Financial Statements and Supplementary Information

Year Ended December 31, 2020

## Table of Contents

	Page No.
Independent Auditors' Report	1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements	
Balance Sheet - General Fund	6
Reconciliation of the General Fund Balance Sheet to the	
Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in	
Fund Balance - General Fund	8
Reconciliation of the General Fund Statement of Revenues, Expenditures and	
Changes in Fund Balance to the Statement of Activities	9
Statement of Revenues, Expenditures and Changes in	
Fund Balance - General Fund - Budget and Actual	10
Notes to Financial Statements	11
Comparative Fund Financial Statements and Schedules	
General Fund	
Comparative Balance Sheet	24
Comparative Schedule of Revenues, Expenditures and Changes in	
Fund Balance - Budget and Actual	25

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#### Independent Auditors' Report

#### The Board of Trustees of the Pound Ridge Library District, New York

#### **Report on the Financial Statements**

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

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

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

#### Auditors' Responsibility

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

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

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

#### Opinions

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

#### Emphasis of Matter

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

#### **Other Matters**

#### Required Supplementary Information

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund financial statements and schedules 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.

The individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated April 14, 2020, which contained unmodified opinions on the respective financial statements of the governmental activities and the major fund. The 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 individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used

to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

PKF O'Connor Davies, LLP PKF O'Connor Davies, LLP

**PKF O'Connor Davies** Harrison, New York April 27, 2021 (This page intentionally left blank)

# Statement of Net Position December 31, 2020

ASSETS Cash and equivalents Investments Accounts receivable Prepaid expenses Capital assets being depreciated, net	\$ 1,340,542 852,674 8,800 678 453,981
Total Assets	 2,656,675
LIABILITIES	
Accounts payable and accrued liabilities	19,194
Compensated absences	1,119
Security deposit	 4,400
Total Liabilities	 24,713
NET POSITION	
Investment in capital assets	453,981
Restricted for trusts	
Nonexpendable	143,000
Expendable	463,230
Unrestricted	 1,571,751
Total Net Position	\$ 2,631,962

## Statement of Activities Year Ended December 31, 2020

			Program Revenues Operating Charges for Grants and			Re	t (Expense) evenue and Changes in			
Functions/Programs	Expenses		Expenses		S	Services	Cor	ntributions	N	et Position
Governmental Activities Culture and recreation	<u>\$617,694</u> <u>\$27,214</u> <u>\$86,958</u>		\$	(503,522)						
	General Revenues Real property taxes Unrestricted use of money and property Miscellaneous						774,297 11,507 442			
	Total General Revenues					786,246				
	Change in Net Position				282,724					
	<b>NET POSITION</b> Beginning of Year					2,349,238				
	End	l of Year					\$	2,631,962		

## General Fund Balance Sheet December 31, 2020

ASSETS Cash and equivalents Investments Accounts receivable Prepaid expenditures	\$ 1,340,542 852,674 8,800 678
Total Assets	\$ 2,202,694
LIABILITIES AND FUND BALANCE Liabilities	
Accounts payable and accrued liabilities Security deposit	\$  19,194 4,400
Total Liabilities	23,594
Fund Balance Nonspendable Restricted Unassigned	143,678 463,230 1,572,192
Total Fund Balance	2,179,100
Total Liabilities and Fund Balance	\$ 2,202,694

Reconciliation of the General Fund Balance Sheet to the Statement of Net Position December 31, 2020

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

Total Fund Balances - Governmental Funds	\$ 2,179,100
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets	797,890
Accumulated depreciation	 (343,909)
	 453,981
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Compensated absences	 (1,119)
Net Position of Governmental Activities	\$ 2,631,962

Statement of Revenues, Expenditures and Changes in Fund Balance General Fund Year Ended December 31, 2020

	 General
REVENUES Real property taxes Departmental income Use of money and property State aid Miscellaneous	\$ 774,297 815 100,596 24,268 442
Total Revenues	 900,418
EXPENDITURES Current Culture and recreation Personal services Equipment and maintenance Contractual Employee benefits	 189,199 101,334 259,578 45,724
Total Expenditures	 595,835
Excess of Revenues Over Expenditures	304,583
FUND BALANCE Beginning of Year	 1,874,517
End of Year	\$ 2,179,100

Reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance 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 Balance	\$ 304,583
The fund financial statements 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	23,925
Depreciation expense	(45,654)
	 (21,729)
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.	
Compensated absences	 (130)
Change in Net Position of Governmental Activities	\$ 282,724

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b> Real property taxes Departmental income Use of money and property State aid Miscellaneous	\$ 774,297 1,830 25,700 1,300 1,800	\$ 774,297 1,830 25,700 1,300 1,800	\$    774,297 815 100,596 24,268 442	\$ - (1,015) 74,896 22,968 (1,358)
Total Revenues	804,927	804,927	900,418	95,491
<b>EXPENDITURES</b> Current Culture and recreation Personal services Equipment and maintenance Contractual	330,000 77,920 319,457	330,000 77,920 319,457	189,199 101,334 259,578	140,801 (23,414) 59,879
Employee benefits Total Expenditures	<u>77,550</u> 804,927	<u>77,550</u> 804,927	45,724	<u>31,826</u> 209,092
Excess of Revenues Over Expenditures			304,583	304,583
FUND BALANCE Beginning of Year			1,874,517	1,874,517
End of Year	<u>\$ -</u>	<u>\$ -</u>	\$ 2,179,100	\$ 2,179,100

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Notes to the Financial Statements December 31, 2020

#### Note 1 - Summary of Significant Accounting Policies

The Hiram Halle Memorial Library in Pound Ridge, New York was established as an Association Library in 1952, becoming a Special District Library under the name of Pound Ridge Library District, New York ("District") in 2004 and operates in accordance with the applicable laws of the State of New York. The Board of Trustees is the legislative body responsible for overall operation of the District and is elected by the voters of the District. The Executive Director serves as the chief executive officer.

The financial statements of the District 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 District's significant accounting policies are described below:

#### A. Financial Reporting Entity

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

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

#### B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the District as a whole.

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

#### C. Fund Financial Statements

The accounts of the District 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, liabilities, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance

Notes to Financial Statements (Continued) December 31, 2020

#### Note 1 - Summary of Significant Accounting Policies (Continued)

with finance related legal and contractual provisions. The District 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. 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 District's resources are reflected in the fund financial statements in one broad fund category, in accordance with generally accepted accounting principles as follows:

#### Fund Categories

<u>Governmental Funds</u> - 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 represents the District's major governmental fund.

General Fund - The General Fund constitutes the only operating fund of the District in that it includes all revenues and expenditures not required by law to be accounted for in other funds.

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

The accounting and financial reporting treatment applied to a fund is determined by its 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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 revenues 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. Expenditures generally are recorded when a liability is incurred, as under accrual

Notes to Financial Statements (Continued) December 31, 2020

#### Note 1 - Summary of Significant Accounting Policies (Continued)

accounting. However, expenditures related to compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

#### E. Assets, Liabilities 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 District's deposits and investment policies are governed by State statutes. The District 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 District 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 District 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 (other than investments received from donations)** - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments received from donations are considered a permissible exception to the General Municipal Law of the State of New York and are, therefore, invested in accordance with the statutory prudent person rule.

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

#### Risk Disclosure

**Interest Rate Risk** - This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market

Notes to Financial Statements (Continued) December 31, 2020

#### Note 1 - Summary of Significant Accounting Policies (Continued)

interest rates. Information about the exposure of the District's debt type investments to this risk using the specific identification method is as follows:

		Investment Maturities (in Years)							
Type of Investment	 Fair Value	Le	ess Than 1 Year		1-5 Years		6-10 Years		Over 10 Years
Municipal Bonds Money Market Mutual	\$ 798,049	\$	41,250	\$	237,052	\$	314,397	\$	205,350
Fund and Deposits	54,625		54,625		-		-		-
	\$ 852,674	\$	95,875	\$	237,052	\$	314,397	\$	205,350

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, "Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name. The District'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. U.S. government obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. Presented below is the range of ratings as required for each debt type investment.

Rating	N	Municipal Bonds			
A or better BBB -	\$	777,485 20,564			
	\$	798,049			

**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 District's investment policy limits the amount on deposit at each of its banking institutions.

**Taxes Receivable** - Real property taxes attach as an enforceable lien on real property as of January 1st and are levied and payable by April 1st. The Town of Pound Ridge, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the District's warrant and assumes responsibility for uncollected taxes.

