

Town of Pound Ridge, New York

Financial Statements and
Supplementary Information

Year Ended December 31, 2020

Town of Pound Ridge, New York

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Independent Auditors' Report

**The Honorable Supervisor and Town Board
of the Town of Pound Ridge, New York**

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 Town, as of December 31, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Highway Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

We draw attention to Note 2E in the notes to the financial statements which disclose the effects of the Town's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 84, "*Fiduciary Activities*". Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 Information

Our audit for the year ended December 31, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* for the year ended December 31, 2020 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended December 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 for the year ended December 31, 2020 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of Federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America the basic financial statements of the Town as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated January 5, 2022 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 December 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 information was subjected to the audit 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 the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended December 31, 2019.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

June 26, 2023

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Town of Pound Ridge, New York

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

Introduction

The management of the Town of Pound Ridge, New York ("Town") offers this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2020 to readers of the Town's financial statements. This document should be read in conjunction with the basic financial statements, which immediately follow this section in order to enhance the understanding of the Town's financial performance.

Financial Highlights

- ❖ On the government-wide financial statements, the assets and deferred outflows of resources of the Town were at a deficit as compared to the liabilities and deferred inflows of resources at the close of 2020 by (\$969,730.) This reflects an increase in the total net position of \$692,845.
- ❖ As of the close of 2020, the Town's governmental funds reported combined ending fund balances of (\$36,875), a decrease of \$3,203,160 from FY 2019.
- ❖ At the end of the current year, unassigned fund balance for the General Fund was \$688,147, which equates to 11.5% of total General Fund expenditures of \$5,971,336 exclusive of Transfers Out of \$60,000. The General Fund reported an ending total fund balance of \$4,756,399 which represents an increase of \$324,539 from FY 2019 ending fund balance of \$4,431,860.
- ❖ At the end of the current year, the Town had outstanding \$384,000 of General Obligation Bonds and \$4,205,000 of bond anticipation notes. This represents a decrease in General Obligation Bonds of \$128,000 and an increase of \$2,250,000 from the FY 2019 bond anticipation notes.
- ❖ For the year ended December 31, 2020 the Town reported in its Statement of Net Position a liability of \$2,093,150 for its proportionate share of the ERS and PFRS net pension liabilities. More detailed information about the Town's pension plan reporting in accordance with the provisions of GASB Statement No. 68, including amounts reported as pension expense and deferred inflows/outflows of resources, is presented in the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town'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 Town's finances, in a manner similar to a private-sector business.

The statement of Net Position presents information on all of the Town's assets, deferred outflows of resources and liabilities, deferred inflows of resources, 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 Town is improving or deteriorating.

The statement of activities presents information showing how the Town's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (ex., uncollected taxes and earned but unused vacation leave).

The governmental activities of the Town include general government support, public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and interest.

The government-wide financial statement can be found immediately following this section as the first three pages of the basic financial statements.

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town 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 Town maintains three major governmental funds: the General Fund, the Highway 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. The Public Parking District and the Special Purpose Fund are grouped together as non-major governmental Funds.

Budgetary comparison statements are provided for the General Fund, the Highway Fund and the Public Parking District. Budgetary comparison statements have been provided for these funds within the basic financial statements to demonstrate compliance with the respective budgets.

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 Town programs. The Town maintains one type of fiduciary fund, that is known as a Custodial Fund. The Custodial Fund reports resources, not in a trust, that are held by the Town for other parties outside of the Town's reporting entity and, in the case of the Town, primarily to account for real property taxes held for other governments.

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 and include individual fund financial statements and schedules of "budgets to actual" comparisons.

Government-wide Financial Analysis

In accordance with GASB Statement No. 34, The Town of Pound Ridge has assets and deferred outflows of resources at a deficit balance related to liabilities and deferred inflows of resources by (\$969,730) for fiscal year ended 2020. This represents an increase of \$692,845 below Net Position for the fiscal year ended 2019. Over time, Net Position may serve as a useful indicator of a government's financial position.

The following table reflects the condensed Statement of Net Position:

**Statement of Net Position
December 31,**

	2020	2019
Current Assets	\$ 5,956,806	\$ 25,878,891
Capital Assets, net	16,688,128	12,655,911
Total Assets	22,644,934	38,534,802
Deferred Outflows of Resources*	4,507,042	3,359,655
Current Liabilities	5,772,964	22,603,320
Long-term Liabilities	19,932,289	17,065,474
Total Liabilities	25,705,253	39,668,794
Deferred Inflows of Resources*	2,416,453	3,888,238
Net Position		
Net Invested in Capital Assets	12,099,128	10,188,911
Restricted	3,746,057	3,592,292
Unrestricted	(16,814,915)	(15,443,778)
Total Net Position	\$ (969,730)	\$ (1,662,575)

*Detailed information pertaining to the Town's Deferred Outflows/Inflows of Resources is presented in Notes 1 and 3 to the financial statements. The amounts are as follows:

Retirement System	Deferred Inflows/Outflows Amounts			
	Outflows		Inflows	
	2020	2019	2020	2019
Employee (ERS)	\$ 1,367,479	\$ 656,093	\$ 68,076	\$ 175,342
Police (PFRS)	452,718	259,222	19,430	57,064
Other Post Employment Benefits (OPEB)	1,820,197	915,315	87,506	232,406
	2,686,845	2,444,340	2,318,947	3,655,832
	\$ 4,507,042	\$ 3,359,655	\$ 2,406,453	\$ 3,888,238

The largest component of the Town's Net Position is Net Invested in Capital Assets of \$12,099,128 in 2020 and \$10,188,911 in 2019 which reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to its citizens and consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted Net Position of \$3,746,057 in 2020 and \$3,592,292 in 2019, represent resources that are subject to external restrictions on their use. The restrictions are:

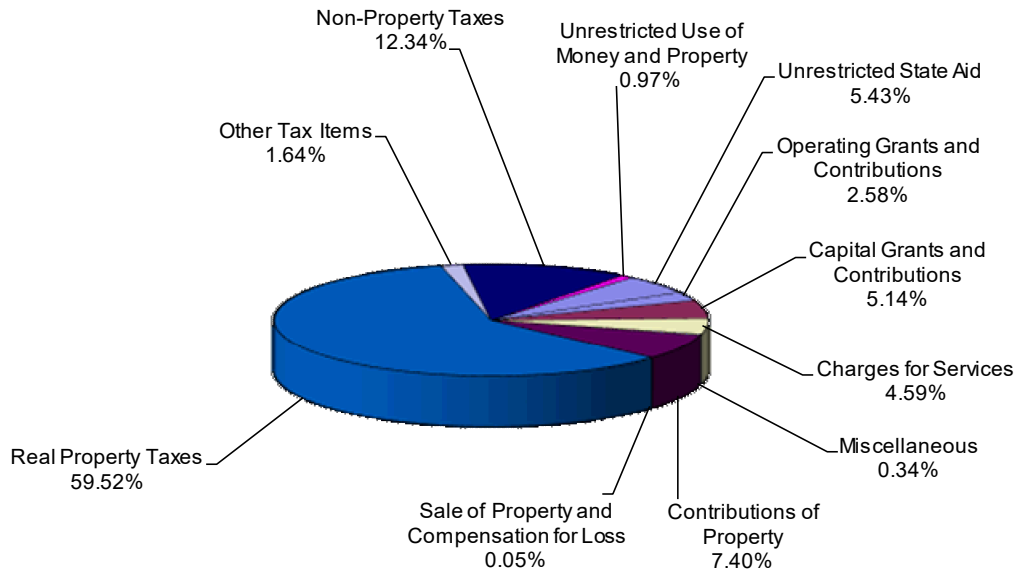
	<u>2020</u>	<u>2019</u>
Open Space	\$ 3,534,346	\$ 3,157,792
Special Revenues Funds		
Trusts	211,711	211,539
Public parking	<u>-</u>	<u>222,961</u>
	<u>\$ 3,746,057</u>	<u>\$ 3,592,292</u>

The remaining balances represents unrestricted deficits of (\$16,814,915) in 2020 and (15,443,778) in 2019. If available, unrestricted Net Position may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive net position balances for the government as a whole as well as for its governmental activities.

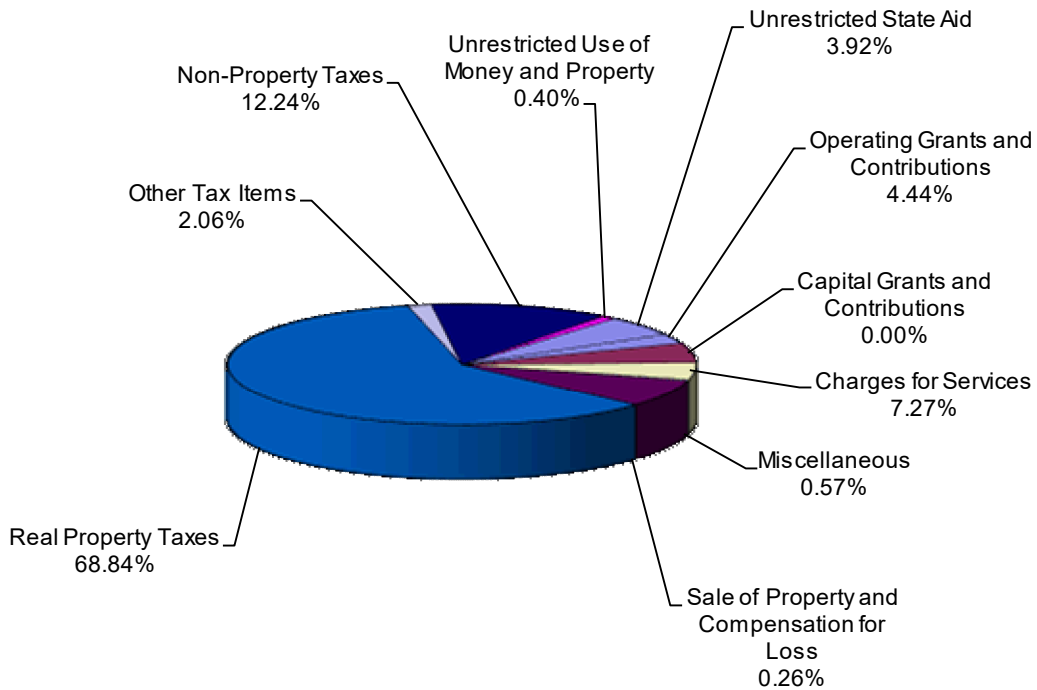
**Change in Net Position
Fiscal Year Ended December 31,**

	2020	2019
REVENUES		
Program Revenues		
Charges for Services	\$ 455,954	\$ 619,119
Operating Grants and Contributions	256,524	377,985
Capital Grants and Contributions	510,940	-
Total Program Revenues	1,223,418	997,104
General Revenues		
Real Property Taxes	5,913,021	5,865,200
Other Tax items	162,541	175,359
Non-Property Taxes	1,225,803	1,043,086
Unrestricted Use of Money and Property	96,680	34,357
Contributions of Property	735,000	-
Sale of Property and Compensation for Loss	5,300	22,185
Unrestricted State Aid	539,531	334,311
Miscellaneous	33,741	48,991
Total General Revenues	8,711,617	7,523,489
Total Revenues	9,935,035	8,520,593
EXPENSES		
Program Expenses		
General Government Support	2,336,983	2,220,367
Public Safety	2,224,616	2,130,032
Health	332,187	156,165
Transportation	3,141,787	2,805,184
Economic Opportunity and Development	6,065	6,036
Culture and Recreation	731,390	942,042
Home and Community Services	417,529	259,556
Interest	51,633	80,087
Total Expenses	9,242,190	8,599,469
Change in Net Position	692,845	(78,876)
NET POSITION		
Beginning	(1,662,575)	(1,583,699)
Ending	\$ (969,730)	\$ (1,662,575)

