1557277%	0.1596698%	0.1670710%
Village's proportionate share of the net pension liability	\$ 8,153,497	\$ 2,378,983	\$ 1,574,028	\$ 3,309,400	\$ 4,946,616
Village's covered payroll	\$ 5,709,461	\$ 5,267,049	\$ 5,146,907	\$ 5,505,180	\$ 5,291,693
Village's proportionate share of the net pension liability as a percentage of its covered payroll	142.81%	45.17%	30.58%	60.11%	93.48%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	96.93%	93.50%	99.00%

Schedule of Contributions

	2020	2019	2018	2017	2016
Contractually required contribution	\$ 1,234,188	\$ 1,141,675	\$ 1,183,243	\$ 1,266,190	\$ 1,331,626
Contributions in relation to the contractually required contribution	(1,234,188)	(1,141,675)	(1,183,243)	(1,266,190)	(1,331,626)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -
Village's covered payroll	\$ 5,724,259	\$ 5,402,954	\$ 4,954,954	\$ 5,127,555	\$ 5,291,693
Contributions as a percentage of covered payroll	21.56%	21.13%	23.88%	24.69%	25.16%

Note - The amounts presented for each fiscal year were determined as of the March 31st measurement date within the current fiscal year.

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

(2) The discount rate used to calculate the total pension liability was decreased from 7% to 6.8% effective with the March 31, 2020 measurement date. See independent auditors' report.

(This page intentionally left blank)

Village of Pelham, New York

General Fund
Comparative Balance Sheet
May 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 1,593,064	\$ 1,808,509
Taxes receivable, net of allowance for uncollectible taxes of \$50,425 in 2020 and \$36,209 in 2019	<u>-</u>	<u>-</u>
Other receivables		
Accounts	260,845	202,374
Due from other governments	105,461	108,499
Due from other funds	<u>1,953</u>	<u>32,136</u>
	<u>368,259</u>	<u>343,009</u>
Prepaid expenditures	<u>-</u>	<u>334,332</u>
Total Assets	<u>\$ 1,961,323</u>	<u>\$ 2,485,850</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 192,121	\$ 262,773
Accrued liabilities	317,300	149,348
Due to retirement systems	<u>259,485</u>	<u>293,062</u>
Total Liabilities	<u>768,906</u>	<u>705,183</u>
Fund balance		
Nonspendable	-	334,332
Restricted	21,452	29,629
Assigned	-	144,651
Unassigned	<u>1,170,965</u>	<u>1,272,055</u>
Total Fund Balance	<u>1,192,417</u>	<u>1,780,667</u>
Total Liabilities and Fund Balance	<u>\$ 1,961,323</u>	<u>\$ 2,485,850</u>

See independent auditors' report.

Village of Pelham, New York

General Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended May 31,

	2020			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 11,285,257	\$ 11,285,257	\$ 11,278,619	\$ (6,638)
Other tax items	30,000	30,000	23,114	(6,886)
Non-property taxes	1,365,000	1,365,000	1,625,618	260,618
Departmental income	889,100	889,100	767,493	(121,607)
Intergovernmental charges	2,500	2,500	2,846	346
Use of money and property	199,050	199,050	309,039	109,989
Licenses and permits	373,000	373,000	242,421	(130,579)
Fines and forfeitures	397,500	397,500	341,648	(55,852)
Sale of property and compensation for loss	2,000	24,383	47,783	23,400
State aid	193,500	206,433	200,717	(5,716)
Federal aid	-	27,343	27,343	-
Miscellaneous	280,154	571,806	429,056	(142,750)
Total Revenues	15,017,061	15,371,372	15,295,697	(75,675)
EXPENDITURES				
Current				
General government support	1,483,528	1,575,401	1,540,250	35,151
Public safety	6,275,374	6,820,867	6,789,127	31,740
Transportation	422,416	552,295	475,506	76,789
Culture and recreation	380,218	388,455	382,822	5,633
Home and community services	1,149,253	1,485,520	1,478,438	7,082
Employee benefits	4,937,854	5,052,595	4,767,032	285,563
Debt service				
Principal	205,000	205,000	205,000	-
Interest	130,069	159,698	159,697	1
Total Expenditures	14,983,712	16,239,831	15,797,872	441,959
Deficiency of Revenues Over Expenditures	33,349	(868,459)	(502,175)	366,284
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	10,000	10,000	101,925	91,925
Transfers in	-	-	-	-
Transfers out	(188,000)	(188,000)	(188,000)	-
Total Other Financing Uses	(178,000)	(178,000)	(86,075)	91,925
Net Change in Fund Balance	(144,651)	(1,046,459)	(588,250)	458,209
FUND BALANCE				
Beginning of Year	144,651	1,046,459	1,780,667	734,208
End of Year	\$ -	\$ -	\$ 1,192,417	\$ 1,192,417

See independent auditors' report.