Notes to Financial Statements (Continued) December 31, 2020

#### Note 1 - Summary of Significant Accounting Policies (Continued)

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

**Inventory** - There are no inventory values presented in the balance sheets of the respective funds of the District. Purchases of inventoriable items are recorded as expenditures at the time of purchase and year end balances 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 miscellaneous 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 governmental funds 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 and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,500 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.

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.

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

Property, plant and equipment of the District are depreciated using the straight line method over the following estimated useful lives.

. . . .

Years

Buildings and Improvements 15-20

**Compensated Absences** - The District's personnel policy provides for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated time is reflected in the government-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through

Notes to Financial Statements (Continued) December 31, 2020

#### Note 1 - Summary of Significant Accounting Policies (Continued)

employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

*Investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization.

*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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the District includes restricted for Nonexpendable trusts and Expendable trusts.

*Unrestricted* net position is the net amount of the assets and liabilities that does not meet the definition of the two preceding categories.

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) 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 District Board of Trustees is the highest level of decision making authority for the District 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 District 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 District Board of Trustees.

Notes to Financial Statements (Continued) December 31, 2020

#### Note 1 - Summary of Significant Accounting Policies (Continued)

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the District's Board of Trustees or the Executive Director to assign amounts for a specific intended purpose. 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.

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 District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District's policy to use fund balance are available, assigned, and unassigned.

#### F. 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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material (see Note 4).

#### G. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities. The District has no outstanding encumbrances at year-end.

#### 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 April 27, 2021.

Notes to Financial Statements (Continued) December 31, 2020

#### Note 2 - Stewardship, Compliance and Accountability

#### A. Budgetary Data

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

- a) The proposed annual budget and supplemental propositions for the District as established by the Board of Trustees shall be placed before the voters in the general election.
- b) All budget propositions require approval by a majority of voters in the Town.
- c) Upon approval of such proposed operating budget and of the propositions, the proposed budget becomes the budget of the District.
- d) In the event that the proposed budget is not approved, the budget is deemed amended so that the portion of the budget providing for real property tax revenue to be received from the Town be changed to equal the real property tax revenue provided for in the District budget in effect as of the time of the vote, as amended by supplemental appropriations if approved.
- e) In the event that the voters do not approve the proposed budget as aforesaid and upon the proposed budget being deemed amended as aforesaid, the real property taxes to be levied by the Town for the District are levied in the amount required to provide the Town contribution as set forth in the proposed budget.
- f) After the annual budgets for the Town have been adopted, the Town assesses and levies upon the taxable real property within the District the amounts to be raised by tax for the purpose of the District as specified in the District's annual budget and cause the amount so assessed and levied to be collected, in the same manner and at the same time and by the same officers as Town taxes are assessed, levied and collected.
- g) The General Fund budget is legally adopted annually on a basis consistent with accounting principles generally accepted in the United States of America.
- h) The Board of Trustees has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding fiscal year pursuant to the Uniform System of Accounts as promulgated by the Office of the State Comptroller.

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

Notes to Financial Statements (Continued) December 31, 2020

#### Note 2 - Stewardship, Compliance and Accountability (Continued)

#### B. Property Tax Limitation

Under New York State Law, the District is not limited as to the maximum amount of real property taxes which may be raised. However, Chapter 97 of the New York State Laws of 2011, as amended ("Tax Levy Limitation Law") modified previous law by imposing a limit on the amount of real property taxes a local government may levy. The following is a brief summary of certain relevant provisions of the Tax Levy Limitation Law. The summary is not complete and the full text of the Tax Levy Limitation Law should be read in order to understand the details and implementations thereof.

The Tax Levy Limitation Law imposes a limitation on increases in the real property tax levy, subject to certain exceptions. The Tax Levy Limitation Law permits the District to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor," which is the lesser of one and two-one hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor with the result expressed as a decimal to four places. The District is required to calculate its tax levy limit for the upcoming year in accordance with the provision above and provide all relevant information to the New York State Comptroller prior to adopting its budget. The Tax Levy Limitation Law sets forth certain exclusions to the real property tax levy limitation of the District, including exclusions for certain portions of the expenditures for retirement system contributions and tort judgments payable by the District. A budget in excess of the Tax Levy Limitation Law requires approval by at least 60% of the voters of the Town.