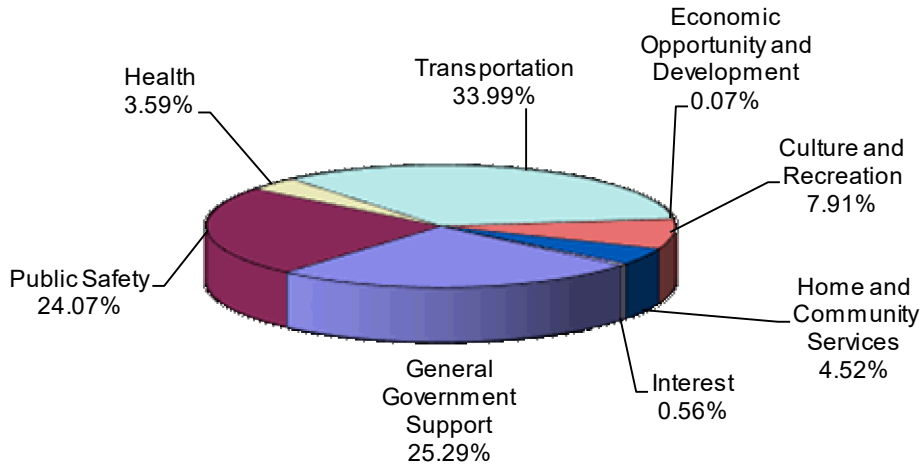
**Sources of Revenue for Year 2020
Governmental Activities**



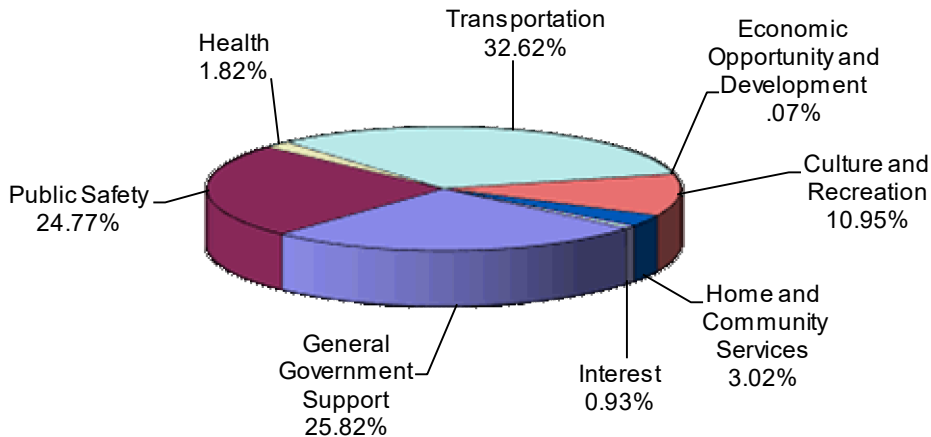
**Sources of Revenue for Year 2019
Governmental Activities**



Sources of Expenses for Year 2020 Governmental Activities



Sources of Expenses for Year 2019 Governmental Activities



Governmental Activities

Governmental activities increased the Town's Net Position by \$692,845 in 2020 but decreased its net position by \$78,876 in 2019. For the fiscal year ended December 31, 2020, revenues from governmental activities totaled \$9,935,035. Tax revenues (\$7,301,365), comprised of real property taxes, other tax items and non-property taxes, represent the largest revenue source (73.5%).

The largest components of governmental activities' in 2020 expenses are general government support (25.3%), public safety (24.1%) and transportation (34.0%). Public Safety includes the following: Police, Fire, Safety Inspection and Animal Control. General Government Support includes the following: Town Board, Town Justice, Supervisor, Finance, Town Offices, Clerk, Law, Data Processing, Central Printing and Mailing, Unallocated Insurance, Taxes on Town Property, Judgments and Claims and Contingency. Transportation includes the following: Highway Administration, Garage and Street Lighting.

The major changes are as follows:

Revenues

- Non-property taxes which represents mostly sales tax distribution from the County increased by \$182,717.
- Contributions of property of \$735,000 occurred in FY2020.
- Unrestricted state aid increased \$205,220 mainly the result of an increase in the mortgage tax revenue.

Expenses

- Total governmental activities expenses increased by \$642,721. This increase was largely driven by the change in liability related to the Town's OPEB liabilities, adjusted in accordance with the provisions of GASB Statement No. 75.

Financial Analysis of the Town's Funds

Fund Balance Reporting

GASB issued its Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in February 2009. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

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

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in 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 Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Director of Finance 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.

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 Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town's policy to use fund balance in the following order: committed, assigned and unassigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. This pronouncement should result in an improvement in the usefulness of fund balance information.

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town'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 Town's governmental funds reported combined ending fund balances of \$(36,875). The unassigned fund balance has a deficit balance in the amount of (\$4,579,568) inclusive of the Capital Project Fund deficit of (\$5,186,050). The nonspendable fund balance component consists of amounts for prepaid expenditures \$369,805. Fund balance of \$3,746,057 is restricted, in its use under the terms of a trust agreement \$211,711 and the land reserve for open space \$3,534,346.

The General Fund is the primary operating fund of the Town. At the end of FY 2020, unassigned fund balance of the General Fund was \$688,147, representing 14.4% of the total General Fund balance of \$4,756,399. When the FY 2020 General Fund budget was adopted, it anticipated to use \$200,000 of fund balance. Actual results of operations resulted in a decrease in the Unassigned Fund Balance of \$197,421. Revenues were \$6,355,875, which was \$297,528 or 4.5% less than the final budget. Expenditures exclusive of Transfers Out were \$5,971,336 which was \$445,669 or 6.9%, less than the final budget.

The Capital Projects Fund has a deficit fund balance of (\$5,186,050). The majority of the capital projects are financed by short-term debt in the form of bond anticipation notes of \$4,205,000 as of December 31, 2020. There were projects with grant funding received in subsequent years.

General Fund Budgetary Highlights

The appropriations budget for general government support was increased by \$105,661, public safety was increased by \$110,229, and culture and recreation was increased by \$5,636 as compared to FY2019.

When the fiscal 2020 budget was adopted, it anticipated using \$200,000 of the unassigned fund balance of the General Fund. Actual results of operations resulted in an increase in fund balance of \$324,539 and a decrease in unassigned fund balance of \$197,421 to a balance of \$668,147. Actual revenues for 2020 were \$297,528 less than the final budget and actual expenditures exclusive of Transfers Out for 2019 were \$445,669 less than the final budget.

Some of the major variances in revenue:

- Real Property Tax revenue was less than budgeted by \$131,585 due to an increase in uncollected taxes.
- Departmental revenue was \$138,852 less than budgeted due to COVID-19 lockdowns.

Capital Assets and Debt Administration

Capital Assets

The Town's investment in capital assets for governmental activities at December 31, 2020, net of accumulated depreciation, was \$16,688,128, an increase of \$4,032,217. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, infrastructure and construction-in-progress.

Major capital asset activity during the current fiscal year included the following:

Capital Assets December 31,

	2020	2019
Land	\$ 4,106,929	\$ 3,371,929
Construction-in-Progress	2,307,861	511,372
Buildings	993,781	1,030,088
Land Improvements	1,192,723	1,230,586
Machinery and Equipment	1,055,352	682,113
Infrastructure	7,031,482	5,829,823
Total	<u>\$ 16,688,128</u>	<u>\$ 12,655,911</u>

Long-term Debt /Short-Term Debt

At the end of the current fiscal year, the Town had total bonded debt outstanding of \$384,000, as compared to \$512,000 for FY2019. As required by New York State Law, all bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town.

The Town did not elect to amortize the allowable ERS and PFRS contribution. The balance from prior years due at December 31, 2020 was \$177,132.

Known as the “constitutional debt limit”, and pursuant to New York State Local Finance Law §104, the Town must limit total outstanding long-term debt to no more than 7% of the five-year average full valuation of real property. At December 31, 2020, the Town five year average full valuation was \$2,051,841,454 thereby establishing a constitutional debt limit of \$143,628,902.

Economic Factors and Next Year’s Budgets and Rates

Revenues decreased in FY2020 due to the economic lockdowns related to the COVID-19 pandemic. Mortgage tax revenue increased in FY2020 and the Town management recognizes the expectations for economic growth have improved for FY2021 but budget levels are conservatively set to operate at lower revenue levels in the near term due to economic uncertainty. The amount of long-term uncollected taxes remains at high levels and has the potential to affect cash flow for operations and fund balance reserves. Management has a plan in place to address outstanding tax accounts and is monitoring this trend for multi-year forecasting. Due to low interest rates at that time, borrowing has been utilized with short-term and long-term financing. The Town management also is aware that health insurance costs need to be monitored closely as uncertainty in the market conditions exist. All of these factors were taken into consideration in developing the FY2021 budget.

Requests for Information

This financial report is designed to provide a general overview of the Town of Pound Ridge’s finances. Questions and comments concerning any of the information provided in this report should be addressed to Steven Conti, Director of Finance, Town of Pound Ridge, 179 Westchester Avenue, Pound Ridge, New York 10576.

Town of Pound Ridge, New YorkStatement of Net Position
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 4,586,353
Receivables	
Taxes, net	380,698
Accounts	33,431
State and Federal aid	93,148
Due from other governments	493,371
Prepaid expenses	369,805
Capital assets	
Not being depreciated	6,414,790
Being depreciated, net	<u>10,273,338</u>
Total Assets	<u>22,644,934</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,820,197
OPEB related	<u>2,686,845</u>
Total Deferred Outflows of Resources	<u>4,507,042</u>
LIABILITIES	
Accounts payable	805,995
Deposits payable	438,477
Employee payroll deductions	173,630
Overpayments	31,879
Bond anticipation notes payable	4,205,000
Accrued interest payable	26,155
Claims payable	91,828
Non-current liabilities	
Due within one year	186,857
Due in more than one year	<u>19,745,432</u>
Total Liabilities	<u>25,705,253</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	87,506
OPEB related	<u>2,328,947</u>
Total Deferred Inflows of Resources	<u>2,416,453</u>
NET POSITION	
Net investment in capital assets	12,099,128
Restricted for	
Open space	3,534,346
Special Revenue Funds	
Trusts	211,711
Unrestricted	<u>(16,814,915)</u>
Total Net Position	<u>\$ (969,730)</u>

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

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Town of Pound Ridge, New York