2019			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 11,014,839	\$ 11,014,839	\$ 10,995,145	\$ (19,694)
30,000	30,000	19,156	(10,844)
1,315,000	1,315,000	1,384,345	69,345
860,600	860,600	903,478	42,878
2,500	2,500	2,635	135
150,200	150,200	252,055	101,855
301,500	301,500	485,945	184,445
390,000	390,000	431,786	41,786
2,000	13,845	29,909	16,064
281,654	307,385	265,568	(41,817)
-	-	-	-
7,500	303,178	352,198	49,020
<u>14,355,793</u>	<u>14,689,047</u>	<u>15,122,220</u>	<u>433,173</u>
1,229,182	1,368,577	1,339,606	28,971
6,101,638	6,507,166	6,489,680	17,486
401,369	652,680	623,220	29,460
331,332	380,589	377,621	2,968
1,094,433	1,339,994	1,326,246	13,748
5,002,855	4,976,398	4,760,491	215,907
215,000	215,000	215,000	-
96,344	96,344	96,214	130
<u>14,472,153</u>	<u>15,536,748</u>	<u>15,228,078</u>	<u>308,670</u>
<u>(116,360)</u>	<u>(847,701)</u>	<u>(105,858)</u>	<u>741,843</u>
10,000	10,000	103,178	93,178
-	-	17,269	17,269
<u>(148,390)</u>	<u>(192,830)</u>	<u>(192,830)</u>	<u>-</u>
<u>(138,390)</u>	<u>(182,830)</u>	<u>(72,383)</u>	<u>110,447</u>
<u>(254,750)</u>	<u>(1,030,531)</u>	<u>(178,241)</u>	<u>852,290</u>
<u>254,750</u>	<u>1,030,531</u>	<u>1,958,908</u>	<u>928,377</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,780,667</u>	<u>\$ 1,780,667</u>

Village of Pelham, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended May 31, 2020
 (With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REAL PROPERTY TAXES	\$ 11,285,257	\$ 11,285,257	\$ 11,278,619	\$ (6,638)	\$ 10,995,145
OTHER TAX ITEMS					
Interest and penalties on real property taxes	30,000	30,000	23,114	(6,886)	19,156
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,100,000	1,100,000	1,366,310	266,310	1,117,227
Public utility taxes	125,000	125,000	124,407	(593)	127,943
Cable television franchise fees	140,000	140,000	134,901	(5,099)	139,175
	<u>1,365,000</u>	<u>1,365,000</u>	<u>1,625,618</u>	<u>260,618</u>	<u>1,384,345</u>
DEPARTMENTAL INCOME					
Clerk fees	1,500	1,500	1,099	(401)	1,554
Police fees	5,000	5,000	4,510	(490)	6,100
Tax advertising	100	100	120	20	60
Safety inspection fees	16,000	16,000	6,625	(9,375)	14,225
Parking lots and fees	445,000	445,000	434,500	(10,500)	466,056
Parking meter fees	415,000	415,000	317,139	(97,861)	409,483
Zoning fees	2,500	2,500	2,000	(500)	1,500
Site plan fees	4,000	4,000	1,500	(2,500)	4,500
	<u>889,100</u>	<u>889,100</u>	<u>767,493</u>	<u>(121,607)</u>	<u>903,478</u>
INTERGOVERNMENTAL CHARGES					
Snow removal other governments	2,500	2,500	2,846	346	2,635

USE OF MONEY AND PROPERTY

Interest earnings	70,200	70,200	140,277	70,077	134,534
Rental income	128,850	128,850	168,762	39,912	117,521
	<u>199,050</u>	<u>199,050</u>	<u>309,039</u>	<u>109,989</u>	<u>252,055</u>