#### C. Expenditure in Excess of Budget

The following functional expenditure exceeded its budgetary authorization by the amount listed:

General Fund	
Equipment and maintenance	\$ 23,414

#### Note 3 - Detailed Notes on All Funds

#### A. Capital Assets

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

Class	Balance January 1, 2020 Additions			Balance December 31, 2020		
		2020				
Capital Assets, being depreciated - Buildings and Improvements	\$	773.965	\$	23.925	\$	797,890
Less Accumulated Depreciation for -	φ	113,903	φ	23,923	φ	797,090
Building and Improvements		298,255		45,654		343,909
Total Capital Assets, being depreciated, net	\$	475,710	\$	(21,729)	\$	453,981

Depreciation expense was charged to the culture and recreation function/program.

Notes to Financial Statements (Continued) December 31, 2020

#### Note 3 - Detailed Notes on All Funds (Continued)

#### B. Pension Plan

The District participates in the Teachers' Insurance and Annuity Association College Retirement Equities Fund ("TIAA-CREF"). The TIAA-CREF is a cost sharing multiple-employer defined contribution pension plan. The System provides retirement, disability, and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by New York State Retirement and Social Security Law. TIAA-CREF issue publicly available financial reports that include financial statements and required supplementary information. This report may be obtained by writing to Teacher's Insurance and Annuity Association – College Retirement Equities Fund, 730 Third Avenue, New York, New York 10017.

TIAA-CREF is a privately operated contribution retirement plan which provides benefits to certain employees of the District. Under the plan, the District is required to make contributions based on gross salaries of the participants. Certain participants are also required to make a participating contribution. Pension costs incurred for the current and two preceding years were as follows:

2020	\$ 5,789
2019	6,271
2018	8,938

#### C. Long-Term Liabilities

The changes in the District's long-term liabilities during the year ended December 31, 2020 are summarized as follows:

	Balance				Balance			
	January 1,		De	cember 31,	Due Within			
		2020	Additions		2020		One Year	
Compensated Absences	\$	989	\$	130	\$	1,119	\$	1,119

#### **Compensated Absences**

Pursuant to the District's personnel policy, all full-time employees are entitled to be compensated for accumulated vacation time upon separation of service or retirement. Vacation time is earned based on the calendar year and is required to be taken by June 30<sup>th</sup> of the following year or it shall be forfeited. Unused sick days are not paid upon separation of service or retirement.

#### D. Net Position

The components of net position are detailed below:

*Investment in Capital Assets* - the component of net position that reports the difference between capital assets less the accumulated depreciation.

#### Restricted for Trusts:

*Woods Maintenance Trust and Woods Capital Trust* - the component of net position that reports gifts or donations which cannot be expended other than for the purpose specified by the donor.

Notes to Financial Statements (Continued) December 31, 2020

#### Note 3 - Detailed Notes on All Funds (Continued)

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

#### E. Fund Balances

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.

Nonspendable fund balance in the amount of \$143,000 represents the principal portion of the Woods Maintenance Trust that cannot be expended.

Prepaid expenditures of \$678 has been established to account for miscellaneous payments made 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.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

#### Note 4 - Summary Disclosure of Significant Contingencies

#### A. Litigation

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

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

In March 2018, a Petition under Article 78 of the New York Civil Practice Laws and Rules was filed against the District in the Supreme Court of the State of New York, County of Westchester, regarding a labor matter. In January 2019, the Court found in favor of the District and dismissed the Petition. The Petitioner filed an appeal and briefs have been submitted to the Appellate Court. There is no date set for argument on the appeal. The District is vigorously defending the litigation and at this point cannot make any determination as to the outcome.