Statement of Activities
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General government support	\$ 2,336,983	\$ 165,962	\$ 8,426	\$ -	\$ (2,162,595)
Public safety	2,224,616	7,972	130,148	-	(2,086,496)
Health	332,187	-	-	-	(332,187)
Transportation	3,141,787	10,815	117,378	-	(3,013,594)
Economic opportunity and development	6,065	-	-	-	(6,065)
Culture and recreation	731,390	256,595	572	10,940	(463,283)
Home and community services	417,529	14,610	-	500,000	97,081
Interest	51,633	-	-	-	(51,633)
Total Governmental Activities	\$ 9,242,190	\$ 455,954	\$ 256,524	\$ 510,940	(8,018,772)
General revenues					
Real property taxes					5,913,021
Other tax items					
Payment in lieu of taxes					5,000
Interest and penalties on real property taxes					157,541
Non-property taxes					
Non-property tax distribution from County					1,058,006
Cable TV franchise fees					167,797
Unrestricted use of money and property					96,680
Contributions of property					735,000
Sale of property and compensation for loss					5,300
Unrestricted State aid					539,531
Miscellaneous					33,741
Total General Revenues					8,711,617
Change in Net Position					692,845
NET POSITION					
Net Position - Beginning					(1,662,575)
Net Position - Ending					\$ (969,730)

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

Town of Pound Ridge, New York

Balance Sheet
 Governmental Funds
 December 31, 2020

	General	Highway	Capital Projects
ASSETS			
Cash and equivalents	\$ 4,039,716	\$ 35,645	\$ 163,628
Taxes receivable, net	380,698	-	-
Other receivables			
Accounts	33,431	-	-
State and Federal aid	93,148	-	-
Due from other governments	493,371	-	-
Due from other funds	818,080	34,771	-
	1,438,030	34,771	-
Prepaid expenditures	283,906	85,899	-
Total Assets	<u>\$ 6,142,350</u>	<u>\$ 156,315</u>	<u>\$ 163,628</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 359,355	\$ 152,081	\$ 292,071
Deposits payable	438,477	-	-
Employee payroll deductions	173,630	-	-
Due to other funds	43,910	-	852,607
Overpayments	31,879	-	-
Bond anticipation notes payable	-	-	4,205,000
Total Liabilities	1,047,251	152,081	5,349,678
Deferred inflows of resources			
Deferred tax revenues	338,700	-	-
Total Liabilities and Deferred Inflows of Resources	1,385,951	152,081	5,349,678
Fund balances (deficits)			
Nonspendable	283,906	85,899	-
Restricted	3,534,346	-	-
Assigned	250,000	-	-
Unassigned	688,147	(81,665)	(5,186,050)
Total Fund Balances (Deficits)	4,756,399	4,234	(5,186,050)
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 6,142,350</u>	<u>\$ 156,315</u>	<u>\$ 163,628</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 347,364	\$ 4,586,353
-	380,698
-	33,431
-	93,148
-	493,371
43,910	896,761
43,910	1,516,711
-	369,805
<u>\$ 391,274</u>	<u>\$ 6,853,567</u>
\$ 2,488	\$ 805,995
-	438,477
-	173,630
244	896,761
-	31,879
-	4,205,000
2,732	6,551,742
-	338,700
2,732	6,890,442
-	369,805
211,711	3,746,057
176,831	426,831
-	(4,579,568)
388,542	(36,875)
<u>\$ 391,274</u>	<u>\$ 6,853,567</u>

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Town of Pound Ridge, New York

Reconciliation of the Governmental Funds

Balance Sheet to the Government-Wide Statement of Net Position
December 31, 2020

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

Fund Balance (Deficit) - Total Governmental Funds	<u>\$ (36,875)</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	6,414,790
Capital assets - depreciable	37,857,538
Accumulated depreciation	<u>(27,584,200)</u>
	<u>16,688,128</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	1,820,197
Deferred outflows - OPEB related	2,686,845
Deferred inflows - pension related	(87,506)
Deferred inflows - OPEB related	<u>(2,328,947)</u>
	<u>2,090,589</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	<u>338,700</u>
Long-term liabilities and other liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(26,155)
Claims payable	(91,828)
Bonds payable	(384,000)
Net pension liability	(2,093,150)
Retirement incentives and other pension obligations	(177,132)
Total OPEB Liability	<u>(17,278,007)</u>
	<u>(20,050,272)</u>
Net Position of Governmental Activities	<u>\$ (969,730)</u>

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

Town of Pound Ridge, New York

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

	General	Highway	Capital Projects
REVENUES			
Real property taxes	\$ 3,708,566	\$ 2,086,305	\$ -
Other tax items	162,541	-	-
Non-property taxes	1,225,803	-	-
Departmental income	281,348	10,815	-
Use of money and property	97,480	-	940
Licenses and permits	150,861	-	-
Fines and forfeitures	12,130	-	-
Sale of property and compensation for loss	5,300	-	-
State aid	543,257	117,292	-
Federal aid	130,148	-	-
Miscellaneous	38,441	-	510,000
Total Revenues	6,355,875	2,214,412	510,940
EXPENDITURES			
Current			
General government support	1,581,206	-	-
Public safety	1,411,258	-	-
Health	332,187	-	-
Transportation	132,706	1,578,107	-
Economic opportunity and development	6,065	-	-
Culture and recreation	562,060	-	-
Home and community services	190,956	-	-
Employee benefits	1,707,310	478,189	-
Debt service			
Principal	32,000	96,000	-
Interest	15,588	39,220	-
Capital outlay	-	-	4,075,577
Total Expenditures	5,971,336	2,191,516	4,075,577
Excess (Deficiency) of Revenues Over Expenditures	384,539	22,896	(3,564,637)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	200,000
Transfers out	(60,000)	(140,000)	-
Total Other Financing Sources (Uses)	(60,000)	(140,000)	200,000
Net Change in Fund Balances	324,539	(117,104)	(3,364,637)
FUND BALANCES (DEFICITS)			
Beginning of Year	4,431,860	121,338	(1,821,413)
End of Year	<u>\$ 4,756,399</u>	<u>\$ 4,234</u>	<u>\$ (5,186,050)</u>

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

Non-Major Governmental	Total Governmental Funds
\$ 43,910	\$ 5,838,781
-	162,541
-	1,225,803
-	292,163
658	99,078
-	150,861
-	12,130
-	5,300
-	660,549
-	130,148
-	548,441
44,568	9,125,795
-	1,581,206
-	1,411,258
-	332,187
90,126	1,800,939
-	6,065
400	562,460
-	190,956
-	2,185,499
-	128,000
-	54,808
-	4,075,577
90,526	12,328,955
(45,958)	(3,203,160)
-	200,000
-	(200,000)
-	-
(45,958)	(3,203,160)
434,500	3,166,285
\$ 388,542	\$ (36,875)

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Town of Pound Ridge, New York

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

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (3,203,160)</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	4,075,344
Depreciation expense	<u>(778,127)</u>
	<u>3,297,217</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Contributions of property	735,000
Real property taxes	<u>74,240</u>
	<u>809,240</u>
The issuance of long-term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt 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>128,000</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	3,175
Claims	34,016
Changes in pension liabilities and related deferred outflows and inflows of resources	(414,677)
Retirement incentives and other pension obligations	67,865
Changes in OPEB liabilities and related deferred outflows and inflows of resources	<u>(28,831)</u>
	<u>(338,452)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 692,845</u></u>

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

Town of Pound Ridge, New York

Statement of Revenues, Expenditures and Changes
in Fund Balances - Budget and Actual
General and Highway Funds
Year Ended December 31, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 3,840,151	\$ 3,840,151	\$ 3,708,566	\$ (131,585)
Other tax items	205,000	205,000	162,541	(42,459)
Non-property taxes	1,180,000	1,180,000	1,225,803	45,803
Departmental income	420,200	420,200	281,348	(138,852)
Use of money and property	106,000	106,000	97,480	(8,520)
Interfund revenues	-	-	-	-
Licenses and permits	211,000	211,000	150,861	(60,139)
Fines and forfeitures	58,000	58,000	12,130	(45,870)
Sale of property and compensation for loss	17,800	17,800	5,300	(12,500)
State aid	569,252	569,252	543,257	(25,995)
Federal aid	-	-	130,148	130,148
Miscellaneous	46,000	46,000	38,441	(7,559)
Total Revenues	6,653,403	6,653,403	6,355,875	(297,528)
EXPENDITURES				
Current				
General government support	1,839,429	1,839,429	1,581,206	258,223
Public safety	1,518,927	1,518,927	1,411,258	107,669
Health	318,097	318,097	332,187	(14,090)
Transportation	174,423	174,423	132,706	41,717
Economic opportunity and development	6,650	6,650	6,065	585
Culture and recreation	686,981	686,981	562,060	124,921
Home and community services	229,798	229,798	190,956	38,842
Employee benefits	1,595,000	1,595,000	1,707,310	(112,310)
Debt service				
Principal	32,000	32,000	32,000	-
Interest	15,700	15,700	15,588	112
Total Expenditures	6,417,005	6,417,005	5,971,336	445,669
Excess of Revenues Over Expenditures	236,398	236,398	384,539	148,141
OTHER FINANCING USES				
Transfers out	(436,398)	(436,398)	(60,000)	376,398
Net Change in Fund Balances	(200,000)	(200,000)	324,539	524,539
FUND BALANCES				
Beginning of Year	200,000	200,000	4,431,860	4,231,860
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,756,399</u>	<u>\$ 4,756,399</u>

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

Highway Fund

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 2,086,305	\$ 2,086,305	\$ 2,086,305	\$ -
-	-	-	-
-	-	-	-
11,000	11,000	10,815	(185)
200	200	-	(200)
30,000	30,000	-	(30,000)
-	-	-	-
-	-	-	-
30,000	30,000	-	(30,000)
180,000	180,000	117,292	(62,708)
-	-	-	-
-	-	-	-
<u>2,337,505</u>	<u>2,337,505</u>	<u>2,214,412</u>	<u>(123,093)</u>
-	-	-	-
-	-	-	-
-	-	-	-
1,613,205	1,613,205	1,578,107	35,098
-	-	-	-
-	-	-	-
-	-	-	-
553,000	553,000	478,189	74,811
96,000	96,000	96,000	-
39,300	39,300	39,220	80
<u>2,301,505</u>	<u>2,301,505</u>	<u>2,191,516</u>	<u>109,989</u>
36,000	36,000	22,896	(13,104)
<u>(140,000)</u>	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>
(104,000)	(104,000)	(117,104)	(13,104)
<u>104,000</u>	<u>104,000</u>	<u>121,338</u>	<u>17,338</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,234</u>	<u>\$ 4,234</u>

Town of Pound Ridge, New York

Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2020

	<u>Custodial Fund</u>
ASSETS	
Cash and equivalents	\$ 4,009,913
Accounts receivable	<u>15,113,751</u>
 Total Assets	 <u>\$ 19,123,664</u>
 LIABILITIES	
Due to other governments	 <u>\$ 19,123,664</u>

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

Town of Pound Ridge, New York

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year Ended December 31, 2020

	<u>Custodial Fund</u>
ADDITIONS	
Real property taxes collected for other governments	\$ 29,436,319
DEDUCTIONS	
Payments of real property taxes to other governments	<u>29,436,319</u>
Net change in Fiduciary Net Position	-
NET POSITION	
Beginning of Year	<u>-</u>
End of Year	<u><u>\$ -</u></u>

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

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Note 1 - Summary of Significant Accounting Policies

The Town of Pound Ridge, New York ("Town") was established in 1788 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Town Supervisor serves as both the chief executive and chief financial officer. The Town provides the following services to its residents: public safety, health, transportation, economic opportunity and development, culture and recreation, home and community services and general and administrative support.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied 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 Town's significant accounting policies are described below:

A. Financial Reporting Entity

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

In evaluating how to define the Town, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Town's reporting entity was made by applying the criteria set forth in 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 Town 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. Governmental activities, which are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments 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 Town does not allocate indirect expenses to functions in the Statement of Activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental 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.

