



# Village of Larchmont, New York Auditors' Report to the Board

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January 10, 2022

**KNOW  
GREATER  
VALUE**

 **PKF  
O'CONNOR  
DAVIES**  
ACCOUNTANTS AND ADVISORS

- Summary Overview and Required Communications

## General Fund

- 2021 Revenues and Expenditures Compared to Budget
- Major Revenues
- 5 Year Revenue History
- Major Expenditures
- 5 Year Expenditure History
- 5 Year Comparison of Total Revenues & Expenditures
- Sources of Revenues and Expenditures
- 5 Year Fund Balance Analysis

## Other Considerations

- Other Funds Results
- Debt Service Requirements
- Other Post Employment Benefits “OPEB” Obligations
- Summary – Closing Points



# Summary Overview and Required Communications

## Summary Overview

- Deliverables
  - Independent Auditors' Report on the basic financial statements
  - Required communications
  - Management letter
  - Village Justice Court audit report



# Summary Overview and Required Communications (Cont'd)

## ■ Managements Responsibility

- Selecting and implementing appropriate accounting policies
- Fairly presenting the financial statements in accordance with U.S. GAAP
- Establishing and maintaining effective internal control over financial reporting
- Compliance with laws, regulations and provisions of contracts and agreements
- Providing all financial records and related information to the auditors`

# Summary Overview and Required Communications (Cont'd)

## ■ Our Responsibility

- Form and express an opinion
  - PKFOD issued an Unmodified Opinion
- Perform tests of Village's compliance with provisions of laws and contracts
- Communicate in writing deficiencies in internal controls
- Advise management of appropriateness of accounting policies
- Communicate any fraud or illegal acts that are noted during the audit
- We encountered no significant difficulties in the conduct of our audit.
- Uncorrected and corrected misstatements
  - No uncorrected differences
- No disagreements with management
- Auditor independence

# 2021 Revenues & Expenditures Compared to Budget

Pages 56-63 in basic financial statements

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>	
<b>Revenues</b>	\$ 18,823,725	\$ 18,823,725	\$ 18,978,245	\$ 154,520	0.81%
<b>Expenditures</b>	17,744,870	17,563,337	16,722,270	841,067	5.03%
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,078,855	1,260,388	2,255,975	995,587	
<b>Other Financing Sources (Uses)</b>	(1,078,855)	(1,260,388)	(1,001,979)	258,409	
<b>Net Change in Fund Balance</b>	-	-	1,253,996	<u>\$ 1,253,996</u>	
<b>Fund Balance - Beginning</b>	-	-	3,801,089		
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,055,085</u>		

Details on slide 13

# Selected Major Revenues

Pages 58-60 in basic financial statements

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2021 Actual</u>	<u>Variance With Final Budget</u>	<u>2020 Actual</u>
Real property taxes	\$ 14,983,039	\$ 14,983,039	\$ 14,928,421	\$ (54,618)	\$ 14,846,557
Non-property tax distribution from County	850,000	850,000	1,394,260	544,260	1,158,510
Parking lots, garages and on-street parking	997,203	997,203	488,963	(508,240)	944,243
Licenses and Permits	430,125	430,125	679,796	249,671	689,229
Fines and forfeited bail	327,836	327,836	122,179	(205,657)	444,614
Mortgage Tax	<u>189,486</u>	<u>189,486</u>	<u>370,273</u>	<u>180,787</u>	<u>268,881</u>
	<u>\$ 17,777,689</u>	<u>\$ 17,777,689</u>	<u>\$ 17,983,892</u>	<u>\$ 206,203</u>	<u>\$ 18,352,034</u>
<b>% of Total Revenues</b>	<u>94.44%</u>	<u>94.44%</u>	<u>94.76%</u>		

# 5 Year Revenue History - Selected Revenues

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Real property taxes	\$ 14,928,421	\$ 14,846,557	\$ 14,589,677	\$ 14,234,115	\$ 13,669,203
Non-property tax distribution from County	1,394,260	1,158,510	958,428	917,337	863,689
Parking lots, garages and on-street parking	488,963	944,243	1,108,100	654,001	953,168
Licenses and Permits	679,796	689,229	797,460	711,646	441,664
Fines and forfeited bail	122,179	444,614	658,089	644,579	504,963
Mortgage Tax	370,273	268,881	243,155	257,564	330,607
	<u>\$ 17,983,892</u>	<u>\$ 18,352,034</u>	<u>\$ 18,354,909</u>	<u>\$ 17,419,242</u>	<u>\$ 16,763,294</u>