LICENSES AND PERMITS

Business and occupational licenses	5,000	5,000	2,975	(2,025)	3,475
Street openings	55,000	55,000	42,012	(12,988)	73,774
Permit fees	313,000	313,000	197,434	(115,566)	408,696
	<u>373,000</u>	<u>373,000</u>	<u>242,421</u>	<u>(130,579)</u>	<u>485,945</u>

FINES AND FORFEITURES

Fines and forfeited bail	<u>397,500</u>	<u>397,500</u>	<u>341,648</u>	<u>(55,852)</u>	<u>431,786</u>
--------------------------	----------------	----------------	----------------	-----------------	----------------

**SALE OF PROPERTY AND
COMPENSATION FOR LOSS**

Sale of scrap	1,000	1,000	25,000	24,000	8,105
Other	1,000	23,383	22,783	(600)	21,804
	<u>2,000</u>	<u>24,383</u>	<u>47,783</u>	<u>23,400</u>	<u>29,909</u>

STATE AID

Per capita	-	-	-	-	73,154
Mortgage tax	185,000	185,000	187,051	2,051	166,683
Emergency management assistance	-	10,588	10,589	1	6,484
Police and fire grants	8,500	10,845	3,077	(7,768)	19,247
	<u>193,500</u>	<u>206,433</u>	<u>200,717</u>	<u>(5,716)</u>	<u>265,568</u>

FEDERAL AID

Federal Emergency Management	<u>-</u>	<u>27,343</u>	<u>27,343</u>	<u>-</u>	<u>-</u>
------------------------------	----------	---------------	---------------	----------	----------

MISCELLANEOUS

Gifts and donations	205,000	205,000	2,500	(202,500)	182,212
Refunds of prior years' expenditures	500	500	-	(500)	-
Police overtime reimbursements	1,000	292,652	353,127	60,475	140,351
Aim related payments	73,154	73,154	73,154	-	-
Miscellaneous	500	500	275	(225)	29,635
	<u>280,154</u>	<u>571,806</u>	<u>429,056</u>	<u>(142,750)</u>	<u>352,198</u>

TOTAL REVENUES

	<u>15,017,061</u>	<u>15,371,372</u>	<u>15,295,697</u>	<u>(75,675)</u>	<u>15,122,220</u>
--	-------------------	-------------------	-------------------	-----------------	-------------------

(Continued)

(This page intentionally left blank)

Village of Pelham, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget (Continued)
 Year Ended May 31, 2020
 (With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
OTHER FINANCING SOURCES					
Insurance recoveries	\$ 10,000	\$ 10,000	\$ 101,925	\$ 91,925	\$ 103,178
Transfers in					
Capital Projects Fund	-	-	-	-	17,269
TOTAL OTHER FINANCING SOURCES	<u>10,000</u>	<u>10,000</u>	<u>101,925</u>	<u>91,925</u>	<u>120,447</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 15,027,061</u>	<u>\$ 15,381,372</u>	<u>\$ 15,397,622</u>	<u>\$ 16,250</u>	<u>\$ 15,242,667</u>

See independent auditors' report.

Village of Pelham, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended May 31, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
GENERAL GOVERNMENT SUPPORT					
Board of Trustees	\$ 14,500	\$ 14,500	\$ 13,833	\$ 667	\$ 16,888
Mayor	8,000	9,860	9,860	-	3,923
Administrator	321,248	322,665	322,188	477	220,996
Treasurer	145,031	167,595	166,029	1,566	168,989
Assessment and taxation	6,125	6,125	5,944	181	7,665
Village office staff	82,900	82,900	81,626	1,274	78,881
Legal services	92,500	307,708	307,706	2	150,328
Engineering services	50,000	31,684	28,985	2,699	76,757
Village hall building	57,500	58,478	53,389	5,089	60,729
Central garage	227,927	228,182	216,569	11,613	244,969
Unallocated insurance	235,000	251,944	251,944	-	221,570
Municipal association dues	5,250	5,250	5,186	64	4,311
Judgments and claims	12,000	12,000	1,463	10,537	12,032
Taxes on Village property and special items	16,850	51,510	51,219	291	59,006
Metropolitan commuter transportation mobility tax	14,000	25,000	24,309	691	12,562
Contingent account	194,697	-	-	-	-
	<u>1,483,528</u>	<u>1,575,401</u>	<u>1,540,250</u>	<u>35,151</u>	<u>1,339,606</u>
PUBLIC SAFETY					
Police department	3,857,948	4,338,116	4,315,089	23,027	4,062,130
Parking enforcement	55,200	70,289	69,834	455	79,133
Fire department	2,229,896	2,280,132	2,276,130	4,002	2,216,542
Safety inspection	132,330	132,330	128,074	4,256	131,875
	<u>6,275,374</u>	<u>6,820,867</u>	<u>6,789,127</u>	<u>31,740</u>	<u>6,489,680</u>