C. Fund Financial Statements

The accounts of the Town 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 Town 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 Town's resources are reflected in the fund financial statements in two broad 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 Town's major governmental funds:

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than capital projects. The major Special Revenue Fund of the Town is:

Highway Fund - The Highway Fund is used to account for road and bridge maintenance and improvements as defined in the Highway Law of the State of New York. The major revenue of this fund is real property taxes.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Town also reports the following non-major governmental funds.

Special Revenue Funds:

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

Public Parking District Fund - The Public Parking District Fund is provided to account for the operation and maintenance of the Town's parking district.

- b. Fiduciary Fund - (Not Included in Government-Wide Statements) - the Fiduciary funds is used to account for assets held by the Town on behalf of others. The Custodial Fund is used to account for real property taxes collected for other governments.

D. Measurement Focus, Basis of Accounting and Financial 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* as are the Fiduciary Funds. *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 when they have been earned and 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 revenue when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, retirement incentives and other pension obligations, net pension liability and other post-employment benefit liability are recognized later based on specific accounting rules applicable to each, generally 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Town's deposits investment policies are governed by State statutes. The Town 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 Town 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 Town has entered into custodial agreements with the various banks, which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations 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 Town follows the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 72, "*Fair Value Measurement 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 Town 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 Town 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 Town's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment to 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,

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Town's name. The Town's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 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 Town 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 Town's investment policy limits the amount on deposit at each of its banking institutions.

Taxes Receivable - Real property taxes attach as an enforceable lien and are levied on January 1st. The Town collects county, town and special district taxes, which are due April 1st and payable without penalty to April 30th. School taxes for the period July 1st to June 30th levied on July 1st and are due on September 1st, with the first half payable without penalty until September 30th and the second half due the following January 1st and payable without penalty until January 31st. The Town guarantees the full payment of the County and school district warrants and assumes the responsibility for uncollected taxes. The Town also has the responsibility for conducting tax lien sales and in rem foreclosure proceedings.

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester and the various school districts located within the Town with respect to the collection and payment of real property taxes levied by such jurisdictions. County taxes are included in the Town's levy and are payable without penalty for thirty days. The County Charter provides for the Town to collect County and school districts taxes and remit them as collected to the respective municipality. However, the Town must remit to the County sixty percent of the amount levied by May 25th and satisfy the balance of forty percent by October 15th. With respect to school districts taxes, the Charter provides that the Town satisfy the warrant of each school district by April 5th. Thus, the Town's fiduciary responsibility is from the date of the levy until the due date of the respective tax warrant at which time the Town must satisfy its obligation regardless of the amounts collected. County and school district taxes collected prior to the satisfaction of the respective warrants are considered a fiduciary activity under the provisions of GASB Statement No. 84, "*Fiduciary Activities*", and therefore have been accounted for within the Custodial Fund.

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

Due From/To Other Funds - During the course of its operations, the Town 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 December 31, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

Inventory - There are no inventory values presented in the balance sheets of the respective funds of the Town. Purchases of inventory items at various locations are recorded as expenditures at the time of purchase and year-end balances at these locations are not material.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and will benefit such periods. Reported amounts in the fund financial statements are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town 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. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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 is not depreciated. Property, plant, equipment and infrastructure of the Town are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and land improvements	20-50
Machinery and equipment	5-20
Infrastructure	20-50

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets 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 includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Town has reported deferred inflows of resources of \$338,700 for real property taxes in the General Fund. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

The Town has also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the government-wide financial statement for governmental activities. These amounts are detailed in the discussion of the Town's pension and other postemployment benefit liabilities 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 Town does not compensate employees for unused vacation or sick leave upon separation from service.

Net Pension Liability - The net pension liability represents the Town'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 – An Amendment of GASB Statement No. 68"*.

Other Post-Employment Benefit Liability ("OPEB") - In addition to providing pension benefits, the Town provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Position - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Town includes restricted for open space and special revenue funds.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town 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 (prepaid amounts) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in 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 Town Board is the highest level of decision making authority for the Town that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Town Board.

Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the Town Board for amounts assigned for balancing the subsequent year's budget or the Director of Finance 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 unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

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 Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Town'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 and Special Revenue funds. 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.

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 June 26, 2023.

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) Prior to October 20th, the head of each administrative unit shall submit to the budget officer an estimate of revenues and expenditures for such administrative unit for the ensuing year.
- b) The budget officer, upon completion of the review of the estimates, shall prepare a tentative budget and file such budget in the office of the Town Clerk on or before October 30th.
- c) On or before November 10th, the Town Clerk shall present the tentative budget to the Town Board.
- d) The Town Board shall review the tentative budget and may make such changes, alterations and revisions as it shall consider advisable and which are consistent with law. Upon completion of such review, the tentative budget and any modifications as approved by the Town Board shall become the preliminary budget.
- e) On or before December 10th, the Town Board shall hold a public hearing on the preliminary budget.
- f) After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to provisions of the law.
- g) The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20th.
- h) Formal budgetary integration is employed during the year as a management control device for General, Highway and the Public Parking District funds.
- i) Budgets for General, Highway and the Public Parking District funds are 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 for the Special Purpose Fund since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- j) The Town Board 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 Town Board. Any modification to appropriations resulting from an increase in revenue estimates or supplemental reserve appropriations also require a majority vote by the Town Board.
- k) Appropriations in General, Highway and the Public Parking District funds 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.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- l) On or before November 20th, the Town Board shall adopt the preliminary budget as originally compiled or it may, by a majority vote, diminish or reject certain items contained therein as prescribed by law.

- m) Formal budgetary integration is employed during the year as a management control device for General, Highway and the Public Parking District funds.

Budgeted amounts are as originally adopted or as amended by the Town Board.

B. Property 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 that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year’s budget or 120% of the consumer price index (“CPI”).

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

C. Capital Projects Fund Deficit

The unassigned deficit in the Capital Projects Fund of \$5,186,050 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. The deficit will be reduced and eliminated as bond anticipation notes are redeemed from interfund transfers from other governmental funds or converted to permanent financing.

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Expenditures in Excess of Budget

The following functional expenditures exceeded their budgetary authorizations by the amounts indicated:

General Fund:

General Government Support		
Buildings	\$	46,050
Unallocated insurance		2,562
Public Safety		
Administration		14,626
Traffic control		945
Animal control		2,220
Health		
Addiction control		14,091
Home and Community Services		
Waste water		1,266
Recycling		2,395
Conservation advisory		4,470
Employee Benefits		
Unemployment benefits		11,438
Hospital, medical, and dental benefits		128,966

E. Adoption of Accounting Standard

For the year ended December 31, 2020, the Town implemented the provisions of GASB Statement No. 84, "*Fiduciary Activities*". The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, certain transactions previously reported within governmental funds are now reflected within the Fiduciary Fund while other transactions previously reported in the Fiduciary Fund are now reflected within governmental funds.

F. Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the implementation of the provisions of GASB Statement No. 84. These reclassifications had no effect on previously reported fund balance amounts.

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at December 31, 2020 consisted of the following:

Town taxes - Current	\$ 131,933
Tax liens and overdue taxes	<u>414,398</u>
	546,331
Less - Allowance for Uncollected Taxes	<u>(165,633)</u>
	<u>\$ 380,698</u>

Taxes receivable in the fund financial statements are also partially offset by deferred tax revenues of \$338,700, which represents an estimate of the taxes receivable which will not be collected within the first sixty days of the subsequent year.

B. Interfund Receivables/Payables

The composition of due from/to other funds at December 31, 2020 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 818,080	\$ 43,910
Highway	34,771	-
Capital Projects	-	852,607
Non-Major	43,910	-
Other Governmental	<u>-</u>	<u>244</u>
	<u>\$ 896,761</u>	<u>\$ 896,761</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.

C. Capital Assets

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

	<u>Balance January 1, 2020</u>	<u>Additions</u>	<u>Balance December 31, 2020</u>
Capital Assets, not being depreciated			
Land	\$ 3,371,929	\$ 735,000	\$ 4,106,929
Construction-in-progress	<u>511,372</u>	<u>1,796,489</u>	<u>2,307,861</u>
Total Capital Assets, not being depreciated	<u>\$ 3,883,301</u>	<u>\$ 2,531,489</u>	<u>\$ 6,414,790</u>

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	Balance January 1, 2020	Additions	Balance December 31, 2020
Capital Assets, being depreciated			
Buildings	\$ 2,556,435	\$ -	\$ 2,556,435
Land improvements	2,676,870	-	2,676,870
Machinery and equipment	3,850,695	588,094	4,438,789
Infrastructure	26,494,683	1,690,761	28,185,444
Total Capital Assets, being depreciated	35,578,683	2,278,855	37,857,538
Less Accumulated Depreciation for			
Buildings	1,526,347	36,307	1,562,654
Land improvements	1,446,284	37,863	1,484,147
Machinery and equipment	3,168,582	214,855	3,383,437
Infrastructure	20,664,860	489,102	21,153,962
Total Accumulated Depreciation	26,806,073	778,127	27,584,200
Total Capital Assets, being depreciated, net	\$ 8,772,610	\$ 1,500,728	\$ 10,273,338
Capital Assets, net	\$ 12,655,911	\$ 4,032,217	\$ 16,688,128

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

General Government Support	\$ 38,906
Public Safety	23,344
Transportation	661,408
Culture and Recreation	54,469
Total Depreciation Expense	\$ 778,127

D. Short-Term Capital Borrowings - Bond Anticipation Notes

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

	Year of Original Issue	Maturity Date	Rate of Interest	Balance January 1, 2020	Amount Issued	Redemptions	Balance December 31, 2020
Capital Projects Fund							
Various purposes	6/18	6/11/2021	0.81 %	\$ 1,655,000	\$ -	\$ 200,000	\$ 1,455,000
Various purposes	6/19	6/11/2021	0.81	300,000	-	-	300,000
Various purposes	6/20	6/11/2021	0.81	-	2,450,000	-	2,450,000
				\$ 1,955,000	\$ 2,450,000	\$ 200,000	\$ 4,205,000

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

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

bond anticipation notes issued for capital purposes or judgments be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$11,315 and \$26,401 were recorded in the fund financial statements in the General and Highway funds, respectively. Interest expense of \$36,685 was recorded in the government-wide financial statements.

E. Health Claim Liabilities

The government-wide financial statements reflect the liability for health benefit claims. These liabilities are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on various factors such as inflation, the process used in computing claims liabilities does not necessarily result in an exact amount. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed on both actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers and past experience.

An analysis of the activity of unpaid health benefit claim liabilities in the government-wide financial statements is as follows:

	<u>2020</u>	<u>2019</u>
Balance - Beginning of Year	\$ 125,844	\$ 85,800
Provision for Claims and Claims Adjustment Expenses	406,756	644,094
Claims and Claims Adjustment Expenses Paid	<u>(440,772)</u>	<u>(604,050)</u>
Balance - End of Year	<u>\$ 91,828</u>	<u>\$ 125,844</u>

F. Long-Term Liabilities

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

	<u>Balance January 1, 2020</u>	<u>New Issues/ Additions</u>	<u>Maturities and/or Payments</u>	<u>Balance December 31, 2020</u>	<u>Due Within One Year</u>
General Obligation					
Bonds Payable	\$ 512,000	\$ -	\$ 128,000	\$ 384,000	\$ 128,000
Net Pension Liability	628,691	1,464,459	-	2,093,150	-
Retirement Incentives and					
Other Pension Obligations	244,997	-	67,865	177,132	58,857
Other Post Employment Benefit					
Liability	<u>15,679,786</u>	<u>2,000,825</u>	<u>402,604</u>	<u>17,278,007</u>	<u>-</u>
	<u>\$ 17,065,474</u>	<u>\$ 3,465,284</u>	<u>\$ 598,469</u>	<u>\$ 19,932,289</u>	<u>\$ 186,857</u>

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
 December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for general obligation bonds payable, retirement incentives and other pension liabilities and other postemployment benefit liability payable are liquidated by the General and Highway funds.