# Selected Major Expenditures

Pages 61-63 in basic financial statements

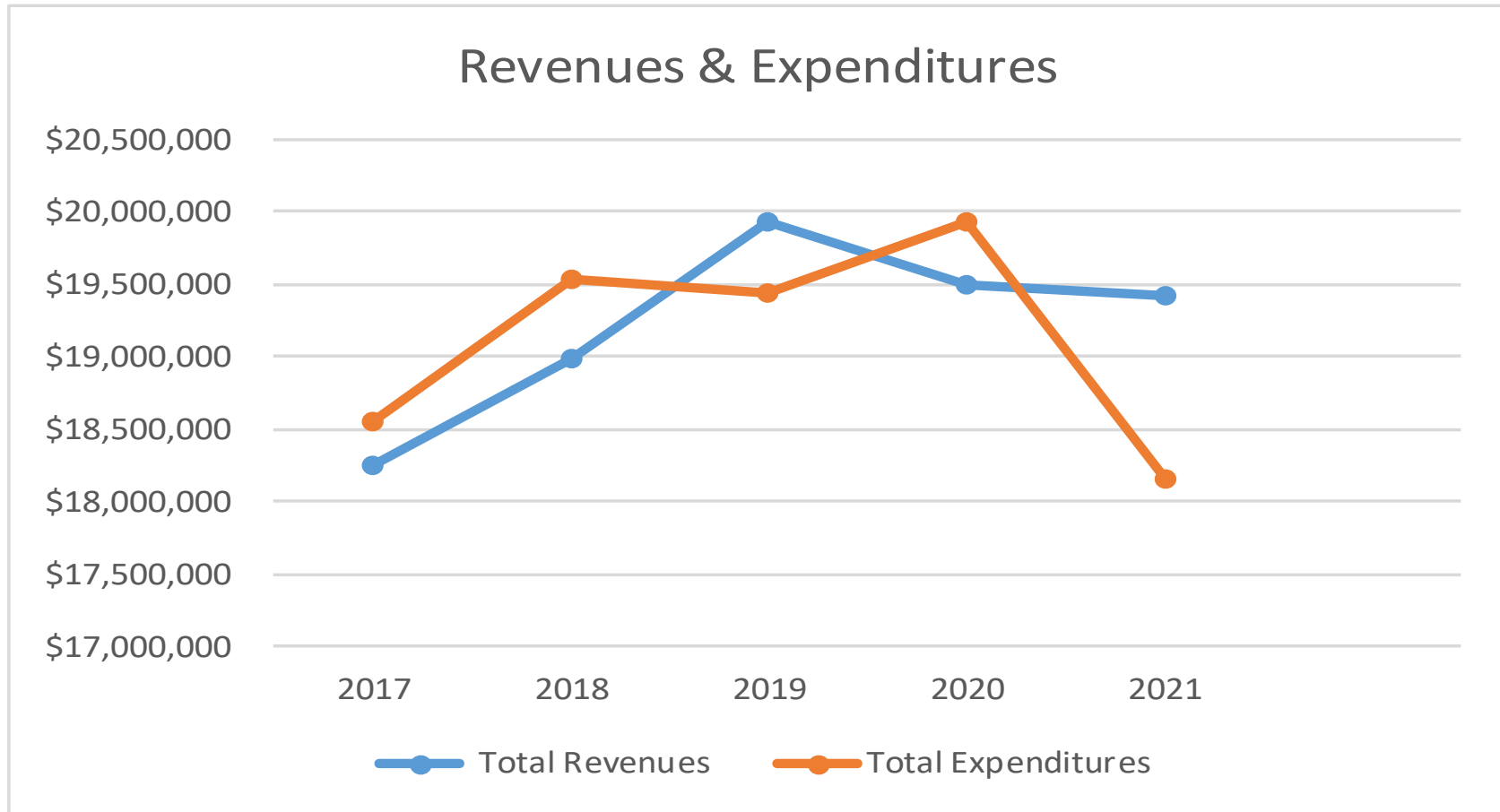
	<u>Original Budget</u>	<u>Final Budget</u>	<u>2021 Actual</u>	<u>Variance With Final Budget</u>	<u>2020 Actual</u>
Police	\$ 3,715,697	\$ 3,843,972	\$ 3,833,817	\$ 10,155	\$ 3,760,348
Fire	2,385,022	2,531,342	2,530,889	453	2,515,348
Transportation	977,571	978,890	923,313	55,577	929,225
Parks and Recreation Programs	616,651	481,875	462,265	19,610	508,777
Refuse and Garbage	1,423,197	1,439,067	1,439,067	-	1,756,270
Employee/Police and Fire Retirement	1,750,450	1,771,589	1,651,186	120,403	1,528,691
Health Insurance	2,139,562	2,136,635	1,893,750	242,885	1,892,661
Debt Service	581,563	583,505	583,273	232	598,638
	<u>\$ 13,589,713</u>	<u>\$ 13,766,875</u>	<u>\$ 13,317,560</u>	<u>\$ 449,315</u>	<u>\$ 13,489,958</u>
<b>% of Total Expenditures</b>	<u>76.58%</u>	<u>78.38%</u>	<u>79.64%</u>		