TRANSPORTATION

Off-street parking-Contractual	-	6,000	6,000	-	-
Street maintenance	202,916	202,732	179,450	23,282	186,914
Permanent improvements	20,000	24,061	24,060	1	224,103
Snow removal	95,000	95,000	48,550	46,450	90,704
Street lighting	65,500	65,500	64,390	1,110	81,516
Traffic equipment	39,000	159,002	153,056	5,946	39,983
	<u>422,416</u>	<u>552,295</u>	<u>475,506</u>	<u>76,789</u>	<u>623,220</u>

CULTURE AND RECREATION

Parks maintenance and security	<u>380,218</u>	<u>388,455</u>	<u>382,822</u>	<u>5,633</u>	<u>377,621</u>
--------------------------------	----------------	----------------	----------------	--------------	----------------

HOME AND COMMUNITY SERVICES

Planning and zoning board	2,300	2,600	2,123	477	2,250
Storm and sanitary sewers	131,344	179,484	177,827	1,657	315,065
Garbage collection and recycling	755,500	1,040,500	1,039,946	554	759,522
Community environment	33,500	33,500	31,786	1,714	28,485
Street cleaning	226,609	229,436	226,756	2,680	220,924
	<u>1,149,253</u>	<u>1,485,520</u>	<u>1,478,438</u>	<u>7,082</u>	<u>1,326,246</u>

EMPLOYEE BENEFITS

State retirement	217,650	233,192	233,191	1	214,764
Police and fire retirement	1,163,940	1,292,522	1,194,866	97,656	1,202,786
Disability benefits	147,144	147,400	147,400	-	139,546
Social security and medicare	525,000	546,616	537,945	8,671	506,970
Life insurance	3,200	3,200	2,906	294	2,856
Unemployment benefits	1,000	1,000	-	1,000	6,265
Workers' compensation insurance	460,000	424,939	350,005	74,934	410,187
Medical insurance	2,416,500	2,400,306	2,297,299	103,007	2,273,697
Employee assistance program	3,420	3,420	3,420	-	3,420
	<u>4,937,854</u>	<u>5,052,595</u>	<u>4,767,032</u>	<u>285,563</u>	<u>4,760,491</u>

(Continued)

Village of Pelham, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)
 Year Ended May 31, 2020
 (With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	2019 Actual
DEBT SERVICE					
Principal					
Serial bonds	\$ 205,000	\$ 205,000	\$ 205,000	\$ -	\$ 215,000
Interest					
Serial bonds	51,170	51,170	51,169	1	58,488
Bond anticipation notes	78,899	108,528	108,528	-	37,726
	<u>130,069</u>	<u>159,698</u>	<u>159,697</u>	<u>1</u>	<u>96,214</u>
	<u>335,069</u>	<u>364,698</u>	<u>364,697</u>	<u>1</u>	<u>311,214</u>
TOTAL EXPENDITURES	14,983,712	16,239,831	15,797,872	441,959	15,228,078
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	188,000	188,000	188,000	-	192,830
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 15,171,712</u>	<u>\$ 16,427,831</u>	<u>\$ 15,985,872</u>	<u>\$ 441,959</u>	<u>\$ 15,420,908</u>

See independent auditors' report.

Village of Pelham, New York

Capital Projects Fund
Comparative Balance Sheet
May 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 922,577</u>	<u>\$ 2,027,991</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ -	\$ 1,200
Due to other funds	1,953	32,136
Bond anticipation notes payable	<u>3,265,100</u>	<u>3,617,600</u>
Total Liabilities	3,267,053	3,650,936
Fund deficit		
Unassigned	<u>(2,344,476)</u>	<u>(1,622,945)</u>
Total Liabilities and Fund Deficit	<u>\$ 922,577</u>	<u>\$ 2,027,991</u>

See independent auditors' report.