General Obligation Bonds Payable

General obligation bonds payable at December 31, 2020 is comprised of the following individual issue:

<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 December 31, 2020</u>
Various	2018	\$ 640,000	June, 2023	3.35 %	<u>\$ 384,000</u>

Interest expenditures of \$4,273 and \$12,819 were recorded in the fund financial statements in the General and Highway Funds, respectively. Interest expense of \$14,948 was recorded in the government-wide financial statements.

Retirement Incentives and Other Pension Obligations

The State Legislature enacted Chapter 57 of the Laws of 2010. This chapter authorized local governments, at their option, to amortize a portion of their respective ERS and PFRS contributions beginning in 2010. The maximum amortization amount each year going forward will be determined by the difference between each employer's effective contribution rate as compared to the System's overall graded rate. The amortized amounts are to be paid in equal annual installments over a ten year period, although amounts may be prepaid at any time. Interest will be charged at rates which approximate a market rate of return on taxable fixed rate securities of a comparable duration and will be adjusted annually. The Town elected to amortize the maximum allowable ERS and PFRS contributions as noted in the table below.

<u>Year</u>	<u>Original Amount Amortized</u>	<u>Current Year Payments</u>	<u>Balance Due</u>	<u>Due Within One Year</u>
2012	\$ 96,110	\$ 11,316	\$ 417	\$ 417
2013	162,169	17,398	36,378	17,920
2014	251,158	26,370	85,059	27,337
2015	126,344	12,781	55,278	13,183
	<u>\$ 635,781</u>	<u>\$ 67,865</u>	<u>\$ 177,132</u>	<u>\$ 58,857</u>

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all bonded and retirement incentives and other pension obligations debt outstanding as of December 31, 2020, including interest payments of \$38,128 are as follows:

Year Ended December 31,	General Obligation Bonds		Retirement Incentives and Other Pension Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 128,000	\$ 12,864	\$ 58,857	\$ 5,971	\$ 186,857	\$ 18,835
2022	128,000	8,576	60,398	3,997	188,398	12,573
2023	128,000	4,288	43,408	1,976	171,408	6,264
2024	-	-	14,469	456	14,469	456
	<u>\$ 384,000</u>	<u>\$ 25,728</u>	<u>\$ 177,132</u>	<u>\$ 12,400</u>	<u>\$ 561,132</u>	<u>\$ 38,128</u>

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

Legal Debt Margin

The Town is subject to legal limitations on the amount of debt that it may issue. The Town's legal debt margin is 7% of the five year average full valuation of taxable real property. At December 31, 2020, that amount was \$137,607,494. As of December 31, 2020, the total outstanding debt applicable to the limit was \$4,589,000, which is 3.3% of the total debt limit.

Pension Plans

New York State and Local Retirement System

The Town 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 net assets and record changes in plan 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 Town 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.

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75I	19.3 %
	4 A15	15.7
	5 A15	13.1
	6 A15	9.2
PFRS	2 384D	24.3
	6 384D	14.6

At December 31, 2020, the Town 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	\$ 1,612,933	\$ 480,217
Town's proportion of the net pension liability	0.0060910%	0.0089845%
Change in proportion since the prior measurement date	(0.000516)%	(0.000588)%

The net pension liability was measured as of March 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town'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 December 31, 2020, the Town recognized its proportionate share of pension expense in the government-wide financial statements of \$719,457 for ERS and \$210,996 for PFRS. Pension expenditures of \$393,329 for ERS and \$122,447 for PFRS, inclusive of payments for retirement incentives and other pension obligations were recorded in the fund financial statements and were charged to the following funds:

	<u>ERS</u>	<u>PFRS</u>
General Fund	\$ 275,330	\$ 122,447
Highway Fund	117,999	-
	<u>\$ 393,329</u>	<u>\$ 122,447</u>

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At December 31, 2020, the Town reported its proportionate share of deferred outflows and inflows of resources related to pensions from the following sources:

	ERS		PFRS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,928	\$ -	\$ 31,977	\$ 8,044	\$ 126,905	\$ 8,044
Net difference between projected and actual earnings on pension plan investments	826,868	-	216,257	-	1,043,125	-
Changes of assumptions	32,477	28,043	41,047	-	73,524	28,043
Changes in proportion and differences between Town contributions and proportionate share of contributions	202,357	40,033	81,794	11,386	284,151	51,419
Town contributions subsequent to the measurement date	210,849	-	81,643	-	292,492	-
	<u>\$ 1,367,479</u>	<u>\$ 68,076</u>	<u>\$ 452,718</u>	<u>\$ 19,430</u>	<u>\$ 1,820,197</u>	<u>\$ 87,506</u>

The \$210,849 and \$81,643 reported as deferred outflows of resources related to ERS and PFRS, respectively, result from the Town's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and PFRS will be recognized in pension expense as follows:

Year Ended March 31,	ERS	PFRS
2021	\$ 222,023	\$ 85,680
2022	280,399	83,963
2023	332,692	96,206
2024	253,440	78,990
2025	-	6,806
	<u>\$ 1,088,554</u>	<u>\$ 351,645</u>

The total pension liability for the ERS and PFRS 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.

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)

December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

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

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

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

	1% Decrease (5.8%)	Current Discount Rate (6.8%)	1% Increase (7.8%)
Town's proportionate share of the ERS net pension liability	<u>\$ 2,960,188</u>	<u>\$ 1,612,933</u>	<u>\$ 372,106</u>
Town's proportionate share of the PFRS net pension liability	<u>\$ 858,638</u>	<u>\$ 480,217</u>	<u>\$ 141,333</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	\$ 35,309,017,000	\$ 229,905,278,000
ERS 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>\$ 5,344,937,000</u>	<u>\$ 31,825,516,000</u>
ERS 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. Retirement contributions as of December 31, 2020 represent the employer contribution for the period of April 1, 2020 through December 31, 2020 based on prior year ERS and PFRS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and PFRS for the nine months ended December 31, 2020 were \$210,849 and \$81,643, respectively.

Voluntary Defined Contribution Plan

The Town also offers a defined contribution plan to all non-union employees hired on or after July 1, 2013 with earnings 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 Town will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Other Post-Employment Benefit ("OPEB")

In addition to providing pension benefits, the Town provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Town may vary according to length of service. The cost of providing postemployment health care benefits is shared between the Town and the retired employee as noted below. Substantially

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

all of the Town's employees may become eligible for those benefits if they reach normal retirement age while working for the Town. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

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

Inactive employees currently receiving benefit payments	45
Active employees	<u>33</u>
	<u>78</u>

The Town's total OPEB liability of \$17,278,007 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability in the January 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	2.25%
Salary increases	2.00%
Discount rate	2.00%
Healthcare cost trend rates	4.5% for 2020, decreasing by up to .10% per year to an ultimate rate of 4.20% for 2065 and decreasing to 3.784% for 2075 and later years
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond Index.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2020 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the January 1, 2019 valuation for turnover and retirement for ERS and PFRS were based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

Total OPEB Liability - Beginning of Year	\$ 15,679,786
Service cost	296,417
Interest	433,810
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,270,598
Benefit payments	<u>(402,604)</u>
Total OPEB Liability - End of Year	<u>\$ 17,278,007</u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.0%) or 1 percentage point higher (3.0%) than the current discount rate:

	1% Decrease (1.0%)	Current Discount Rate (2.0%)	1% Increase (3.0%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 20,378,652</u>	<u>\$ 17,278,007</u>	<u>\$ 14,805,582</u>

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.5% decreasing to 2.784%) or 1 percentage point higher (5.5% decreasing to 4.784%) than the current healthcare cost trend rates:

	1% Decrease (3.5% decreasing to 2.784%)	Current Healthcare Cost Trend Rates (4.5% decreasing to 3.784%)	1% Increase (5.5% decreasing to 4.784%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB Liability	<u>\$ 14,370,376</u>	<u>\$ 17,278,007</u>	<u>\$ 21,014,866</u>

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

For the year ended December 31, 2020, the Town recognized OPEB expense of \$431,435 in the government-wide financial statements. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 2,686,845	\$ 513,111
Differences between expected and actual experience	<u>-</u>	<u>1,815,836</u>
	<u>\$ 2,686,845</u>	<u>\$ 2,328,947</u>

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

<u>Year Ended December 31,</u>	
2021	\$ (270,074)
2022	243,037
2023	275,497
2024	<u>109,438</u>
	<u>\$ 357,898</u>

G. 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>Transfers In Capital Projects Fund</u>
General Fund	\$ 60,000
Highway Fund	<u>140,000</u>
	<u>\$ 200,000</u>

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

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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 Open Space - the component of net position that is established pursuant to New York State law. These amounts represents funds received from the real property taxes and may be used only for the acquisition of land with the Town.

Restricted for Special Revenue Funds - the component of net position that represents funds restricted for specific purposes under New York State law or by external parties and/or statutes.

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

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2020					2019				
	General Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Highway Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable										
Prepaid expenditures	\$ 283,906	\$ 85,899	\$ -	\$ -	\$ 369,805	\$ 188,500	\$ 54,828	\$ -	\$ -	\$ 243,328
Restricted										
Open Space	3,534,346	-	-	-	3,534,346	3,157,792	-	-	-	3,157,792
Trusts	-	-	-	211,711	211,711	-	-	-	211,539	211,539
Total Restricted	3,534,346	-	-	211,711	3,746,057	3,157,792	-	-	211,539	3,369,331
Assigned										
Subsequent years' expenditures	250,000	100,000	-	15,000	365,000	200,000	104,000	-	15,000	319,000
Non Major Funds										
Parking District	-	-	-	161,831	161,831	-	-	-	207,961	207,961
Deficit	-	(100,000)	-	-	(100,000)	-	(37,490)	-	-	(37,490)
Total Assigned	250,000	-	-	176,831	426,831	200,000	66,510	-	222,961	489,471
Unassigned	688,147	(81,665)	(5,186,050)	-	(4,579,568)	885,568	-	(1,821,413)	-	(935,845)
Total Fund Balances	\$ 4,756,399	\$ 4,234	\$ (5,186,050)	\$ 388,542	\$ (36,875)	\$ 4,431,860	\$ 121,338	\$ (1,821,413)	\$ 434,500	\$ 3,166,285

Town of Pound Ridge, New York

Notes to Financial Statements (Continued)
December 31, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

Prepaid Expenditures has been established to account for costs paid in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

Subsequent years' expenditures represent that at December 31, 2020, the Town Board has assigned the above amounts to be appropriated for the ensuing year's budget. The amount assigned for subsequent year's expenditures in the Highway Fund of \$100,000 has been limited to \$-0- as it exceeded the fund balance available.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted or assigned. Unassigned fund balance in the Capital Projects Fund and Highway Fund represents the deficit in the funds.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The Town, in common with other municipalities, receives numerous notices of claims for money damages occurring from false arrest, property damage or personal injury. All the claims currently pending have been referred to the insurance carrier and none are expected to have a material effect on the Town's financial position, if adversely settled.