#### B. Risk Management

The District purchases various conventional insurance policies to reduce its exposure to loss. The District maintains general liability coverage with policy limits of \$1 million each occurrence and \$3 million general aggregate. In addition, the District maintains an umbrella liability policy which provides coverage up to \$2 million. The District maintains building and personal property insurance with limits of \$2.185 million and \$260,000 respectively. The District also purchases conventional workers' compensation and medical insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Notes to Financial Statements (Continued) December 31, 2020

#### Note 4 - Summary Disclosure of Significant Contingencies (Continued)

#### C. Contingencies

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

#### Coronavirus

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

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

The ultimate size of any permanent reductions would depend on the availability of unrestricted Federal Aid. The onset of the pandemic in the spring of 2020 coincided with the start of the new fiscal year for New York State. With the uncertainties that existed at that time with respect to additional federal assistance and an expected drop in economic activity, the Governor was given authority to make amendments subsequent to the adoption of the 2020-21 New York State budget. which did not take these factors into consideration. This authority included, but was not limited to, the ability to withhold a minimum of 20% of most state aid payments to municipalities to achieve cash flow savings that New York State needed for its budget. Many of these reductions were implemented beginning with payments made by the state in the late spring of 2020 and thus negatively impacted state aid revenues reported by local municipalities that year. However, in the first guarter of 2021, based on New York State's projection of slightly better than expected revenue collections through the first nine months of its fiscal year and additional federal stimulus measures, New York State has indicated that it would restore 75% of the funds withheld from municipalities by March 31, 2021. This would serve to reduce, but not fully eliminate, the impact of the state aid reductions realized in 2020. There continues to be no assurance that state aid in the 2021-22 New York State budget will be restored to pre-pandemic levels. This potential reduction in state aid will need to be considered in managing local municipal budgets going forward.

In addition to these New York State actions, the District's economically sensitive revenues (i.e., interest earnings on investments) are being negatively impacted. Because the value of the District's investments have and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined. Meanwhile, the District's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support a safe working environment) will increase significantly.

Notes to Financial Statements (Concluded) December 31, 2020

#### Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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

#### Note 5 - 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. This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the District believes will most impact its financial statements. The District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

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## General Fund Comparative Balance Sheet Year Ended December 31,

ASSETS	 2020	 2019
ASSETS Cash and equivalents Investments Accounts receivable Prepaid expenditures	\$ 1,340,542 852,674 8,800 678	\$ 1,106,360 794,984 4,400 678
Total Assets	\$ 2,202,694	\$ 1,906,422
LIABILITIES AND FUND BALANCE Liabilities		
Accounts payable and accrued liabilities Security deposit	\$ 19,194 4,400	\$ 27,505 4,400
Total Liabilities	 23,594	 31,905
Fund Balance Nonspendable Restricted Unassigned	 143,678 463,230 1,572,192	 143,678 419,440 1,311,399
Total Fund Balance	 2,179,100	 1,874,517
Total Liabilities and Fund Balance	\$ 2,202,694	\$ 1,906,422

## 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		ariance with nal Budget
REVENUES							
Real property taxes	\$	774,297	\$	774,297	\$	774,297	\$ -
Departmental income		1,830		1,830		815	(1,015)
Use of money and property		25,700		25,700		100,596	74,896
State aid		1,300		1,300		24,268	22,968
Miscellaneous		1,800		1,800		442	 (1,358)
Total Revenues		804,927		804,927		900,418	 95,491
EXPENDITURES							
Current							
Culture and recreation							
Personal services		330,000		330,000		189,199	140,801
Equipment and maintenance		77,920		77,920		101,334	(23,414)
Contractual		319,457		319,457		259,578	59,879
Employee benefits		77,550		77,550		45,724	 31,826
Total Expenditures		804,927		804,927		595,835	 209,092
Excess of Revenues Over Expenditures		-		-		304,583	304,583
FUND BALANCE							
Beginning of Year		-		-		1,874,517	 1,874,517
End of Year	\$	-	\$	_	\$	2,179,100	\$ 2,179,100

		20	19			
 Original Budget		Final Budget		Actual		ariance with inal Budget
\$ 774,297 2,930 25,700 1,300 700	\$	774,297 2,930 25,700 1,300 700	\$	774,297 1,783 90,525 1,347 6,489	\$	(1,147) 64,825 47 5,789
 804,927		804,927		874,441		69,514
330,000 77,920 319,457 77,550		330,000 77,920 319,457 77,550		207,643 112,326 266,329 43,918		122,357 (34,406) 53,128 33,632
 804,927		804,927		630,216		174,711
-		-		244,225		244,225
 -		-		1,630,292		1,630,292
\$ 	\$		\$	1,874,517	\$	1,874,517