# 5 Year Expenditure History – Selected Expenditures

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Police	\$ 3,833,817	\$ 3,760,348	\$ 3,735,920	\$ 4,094,800	\$ 3,666,017
Fire	2,530,889	2,515,348	2,428,167	2,212,307	2,173,090
Transportation	923,313	929,225	1,027,174	965,898	964,155
Parks and Recreation Programs	462,265	508,777	592,244	592,821	601,274
Refuse and Garbage	1,439,067	1,756,270	1,780,498	1,724,675	1,655,148
Employee/Police and Fire Retirement	1,651,186	1,528,691	1,521,669	1,578,679	1,416,621
Health Insurance	1,893,750	1,892,661	1,939,511	1,818,700	1,715,581
Debt Service	<u>583,273</u>	<u>598,638</u>	<u>897,431</u>	<u>1,012,566</u>	<u>849,566</u>
	<u><u>\$ 13,317,560</u></u>	<u><u>\$ 13,489,958</u></u>	<u><u>\$ 13,922,614</u></u>	<u><u>\$ 14,000,446</u></u>	<u><u>\$ 13,041,452</u></u>



# 5 Year Comparison of General Fund Total Revenues and Expenditures

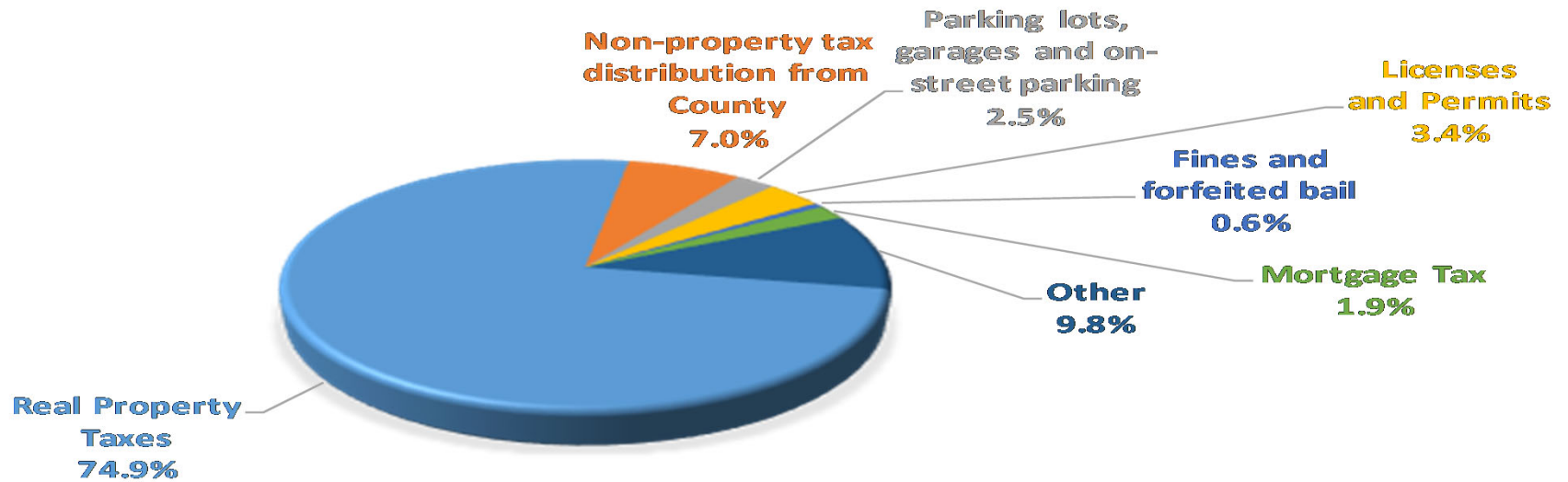


	Total Revenues	Total Expenditures
2017	\$ 18,247,566	\$ 18,547,097
2018	\$ 18,983,983	\$ 19,541,539
2019	\$ 19,938,774	\$ 19,451,052
2020	\$ 19,498,034	\$ 19,938,774
2021	\$ 19,420,654	\$ 18,166,658