There are also currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the Town if existing assessment rolls are modified based upon the outcome of the litigation proceedings. However, the amount of possible refunds cannot be determined at the present time and any refunds resulting from adverse settlements will be funded in the year in which the payments are made.

B. Risk Management

The Town purchases conventional insurance coverages to reduce its exposure to loss. The Town maintains general liability coverage up to \$3 million, public officials' liability and police professional liability policies each provide coverage up to \$2 million. The Town also maintains an umbrella policy which provides coverage up to \$30 million. Workers' compensation coverage is secured at statutory levels. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The Town purchases conventional health insurance from various providers.

C. Contingencies

The Town participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the Town's compliance with applicable grant requirements will 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 Town anticipates such amounts, if any, to be immaterial.

Town of Pound Ridge, New York

Notes to Financial Statements (Concluded)
December 31, 2020

Note 5 - Subsequent Events

The Town in June 2021, renewed a \$3,930,000 bond anticipation with interest at .72% due in September 2021 issued to finance various capital projects and vehicle purchases. In September 2021 the Town renewed the \$3,930,000 bond anticipation with interest at 1.26% due in June 2022. In June 2022 the Town issued a new \$3,955,000 bond anticipation with interest at 2.70% due in June 2023.

Note 6 - Recently Issued GASB Pronouncements

GASB Statement No. 87, "*Leases*", as amended by GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", establishes a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. As such, this Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor will be required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Town believes will most impact its financial statements. The Town will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Town of Pound Ridge, New York

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

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 296,417	\$ 298,180	\$ 354,833
Interest	433,810	618,176	563,107
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(3,385,948)	-
Changes of assumptions or other inputs *	1,270,598	3,182,143	(2,138,598)
Benefit payments	(402,604)	(343,981)	(251,212)
Net Change in Total OPEB Liability	1,598,221	368,570	(1,471,870)
Total OPEB Liability – Beginning of Year	15,679,786	15,311,216	16,783,086 (3)
Total OPEB Liability – End of Year	<u>\$ 17,278,007</u>	<u>\$ 15,679,786</u>	<u>\$ 15,311,216</u>
Town's covered-employee payroll	<u>\$ 2,579,299</u>	<u>\$ 2,386,561</u>	<u>\$ 2,357,729</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>669.87%</u>	<u>657.00%</u>	<u>649.41%</u>
* Discount Rate	<u>2.00%</u>	<u>2.75%</u>	<u>3.71%</u>

(1) Data not available prior to fiscal year 2018 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.

Town of Pound Ridge, New York

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

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

	2020 (4)	2019	2018	2017	2016 (3)	2015
Town's proportion of the net pension liability	<u>0.0060910%</u>	<u>0.0066074%</u>	<u>0.0065297%</u>	<u>0.0069891%</u>	<u>0.0075174%</u>	<u>0.0073580%</u>
Town's proportionate share of the net pension liability	<u>\$ 1,612,933</u>	<u>\$ 468,153</u>	<u>\$ 210,744</u>	<u>\$ 656,713</u>	<u>\$ 1,206,571</u>	<u>\$ 248,573</u>
Town's covered payroll	<u>\$ 2,197,665</u>	<u>\$ 2,381,729</u>	<u>\$ 2,424,695</u>	<u>\$ 2,403,073</u>	<u>\$ 2,325,621</u>	<u>\$ 2,343,071</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>73.39%</u>	<u>19.66%</u>	<u>8.69%</u>	<u>27.33%</u>	<u>51.88%</u>	<u>10.61%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount Rate	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 386,273	\$ 414,495	\$ 438,751	\$ 431,463	\$ 478,300	\$ 420,382
Contributions in relation to the contractually required contribution	<u>(386,273)</u>	<u>(414,495)</u>	<u>(438,751)</u>	<u>(431,463)</u>	<u>(478,300)</u>	<u>(420,382)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<u>\$ 2,443,776</u>	<u>\$ 2,294,107</u>	<u>\$ 2,466,402</u>	<u>\$ 2,367,251</u>	<u>\$ 2,429,484</u>	<u>\$ 2,460,218</u>
Contributions as a percentage of covered payroll	<u>15.81%</u>	<u>18.07%</u>	<u>17.79%</u>	<u>18.23%</u>	<u>19.69%</u>	<u>17.09%</u>

(1) Data not available prior to fiscal year 2015 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) Increase in the Town's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

See independent auditors' report.

Town of Pound Ridge, New York

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

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

	2020 (4)	2019	2018	2017	2016 (3)	2015
Town's proportion of the net pension liability	0.0089845%	0.0095725%	0.0096490%	0.0104459%	0.0116927%	0.0110130%
Town's proportionate share of the net pension liability	\$ 480,217	\$ 160,538	\$ 97,528	\$ 215,607	\$ 346,196	\$ 30,314
Town's covered payroll	\$ 457,041	\$ 452,006	\$ 556,691	\$ 481,941	\$ 481,713	\$ 532,449
Town's proportionate share of the net pension liability as a percentage of its covered payroll	105.07%	35.52%	17.52%	44.74%	71.87%	5.69%
Plan fiduciary net position as a percentage of the total pension liability	84.86%	95.09%	96.93%	93.50%	90.20%	99.00%
Discount Rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 124,298	\$ 116,893	\$ 132,100	\$ 124,211	\$ 132,124	\$ 125,950
Contributions in relation to the contractually required contribution	(124,298)	(116,893)	(132,100)	(124,211)	(132,124)	(125,950)
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 490,755	\$ 569,483	\$ 509,111	\$ 461,746	\$ 504,431	\$ 530,286
Contributions as a percentage of covered payroll	25.33%	20.53%	25.95%	26.90%	26.19%	23.75%

(1) Data not available prior to fiscal year 2015 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) Increase in the Town's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

See independent auditors' report.

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Town of Pound Ridge, New York

General Fund
Comparative Balance Sheet
December 31,

	2020	2019
ASSETS		
Cash and equivalents	\$ 4,039,716	\$ 4,211,960
Taxes receivable		
Town taxes	546,331	423,834
Property acquired for taxes	-	326,846
	546,331	750,680
Allowance for uncollectible amounts	(165,633)	(434,988)
	380,698	315,692
Receivables		
Accounts	33,431	92,465
State and Federal aid	93,148	-
Due from other governments	493,371	363,065
Due from other funds	818,080	51,142
	1,438,030	506,672
Prepaid expenditures	283,906	188,500
Total Assets	<u>\$ 6,142,350</u>	<u>\$ 5,222,824</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 359,355	\$ 169,400
Deposits payable	438,477	11,631
Employee payroll deductions	173,630	332,641
Due to other funds	43,910	8,994
Overpayments	31,879	3,838
Total Liabilities	1,047,251	526,504
Deferred inflows of resources		
Deferred tax revenues	338,700	264,460
Total Liabilities and Deferred Inflows of Resources	<u>1,385,951</u>	<u>790,964</u>
Fund balance		
Nonspendable	283,906	188,500
Restricted	3,534,346	3,157,792
Assigned	250,000	200,000
Unassigned	688,147	885,568
Total Fund Balance	<u>4,756,399</u>	<u>4,431,860</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 6,142,350</u>	<u>\$ 5,222,824</u>

See independent auditors' report.

Town of Pound Ridge, New York

General Fund

Comparative Schedule of Revenues, Expenditures and Changes

in Fund Balance - Budget and Actual

Years Ended December 31,

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 3,840,151	\$ 3,840,151	\$ 3,708,566	\$ (131,585)
Other tax items	205,000	205,000	162,541	(42,459)
Non-property taxes	1,180,000	1,180,000	1,225,803	45,803
Departmental income	420,200	420,200	281,348	(138,852)
Use of money and property	106,000	106,000	97,480	(8,520)
Licenses and permits	211,000	211,000	150,861	(60,139)
Fines and forfeitures	58,000	58,000	12,130	(45,870)
Sale of property and compensation for loss	17,800	17,800	5,300	(12,500)
State aid	569,252	569,252	543,257	(25,995)
Federal aid	-	-	130,148	130,148
Miscellaneous	46,000	46,000	38,441	(7,559)
Total Revenues	<u>6,653,403</u>	<u>6,653,403</u>	<u>6,355,875</u>	<u>(297,528)</u>
EXPENDITURES				
Current				
General government support	1,839,429	1,839,429	1,581,206	258,223
Public safety	1,518,927	1,518,927	1,411,258	107,669
Health	318,097	318,097	332,187	(14,090)
Transportation	174,423	174,423	132,706	41,717
Economic opportunity and development	6,650	6,650	6,065	585
Culture and recreation	686,981	686,981	562,060	124,921
Home and community services	229,798	229,798	190,956	38,842
Employee benefits	1,595,000	1,595,000	1,707,310	(112,310)
Debt service				
Principal	32,000	32,000	32,000	-
Interest	15,700	15,700	15,588	112
Total Expenditures	<u>6,417,005</u>	<u>6,417,005</u>	<u>5,971,336</u>	<u>445,669</u>
Excess of Revenues Over Expenditures	236,398	236,398	384,539	148,141
OTHER FINANCING USES				
Transfers out	<u>(436,398)</u>	<u>(436,398)</u>	<u>(60,000)</u>	<u>376,398</u>
Net Change in Fund Balance	(200,000)	(200,000)	324,539	524,539
FUND BALANCE				
Beginning of Year	<u>200,000</u>	<u>200,000</u>	<u>4,431,860</u>	<u>4,231,860</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,756,399</u>	<u>\$ 4,756,399</u>

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 3,815,944	\$ 3,815,944	\$ 3,910,661	\$ 94,717
230,000	230,000	175,359	(54,641)
950,000	950,000	1,043,086	93,086
420,200	420,200	425,705	5,505
94,000	94,000	46,157	(47,843)
211,000	211,000	133,209	(77,791)
58,000	58,000	36,369	(21,631)
17,800	17,800	22,185	4,385
569,252	550,000	414,172	(135,828)
-	-	-	-
46,000	65,252	117,021	51,769
<u>6,412,196</u>	<u>6,412,196</u>	<u>6,323,924</u>	<u>(88,272)</u>
1,733,768	1,664,168	1,556,015	108,153
1,408,698	1,433,798	1,407,632	26,166
308,598	308,598	156,165	152,433
180,347	187,147	180,751	6,396
6,650	6,650	6,036	614
681,345	708,545	628,415	80,130
220,058	230,558	185,980	44,578
1,598,000	1,598,000	1,643,918	(45,918)
147,000	147,000	80,000	67,000
21,453	21,453	35,291	(13,838)
<u>6,305,917</u>	<u>6,305,917</u>	<u>5,880,203</u>	<u>425,714</u>
106,279	106,279	443,721	337,442
<u>(448,898)</u>	<u>(448,898)</u>	<u>(72,500)</u>	<u>376,398</u>
(342,619)	(342,619)	371,221	713,840
<u>342,619</u>	<u>342,619</u>	<u>4,060,639</u>	<u>3,718,020</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,431,860</u>	<u>\$ 4,431,860</u>