(This page intentionally left blank)

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

	<u>2020</u>	<u>2019</u>
REVENUES		
State aid	\$ 147,276	\$ 147,196
EXPENDITURES		
Capital outlay	<u>1,056,807</u>	<u>1,027,790</u>
Deficiency of Revenues Over Expenditures	<u>(909,531)</u>	<u>(880,594)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	188,000	192,830
Transfers out	<u>-</u>	<u>(17,269)</u>
Total Other Financing Sources	<u>188,000</u>	<u>175,561</u>
Net Change in Fund Balance	(721,531)	(705,033)
FUND DEFICIT		
Beginning of Year	<u>(1,622,945)</u>	<u>(917,912)</u>
End of Year	<u>\$ (2,344,476)</u>	<u>\$ (1,622,945)</u>

See independent auditors' report.

Village of Pelham, New York

Capital Projects Fund

Project Length Schedule

Inception of Project Through May 31, 2020

<u>Project</u>	<u>Authorization</u>	<u>Expenditures and Transfers</u>	<u>Unexpended Balance</u>
Police Vehicle	\$ 40,000	\$ 40,000	\$ -
DPW Equipment	150,000	150,000	-
Engine Replacement	650,000	650,000	-
Street Resurfacing	500,000	500,000	-
Sidewalk Repairs	250,000	250,000	-
Police Vehicles	171,500	171,500	-
LED Street lighting	150,000	150,000	-
Cascade Fill Station	60,000	60,000	-
Traffic Safety Equipment	40,000	9,598	30,402
DPW Pickup Truck and Plow	47,623	47,623	-
DPW Tractor and Mower	33,000	33,000	-
Police Generator	20,000	20,000	-
Firefighting Equipment	36,500	36,500	-
Fingerprint System	41,000	-	41,000
Radio System Upgrades	150,000	-	150,000
Police Vehicles	153,000	-	153,000
Street Resurfacing	600,000	600,000	-
Dump Truck	160,000	-	160,000
Young Avenue Field	50,000	-	50,000
SSES Village Square	280,000	-	280,000
LED Streetlighting	65,000	8,778	56,222
Totals	<u>\$ 3,647,623</u>	<u>\$ 2,726,999</u>	<u>\$ 920,624</u>

See independent auditors' report.

Total Revenues	Fund Balance (Deficit) at May 31, 2020	Bond Anticipation Notes Out- standing at May 31, 2020
\$ 32,000	\$ (8,000)	\$ 8,000
120,000	(30,000)	30,000
21,300	(628,700)	628,700
25,500	(474,500)	474,500
22,700	(227,300)	227,300
68,600	(102,900)	102,900
7,600	(142,400)	142,400
24,000	(36,000)	36,000
16,000	6,402	24,000
23,623	(24,000)	24,000
13,200	(19,800)	19,800
8,000	(12,000)	12,000
-	(36,500)	36,500
-	-	41,000
-	-	150,000
-	-	153,000
-	(600,000)	600,000
-	-	160,000
-	-	50,000
-	-	280,000
-	(8,778)	65,000
<u>\$ 382,523</u>	<u>\$ (2,344,476)</u>	<u>\$ 3,265,100</u>

Village of Pelham, New York

Non-Major Governmental Fund
Special Purpose Fund
Comparative Balance Sheet
May 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 21,427</u>	<u>\$ 23,180</u>
FUND BALANCE		
Restricted	<u>\$ 21,427</u>	<u>\$ 23,180</u>

See independent auditors' report.

Village of Pelham, New York

Non-Major Governmental Fund
Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended May 31,

	<u>2020</u>	<u>2019</u>
REVENUES		
Miscellaneous	\$ 1,068	\$ 10,040
EXPENDITURES		
Current		
Culture and recreation	<u>2,821</u>	<u>874</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,753)	9,166
FUND BALANCE		
Beginning of Year	<u>23,180</u>	<u>14,014</u>
End of Year	<u><u>\$ 21,427</u></u>	<u><u>\$ 23,180</u></u>

See independent auditors' report.