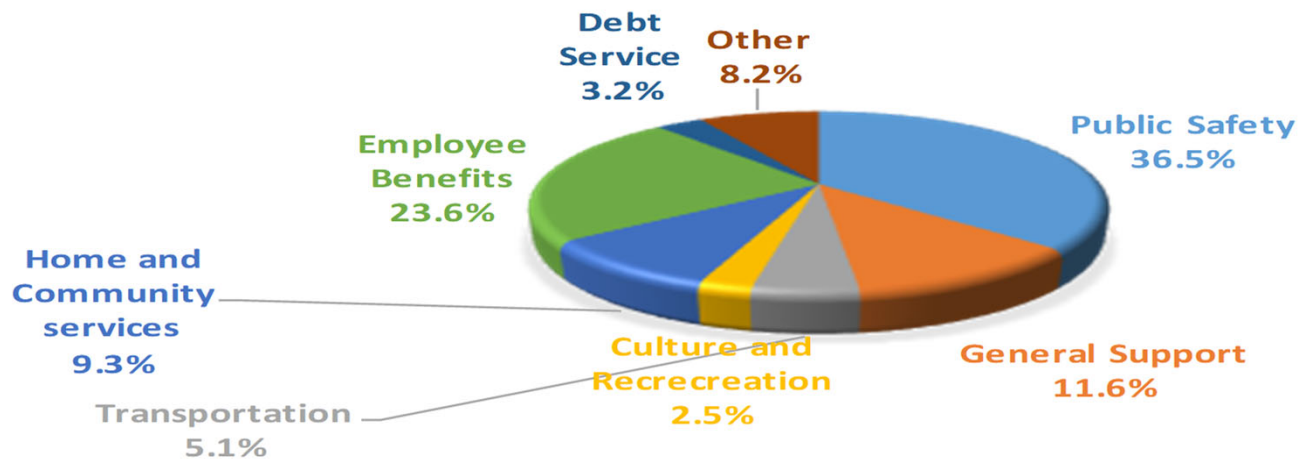


# Sources of Revenues and Expenditures

## SOURCES OF REVENUES FOR FISCAL YEAR 2021



## EXPENDITURES FOR FISCAL YEAR 2021





# 5 Year Fund Balance Analysis – General Fund

Page 51 in basic financial statements

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Nonspendable</b>					
Prepaid expenditures	\$ 422,424	\$ 215,333	\$ 245,528	\$ 150,105	\$ 146,486
<b>Assigned</b>					
Debt Service	242,004	241,685	190,670	-	-
Contractual Obligations	-	-	100,000	-	-
Subsequent year's expenditures	-	-	-	180,000	250,000
	<u>242,004</u>	<u>241,685</u>	<u>290,670</u>	<u>180,000</u>	<u>250,000</u>
<b>Unassigned</b>	<u>4,390,657</u>	<u>3,344,071</u>	<u>2,739,889</u>	<u>2,458,260</u>	<u>2,949,435</u>
<b>Total Fund Balance</b>	<u>\$ 5,055,085</u>	<u>\$ 3,801,089</u>	<u>\$ 3,276,087</u>	<u>\$ 2,788,365</u>	<u>\$ 3,345,921</u>

Unassigned	<u>4,390,657</u>		
2021-22 adopted budget	19,486,148	=	22.5%



# Other Considerations – Other Funds Results

**Other Funds Results and Fund Balance Analysis**

	<b>Pages 64-66</b>	<b>Pages 70-73</b>	<b>Pages 74-76</b>	<b>Pages 80-81</b>	<b>Pages 82-83</b>
	<b>Water Fund</b>	<b>Public Library Fund</b>	<b>Capital Projects Fund</b>	<b>Special Purpose Fund</b>	<b>Sewer Fund</b>
Fund balance (Deficit) - 5/31/2020	\$ 204,258	\$ 433,935	\$ (212,113)	\$ 495,146	\$ 446,267
Revenues & Other Financing Sources	2,952,461	2,483,891	1,888,165	90,013	257,467
Expenditures & Other Financing Uses	<u>(2,580,923)</u>	<u>(2,482,664)</u>	<u>(2,646,137)</u>	<u>(43,000)</u>	<u>(115,782)</u>
Fund balance (Deficit) - 5/31/2021	<u>\$ 575,796</u>	<u>\$ 435,162</u>	<u>\$ (970,085)</u>	<u>\$ 542,159</u>	<u>\$ 587,952</u>