Town of Pound Ridge, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended December 31, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
REAL PROPERTY TAXES	\$ 3,840,151	\$ 3,840,151	\$ 3,708,566	\$ (131,585)	\$ 3,910,661
OTHER TAX ITEMS					
Payment in lieu of taxes	5,000	5,000	5,000	-	5,000
Interest and penalties on real property taxes	200,000	200,000	157,541	(42,459)	170,359
	<u>205,000</u>	<u>205,000</u>	<u>162,541</u>	<u>(42,459)</u>	<u>175,359</u>
NON-PROPERTY TAXES					
Non-property tax distribution from County	1,030,000	1,030,000	1,058,006	28,006	933,886
Cable TV franchise fees	150,000	150,000	167,797	17,797	109,200
	<u>1,180,000</u>	<u>1,180,000</u>	<u>1,225,803</u>	<u>45,803</u>	<u>1,043,086</u>
DEPARTMENTAL INCOME					
Clerk fees	7,000	7,000	2,171	(4,829)	4,747
Safety inspection fees	20,000	20,000	7,972	(12,028)	12,064
Parks and recreation charges	242,200	242,200	170,018	(72,182)	241,303
Pool fees	115,000	115,000	86,577	(28,423)	141,497
Zoning fees	1,000	1,000	240	(760)	960
Planning board fees	6,000	6,000	2,400	(3,600)	3,920
Refuse and garbage charges	29,000	29,000	11,970	(17,030)	21,214
	<u>420,200</u>	<u>420,200</u>	<u>281,348</u>	<u>(138,852)</u>	<u>425,705</u>
USE OF MONEY AND PROPERTY					
Interest earnings	80,000	80,000	96,680	16,680	34,357
Rental of real property	26,000	26,000	800	(25,200)	11,800
	<u>106,000</u>	<u>106,000</u>	<u>97,480</u>	<u>(8,520)</u>	<u>46,157</u>

LICENSES AND PERMITS

Business and occupational licenses	6,000	6,000	600	(5,400)	5,250
Dog and other licenses	5,000	5,000	2,120	(2,880)	3,964
Permits	200,000	200,000	148,141	(51,859)	123,995

	<u>211,000</u>	<u>211,000</u>	<u>150,861</u>	<u>(60,139)</u>	<u>133,209</u>
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FINES AND FORFEITURES

Fines and forfeited bail	58,000	58,000	12,130	(45,870)	36,369
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	<u>58,000</u>	<u>58,000</u>	<u>12,130</u>	<u>(45,870)</u>	<u>36,369</u>
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SALE OF PROPERTY AND COMPENSATION FOR LOSS

Sale of refuse for recycling	800	800	-	(800)	785
Miscellaneous	17,000	17,000	5,300	(11,700)	21,400

	<u>17,800</u>	<u>17,800</u>	<u>5,300</u>	<u>(12,500)</u>	<u>22,185</u>
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STATE AID

Per capita	19,252	19,252	-	(19,252)	-
Mortgage tax	340,000	340,000	539,531	199,531	334,311
Other	210,000	210,000	3,726	(206,274)	79,861

	<u>569,252</u>	<u>569,252</u>	<u>543,257</u>	<u>(25,995)</u>	<u>414,172</u>
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FEDERAL AID

Disaster assistance	-	-	130,148	130,148	-
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	<u>-</u>	<u>-</u>	<u>130,148</u>	<u>130,148</u>	<u>-</u>
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MISCELLANEOUS

Refund of prior year's expenditures	10,000	10,000	5,780	(4,220)	24,575
Gifts and donations	20,000	20,000	4,700	(15,300)	68,030
Medicare part D reimbursement	16,000	16,000	6,467	(9,533)	2,645
AIM related payments	-	-	19,252	19,252	19,252
Unclassified	-	-	2,242	2,242	2,519

	<u>46,000</u>	<u>46,000</u>	<u>38,441</u>	<u>(7,559)</u>	<u>117,021</u>
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TOTAL REVENUES

	<u>\$ 6,653,403</u>	<u>\$ 6,653,403</u>	<u>\$ 6,355,875</u>	<u>\$ (297,528)</u>	<u>\$ 6,323,924</u>
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See independent auditors' report.

Town of Pound Ridge, New York

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

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
GENERAL GOVERNMENT SUPPORT					
Town Board	\$ 55,600	\$ 55,600	\$ 50,001	\$ 5,599	\$ 50,359
Town Justice	166,665	166,665	161,095	5,570	150,858
Supervisor	118,380	126,930	124,950	1,980	124,861
Finance	158,500	158,500	144,468	14,032	120,533
Audit	39,500	39,500	36,860	2,640	38,800
Tax collection	96,116	96,116	80,621	15,495	89,109
Assessor	130,447	130,447	111,104	19,343	113,665
Town Clerk	129,751	129,751	108,638	21,113	95,951
Town Attorney	95,471	95,471	94,061	1,410	89,343
Elections	7,775	7,775	7,570	205	7,408
Buildings	414,448	414,448	460,498	(46,050)	422,457
Central printing and mailing	20,000	20,000	12,470	7,530	13,982
Data processing	148,551	148,551	89,445	59,106	139,325
Unallocated insurance	85,000	85,000	87,562	(2,562)	82,216
Municipal association dues	2,225	2,225	2,225	-	5,800
Metropolitan commuter transportation mobility tax	11,000	11,000	9,638	1,362	9,204
Judgments and claims	10,000	10,000	-	10,000	2,144
Contingency	150,000	141,450	-	141,450	-
	<u>1,839,429</u>	<u>1,839,429</u>	<u>1,581,206</u>	<u>258,223</u>	<u>1,556,015</u>
PUBLIC SAFETY					
Administration	8,100	8,100	22,726	(14,626)	26,340
Police	1,181,596	1,181,596	1,073,595	108,001	1,065,075
Communication system	77,000	77,000	69,727	7,273	67,144
Traffic control	1,200	1,200	2,145	(945)	3,777
Animal control	3,200	3,200	5,420	(2,220)	1,997
Safety inspection	247,831	247,831	237,645	10,186	243,299
	<u>1,518,927</u>	<u>1,518,927</u>	<u>1,411,258</u>	<u>107,669</u>	<u>1,407,632</u>

HEALTH

Addiction control	183,000	183,000	197,091	(14,091)	30,565
Ambulance	135,097	135,097	135,096	1	125,600
	<u>318,097</u>	<u>318,097</u>	<u>332,187</u>	<u>(14,090)</u>	<u>156,165</u>

TRANSPORTATION

Highway administration	112,423	112,423	107,535	4,888	128,469
Garage	55,000	55,000	19,906	35,094	44,875
Street lighting	7,000	7,000	5,265	1,735	7,407
	<u>174,423</u>	<u>174,423</u>	<u>132,706</u>	<u>41,717</u>	<u>180,751</u>

ECONOMIC OPPORTUNITY AND DEVELOPMENT

Programs for the aging	<u>6,650</u>	<u>6,650</u>	<u>6,065</u>	<u>585</u>	<u>6,036</u>
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CULTURE AND RECREATION

Recreation administration	159,485	159,485	143,855	15,630	141,271
Parks	270,155	270,155	218,525	51,630	252,907
Pool	182,380	182,380	155,903	26,477	169,107
Band concerts	10,000	10,000	4,180	5,820	5,469
Museum	2,400	2,400	1,542	858	2,231
Historian	4,400	4,400	4,300	100	2,577
Celebrations	18,000	18,000	7,902	10,098	16,311
Adult recreation	40,161	40,161	25,853	14,308	38,542
	<u>686,981</u>	<u>686,981</u>	<u>562,060</u>	<u>124,921</u>	<u>628,415</u>

HOME AND COMMUNITY SERVICES

Zoning and appeals	8,479	8,480	7,033	1,447	7,594
Planning Board	123,429	123,429	100,308	23,121	93,103
Environmental Protection	10,000	10,000	7,287	2,713	12,420
Waste water	-	-	1,266	(1,266)	-
Recycling	30,197	30,197	32,592	(2,395)	25,877
Water control	21,293	21,292	19,600	1,692	18,868
Shade trees	13,000	13,000	-	13,000	7,620
Conservation advisory	15,400	15,400	19,870	(4,470)	17,498
Cemeteries	8,000	8,000	3,000	5,000	3,000
	<u>229,798</u>	<u>229,798</u>	<u>190,956</u>	<u>38,842</u>	<u>185,980</u>

(Continued)

Town of Pound Ridge, New York

General Fund

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

Year Ended December 31, 2020

(With Comparative Actuals for 2019)

	Original Budget	Final Budget	Actual	Variance with Final Budget	2019 Actual
EMPLOYEE BENEFITS					
State retirement	\$ 282,000	\$ 282,000	\$ 275,330	\$ 6,670	\$ 318,936
Police and fire retirement	123,000	123,000	122,447	553	117,467
Social security	224,000	224,000	216,456	7,544	217,590
Workers' compensation benefits	77,000	77,000	63,673	13,327	72,318
Unemployment benefits	1,000	1,000	12,438	(11,438)	362
Hospital, medical and dental benefits	888,000	888,000	1,016,966	(128,966)	917,245
	<u>1,595,000</u>	<u>1,595,000</u>	<u>1,707,310</u>	<u>(112,310)</u>	<u>1,643,918</u>
DEBT SERVICE					
Principal					
Serial bonds	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>	<u>-</u>	<u>80,000</u>
Interest					
Serial bonds	4,300	4,300	4,273	27	11,687
Bond anticipation notes	<u>11,400</u>	<u>11,400</u>	<u>11,315</u>	<u>85</u>	<u>23,604</u>
	<u>15,700</u>	<u>15,700</u>	<u>15,588</u>	<u>112</u>	<u>35,291</u>
	<u>47,700</u>	<u>47,700</u>	<u>47,588</u>	<u>112</u>	<u>115,291</u>
TOTAL EXPENDITURES	6,417,005	6,417,005	5,971,336	445,669	5,880,203
OTHER FINANCING USES					
Transfers out					
Capital Projects Fund	<u>436,398</u>	<u>436,398</u>	<u>60,000</u>	<u>376,398</u>	<u>72,500</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 6,853,403</u>	<u>\$ 6,853,403</u>	<u>\$ 6,031,336</u>	<u>\$ 822,067</u>	<u>\$ 5,952,703</u>

See independent auditors' report.

Town of Pound Ridge, New York

Highway Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 35,645	\$ 293,881
Accounts receivable	-	15,970
Due from other funds	34,771	1,095,023
Prepaid expenditures	<u>85,899</u>	<u>54,828</u>
 Total Assets	 <u>\$ 156,315</u>	 <u>\$ 1,459,702</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 152,081	\$ 52,250
Due to other funds	<u>-</u>	<u>1,286,114</u>
 Total Liabilities	 <u>152,081</u>	 <u>1,338,364</u>
 Fund Balance (Deficit)		
Nonspendable	85,899	54,828
Assigned	-	66,510
Unassigned	<u>(81,665)</u>	<u>-</u>
 Total Fund Balance	 <u>4,234</u>	 <u>121,338</u>
 Total Liabilities and Fund Balance	 <u>\$ 156,315</u>	 <u>\$ 1,459,702</u>

See independent auditors' report.

Town of Pound Ridge, New York

Highway Fund

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

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 2,086,305	\$ 2,086,305	\$ 2,086,305	\$ -
Departmental income	11,000	11,000	10,815	(185)
Use of money and property	200	200	-	(200)
Interfund revenues	30,000	30,000	-	(30,000)
Sale of property and compensation for loss	30,000	30,000	-	(30,000)
State aid	180,000	180,000	117,292	(62,708)
Total Revenues	<u>2,337,505</u>	<u>2,337,505</u>	<u>2,214,412</u>	<u>(123,093)</u>
EXPENDITURES				
Current				
Transportation	1,613,205	1,613,205	1,578,107	35,098
Employee benefits	553,000	553,000	478,189	74,811
Debt service				
Principal	96,000	96,000	96,000	-
Interest	39,300	39,300	39,220	80
Total Expenditures	<u>2,301,505</u>	<u>2,301,505</u>	<u>2,191,516</u>	<u>109,989</u>
Excess (Deficiency) of Revenues Over Expenditures	36,000	36,000	22,896	(13,104)
OTHER FINANCING USES				
Transfers out	(140,000)	(140,000)	(140,000)	-
Net Change in Fund Balance	<u>(104,000)</u>	<u>(104,000)</u>	<u>(117,104)</u>	<u>(13,104)</u>
FUND BALANCE				
Beginning of Year	104,000	104,000	121,338	17,338
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,234</u>	<u>\$ 4,234</u>

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 1,995,044	\$ 1,995,044	\$ 1,995,044	\$ -
11,000	11,000	12,036	1,036
200	200	239	39
30,000	30,000	-	(30,000)
40,000	60,000	55,195	(4,805)
180,000	180,000	167,480	(12,520)
<u>2,256,244</u>	<u>2,276,244</u>	<u>2,229,994</u>	<u>(46,250)</u>
1,490,315	1,510,315	1,461,932	48,383
549,000	549,000	564,652	(15,652)
112,429	112,429	179,426	(66,997)
32,000	32,000	36,501	(4,501)
<u>2,183,744</u>	<u>2,203,744</u>	<u>2,242,511</u>	<u>(38,767)</u>
72,500	72,500	(12,517)	(85,017)
<u>(72,500)</u>	<u>(72,500)</u>	<u>(72,500)</u>	<u>-</u>
-	-	(85,017)	(85,017)
-	-	206,355	206,355
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,338</u>	<u>\$ 121,338</u>

Town of Pound Ridge, New York

Capital Projects Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 163,628	\$ 253,451
Due from other funds	-	255,364
	<hr/>	<hr/>
Total Assets	<u>\$ 163,628</u>	<u>\$ 508,815</u>
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	\$ 292,071	\$ 269,051
Due to other funds	852,607	106,177
Bond anticipation notes payable	<u>4,205,000</u>	<u>1,955,000</u>
	<hr/>	<hr/>
Total Liabilities	5,349,678	2,330,228
FUND DEFICIT		
Unassigned	<u>(5,186,050)</u>	<u>(1,821,413)</u>
	<hr/>	<hr/>
Total Liabilities and Fund Deficit	<u>\$ 163,628</u>	<u>\$ 508,815</u>

See independent auditors' report.

Town of Pound Ridge, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 940	\$ -
Miscellaneous revenues	<u>510,000</u>	<u>-</u>
Total Revenues	510,940	-
EXPENDITURES		
Capital outlay	<u>4,075,577</u>	<u>1,130,460</u>
Deficiency of Revenues Over Expenditures	(3,564,637)	(1,130,460)
OTHER FINANCING SOURCES		
Transfers in	<u>200,000</u>	<u>145,000</u>
Net Change in Fund Balance	(3,364,637)	(985,460)
FUND DEFICIT		
Beginning of Year	<u>(1,821,413)</u>	<u>(835,953)</u>
End of Year	<u><u>\$ (5,186,050)</u></u>	<u><u>\$ (1,821,413)</u></u>

See independent auditors' report.

Town of Pound Ridge, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 December 31, 2020
 (With Comparative Totals for 2019)

	Special Purpose	Public Parking District	Total Non-Major Governmental Funds	
			2020	2019
ASSETS				
Cash and equivalents	\$ 211,711	\$ 135,653	\$ 347,364	\$ 434,865
Due from other funds	-	43,910	43,910	-
Total Assets	<u>\$ 211,711</u>	<u>\$ 179,563</u>	<u>\$ 391,274</u>	<u>\$ 434,865</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 2,488	\$ 2,488	\$ 121
Due to other funds	-	244	244	244
Total Liabilities	<u>-</u>	<u>2,732</u>	<u>2,732</u>	<u>365</u>
FUND BALANCE				
Restricted	211,711	-	211,711	211,539
Assigned	-	176,831	176,831	222,961
Total Fund Balances	<u>211,711</u>	<u>176,831</u>	<u>388,542</u>	<u>434,500</u>
Total Liabilities and Fund Balances	<u>\$ 211,711</u>	<u>\$ 179,563</u>	<u>\$ 391,274</u>	<u>\$ 434,865</u>

See independent auditors' report.

Town of Pound Ridge, New York

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Non-Major Governmental Funds
 Year Ended December 31, 2020
 (With Comparative Totals for 2019)

	Special Purpose	Public Parking District	Total Non-Major Governmental Funds	
			2020	2019
REVENUES				
Real property taxes	\$ -	\$ 43,910	\$ 43,910	\$ 44,030
Use of money and property	572	86	658	7,180
Total Revenues	572	43,996	44,568	51,210
EXPENDITURES				
Current				
Transportation	-	90,126	90,126	15,566
Culture and recreation	400	-	400	8,630
Total Expenditures	400	90,126	90,526	24,196
Excess (Deficiency) of Revenues Over Expenditures	172	(46,130)	(45,958)	27,014
FUND BALANCES				
Beginning of Year	211,539	222,961	434,500	407,486
End of Year	\$ 211,711	\$ 176,831	\$ 388,542	\$ 434,500

See independent auditors' report.

Town of Pound Ridge, New York

Special Purpose Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 211,711</u>	<u>\$ 211,539</u>
FUND BALANCE		
Restricted	<u>\$ 211,711</u>	<u>\$ 211,539</u>

See independent auditors' report.

Town of Pound Ridge, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance
Years Ended December 31,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 572	\$ 6,918
EXPENDITURES		
Current		
Culture and recreation	<u>400</u>	<u>8,630</u>
Excess (Deficiency) of Revenues Over Expenditures	172	(1,712)
FUND BALANCE		
Beginning of Year	<u>211,539</u>	<u>213,251</u>
End of Year	<u><u>\$ 211,711</u></u>	<u><u>\$ 211,539</u></u>

See independent auditors' report.

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Town of Pound Ridge, New York

Public Parking District Fund
Comparative Balance Sheet
December 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 135,653	\$ 223,326
Due from other funds	<u>43,910</u>	<u>-</u>
Total Assets	<u>\$ 179,563</u>	<u>\$ 223,326</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,488	\$ 121
Due to other funds	<u>244</u>	<u>244</u>
Total Liabilities	2,732	365
FUND BALANCE		
Assigned	<u>176,831</u>	<u>222,961</u>
Total Liabilities and Fund Balance	<u>\$ 179,563</u>	<u>\$ 223,326</u>

See independent auditors' report.

Town of Pound Ridge, New York

Public Parking District Fund
 Comparative Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Years Ended December 31,

	2020			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 43,910	\$ 43,910	\$ 43,910	\$ -
Use of money and property	200	200	86	(114)
Total Revenues	44,110	44,110	43,996	(114)
EXPENDITURES				
Current				
Transportation	59,110	59,110	90,126	(31,016)
Excess (Deficiency) of Revenues Over Expenditures	(15,000)	(15,000)	(46,130)	(31,130)
FUND BALANCE				
Beginning of Year	15,000	15,000	222,961	207,961
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,831</u>	<u>\$ 176,831</u>

See independent auditors' report.

2019

Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 44,030 200	\$ 44,030 200	\$ 44,030 262	\$ - 62
44,230	44,230	44,292	62
59,230	59,230	15,566	43,664
(15,000)	(15,000)	28,726	43,726
15,000	15,000	194,235	179,235
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 222,961</u>	<u>\$ 222,961</u>

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

**The Honorable Supervisor and Town Board
of the Town of Pound Ridge, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Pound Ridge, New York ("Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-002.

We noted certain other matters that we reported to the management of the Town in a separate letter.

Town's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompany schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

June 26, 2023



**Report on Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Report Required by
the Uniform Guidance**

Independent Auditors' Report

**The Honorable Supervisor and the Town Board
of the Town of Pound Ridge, New York**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Pound Ridge, New York's ("Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2020. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error; as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Town's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control

over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
June 26, 2023

Town of Pound Ridge, New York

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

<u>Federal Grantor Program or Clus</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Sub- Recipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Transportation</u>				
Indirect Program - Passed through NYS Department of Transportation:				
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction	20.205	PIN 8780.51	\$ -	\$ 1,076,173
<u>U.S. Department of Justice</u>				
Direct Program -				
Improving Criminal Justice Responses Grant Program also known as the Arrest Program	16.590	-	-	130,148
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,206,321</u>

The accompanying notes are an integral part of this schedule.

Town of Pound Ridge, New York

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal award activity of the Town of Pound Ridge, New York ("Town") under programs of the federal government for the year ended December 31, 2020. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in the net position or cash flows of the Town.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass – through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The Town has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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Town of Pound Ridge, New York

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified
- Significant deficiency(ies) identified?

Yes No
 Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

Yes No
 Yes None reported

Type of auditors' report issued on compliance for major federal programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs

Assistance Listing
Number(s)

Name of Federal Program or Cluster

20.205

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

Yes No

Town of Pound Ridge, New York

Schedule of Findings and Questioned Costs (Concluded)
Year Ended December 31, 2020

Section II - Financial Statement Findings

Finding 2020-001 - Significant Deficiency – Delay in Issuance of Independent Audit Report

Criteria: The annual audit should commence in a timely manner after year-end resulting in a timely issued audit report.

Condition: The Town audit for the 2020 year end did not commence until December 2022.

Cause: The year end closing of the general ledger and preparation for audit were not completed by management in a timely manner.

Context: During our audit, we noted that significant reconciliations, analyses and information were not available on a timely basis to complete the audit.

Effect: The audit report was not issued in a timely manner.

Recommendation: We recommend that the Town review its closing process to be audit ready in a timely manner resulting in a timely issued audit report.

Management's Responses: See corrective action plan

Section III - Federal Award Findings and Questioned Costs

Finding 2020-002 - Significant Deficiency - Untimely Submissions

AL Number and Title: 20.205 Highway Planning and Construction

Applicable Compliance Requirements: Reporting

Criteria: Per the Uniform Guidance, states, local governments, and nonprofit organizations (“the auditee”) that annually spend \$750,000 or more in federal awards must perform a Single Audit and complete Form SF-SAC (“Data Collection Form”) and submit both to the Federal Audit Clearinghouse (“FAC”). The auditee should submit the Data Collection Form and the reporting package to the FAC within the earlier of 30 days after the receipt of the auditors’ reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition: The Town did not submit the Data Collection Form and the reporting package for 2020 to the FAC by the due date in accordance with Uniform Guidance requirements.

Cause: The year end closing of the general ledger and preparation for audit were not completed by management in a timely manner.

Context: During our audit, we noted that significant reconciliations, analyses and information were not available on a timely basis to complete the audit.

Effect: The Town did not comply with the Uniform Guidance reporting requirements.

Recommendation: We recommend that the Town submit the reports referred to above on a timely basis as required.

Management's Responses: See corrective action plan.

Town of Pound Ridge, New York

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

None