	<b>Water Fund</b>	<b>Public Library Fund</b>	<b>Capital Projects Fund</b>	<b>Special Purpose Fund</b>	<b>Sewer Fund</b>
<b>Nonspendable</b>					
Prepaid expenditures	\$ 7,430	\$ 38,138	\$ -	\$ -	\$ -
<b>Restricted</b>					
Debt Service	13,005	-	-	-	-
Capital Projects	-	-	-	-	-
Special Purposes	-	-	-	542,159	-
	<u>13,005</u>	<u>-</u>	<u>-</u>	<u>542,159</u>	<u>-</u>
<b>Assigned/Unassigned Balance</b>	<u>555,361</u>	<u>397,024 *</u>	<u>(970,085)</u>	<u>-</u>	<u>587,952</u>
<b>Total Fund Balance</b>	<u>\$ 575,796</u>	<u>\$ 435,162</u>	<u>\$ (970,085)</u>	<u>\$ 542,159</u>	<u>\$ 587,952</u>

\* includes \$50,000 Designated for sub year



# Debt Service Requirements

<u>Purpose - Bonds</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Amount Outstanding at May 31, 2021</u>
Various Village Purposes	2010	\$ 2,968,275	September, 2024	3.750 - 4.00 %	\$ 950,000
Various Village Purposes	2013	2,581,708	September, 2029	2.000 - 3.75	1,610,000
Various Village Purposes	2017	5,908,201	September, 2031	2.000 - 2.50	<u>4,535,000</u>
					<u><u>\$ 7,095,000</u></u>

<u>Year Ending May 31,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 745,000	180,615
2023	765,000	159,815
2024	785,000	137,940
2025	810,000	115,415
2026	580,000	97,040
2027-2031	2,940,000	250,137
2032	470,000	5,876
	<u><u>\$ 7,095,000</u></u>	<u><u>\$ 946,838</u></u>



# Post Employment Benefit Obligations

	2021	2020	2019
Total OPEB Liability:			
Service cost	\$ 1,162,453	\$ 1,080,770	\$ 702,730
Interest	1,006,429	1,109,201	1,054,510
Changes of benefit terms	(580,054)	-	-
Differences between expected and actual experience	(1,839,738)	(1,883,182)	714,765
Changes of assumptions or other inputs	5,561,024 (2)	2,411,451 (1)	-
Benefit payments	(906,429)	(730,020)	(627,743)
Net Change in Total OPEB Liability	4,403,685	1,988,220	1,844,262
Total OPEB Liability – Beginning of Year	38,720,460	36,732,240	34,887,978
Total OPEB Liability – End of Year	<u>\$ 43,124,145</u>	<u>\$ 38,720,460</u>	<u>\$ 36,732,240</u>

(1) The discount rate used to calculate the Total OPEB liability was decreased from 3.05% to 2.63% effective for the May 31, 2020 measurement date.

(2) The discount rate used to calculate the Total OPEB liability was decreased from 2.63% to 1.59% effective for the May 31, 2021 measurement date.

No Funding Mechanism in place in NYS

Actuarially determined liability as of May 31, 2021 based on census data provided to actuary as well as current labor contracts in place.

The Village funds this on a pay-as-you-go basis with annual contributions of over \$906,000.



# Summary – Closing Points

## The Continuation of the Villages overall good financial health can be credited to:

- Continued leadership of the Village Board and Management
  - Having remained within the 2% tax cap :Tax Levy Limitation Law: over the past three years
  - Cost effective purchasing procedures and tight appropriation/departmental controls

## Financial Health is important because:

- Assists in the computation of the Villages Tax levy
- Improves cash flow and can impact credit rating
  - The Village currently maintains an **Aaa Bond Rating from Moody's**
- Funds unexpected and unbudgeted contingent expenditures and/or revenue shortfalls while preserving Village programs
- Reduces borrowings and interest costs

**The Village will be receiving over \$624,000 in ARPA (America Rescue Plan) Funding which can be spent over the next 4 years based on Federal requirements**



# Contact Information

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