

Lake Placid Village, Inc.

Financial Report

July 31, 2019

Lake Placid Village, Inc.

Financial Report

July 31, 2019

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Independent Auditor's Report

Mayor and Board of Trustees
Lake Placid Village, Inc.
Lake Placid, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Placid Village, Inc. (Village) as of and for the year ended July 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

Basis for Adverse Opinions

As discussed in Note 1c to the financial statements, the Village has not maintained accounting records to support the completeness and accuracy of governmental activities infrastructure capital asset balances and has not calculated depreciation on governmental activities capital assets. Additionally, the Village has not estimated its other postemployment benefit costs and obligations for the governmental activities, business-type activities and enterprise fund. Accounting principles generally accepted in the United States of America require the capitalization of governmental activities infrastructure capital assets and depreciation of governmental activities capital assets and the estimation of other postemployment benefit costs and obligations for governmental activities, business-type activities and the enterprise fund. The amounts by which these departures would affect the assets, net position and expenses of the governmental activities, business-type activities and enterprise fund have not been determined.

Adverse Opinions

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinions” paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities, business-type activities, and enterprise fund of the Village as of July 31, 2019, or the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Village as of July 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted management’s discussion and analysis, the schedule of other postemployment benefits liability, the schedule of proportionate share of the net pension liability, the schedule of pension contributions, and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020, on our consideration of the Village’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 solely 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 Village’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 Village’s internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
March 27, 2020



Lake Placid Village, Inc.

Statement of Net Position

	July 31, 2019		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,747,796	\$ 2,852,968	\$ 8,600,764
Cash and cash equivalents, restricted	-	257,885	257,885
Investments, restricted	1,532,817	2,714,541	4,247,358
Accounts receivable, net	950,979	717,457	1,668,436
Due from other governments	259,532	-	259,532
Other receivables	237,000	-	237,000
Prepaid expenses	-	34,176	34,176
Inventory	-	376,342	376,342
Internal balances	467,528	(467,528)	-
Due from fiduciary fund	111,337	69,432	180,769
Capital assets, net			
Non-depreciable	2,474,243	565,855	3,040,098
Depreciable	24,476,185	14,737,902	39,214,087
Total assets	<u>36,257,417</u>	<u>21,859,030</u>	<u>58,116,447</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	672,720	208,583	881,303
Total assets and deferred outflows of resources	<u>36,930,137</u>	<u>22,067,613</u>	<u>58,997,750</u>
LIABILITIES			
Accounts payable	701,005	-	701,005
Accrued expenses	351,378	358,957	710,335
Unearned revenues	-	1,242	1,242
Accrued interest	207,305	42,398	249,703
Bond anticipation note payable	990,000	-	990,000
Customer deposits	-	42,087	42,087
Long-term liabilities			
Due within one year	1,237,361	253,366	1,490,727
Due in more than one year			
Bonds and State loan payable	15,379,720	3,164,000	18,543,720
Compensated absences	154,869	45,632	200,501
Net pension liability	976,998	324,472	1,301,470
Total liabilities	<u>19,998,636</u>	<u>4,232,154</u>	<u>24,230,790</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	464,108	139,305	603,413
Total liabilities and deferred inflows of resources	<u>20,462,744</u>	<u>4,371,459</u>	<u>24,834,203</u>
NET POSITION			
Net investment in capital assets	9,360,555	11,896,357	21,256,912
Restricted for			
Capital reserve	153,804	2,972,426	3,126,230
Parking reserve	485,757	-	485,757
Police reserve	42,697	-	42,697
Fire reserve	556,807	-	556,807
Special revenue purposes	157,472	-	157,472
Reserve for employee benefits	136,280	-	136,280
Unrestricted	<u>5,574,021</u>	<u>2,827,371</u>	<u>8,401,392</u>
Total net position	<u>\$ 16,467,393</u>	<u>\$ 17,696,154</u>	<u>\$ 34,163,547</u>

See accompanying Notes to Financial Statements.

Lake Placid Village, Inc.

Statement of Activities

Functions/Programs	Year Ended July 31, 2019						
	Program Revenue				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General government support	\$ 414,172	\$ 20,402	\$ 117,289	\$ -	\$ (276,481)	\$ -	\$ (276,481)
Public safety	2,834,914	755,032	10,127	-	(2,069,755)	-	(2,069,755)
Transportation	1,467,005	545,942	-	283,894	(637,169)	-	(637,169)
Economic opportunity and development	40,634	381,375	-	-	340,741	-	340,741
Culture and recreation	123,184	-	-	-	(123,184)	-	(123,184)
Home and community service	4,150,773	3,887,665	39,290	-	(223,818)	-	(223,818)
Interest on long-term debt	416,262	-	-	-	(416,262)	-	(416,262)
Total governmental activities	9,446,944	5,590,416	166,706	283,894	(3,405,928)	-	(3,405,928)
BUSINESS-TYPE ACTIVITIES							
Electric	8,538,220	9,283,256	-	-	-	745,036	745,036
Total government	\$ 17,985,164	\$ 14,873,672	\$ 166,706	\$ 283,894	(3,405,928)	745,036	(2,660,892)
GENERAL REVENUES							
Real property tax and related tax items					3,884,389	-	3,884,389
Non-property taxes					156,009	-	156,009
Other general revenue items					78,039	13,081	91,120
Interest earnings					95,788	64,064	159,852
Total general revenues					4,214,225	77,145	4,291,370
TRANSFERS AND CAPITAL CONTRIBUTIONS							
Contributions in aid of construction					(35,252)	35,252	-
Transfer from business-type to governmental activities					460,562	(460,562)	-
Total transfers and capital contributions					425,310	(425,310)	-
CHANGES IN NET POSITION					1,233,607	396,871	1,630,478
NET POSITION, beginning of year					15,233,786	17,299,283	32,533,069
NET POSITION, end of year					\$ 16,467,393	\$ 17,696,154	\$ 34,163,547

See accompanying Notes to Financial Statements.

Lake Placid Village, Inc.

Balance Sheet - Governmental Funds

	July 31, 2019						Total Governmental Funds
	Major Funds					Elimination	
	General	Sewer	Water	Capital Projects	Other Governmental		
ASSETS							
Cash and cash equivalents	\$ 5,044,791	\$ 52,646	\$ 650,359	\$ -	\$ -	\$ -	\$ 5,747,796
Investments, restricted	1,240,590	55,829	78,926	-	157,472	-	1,532,817
Accounts receivable	-	577,120	373,859	-	-	-	950,979
Other receivables	-	-	-	-	237,000	-	237,000
Due from other governments	-	73,139	42,018	144,375	-	-	259,532
Due from fiduciary fund	57,007	29,537	24,793	-	-	-	111,337
Due from other funds	2,364,930	286,168	89,646	21,676	25,000	(2,319,892)	467,528
Total assets	\$ 8,707,318	\$ 1,074,439	\$ 1,259,601	\$ 166,051	\$ 419,472	\$ (2,319,892)	\$ 9,306,989
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)							
LIABILITIES							
Accounts payable and accrued expenses	\$ 701,005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 701,005
Accrued expenses	234,541	57,659	59,178	-	-	-	351,378
Bond anticipation notes payable	-	-	-	990,000	-	-	990,000
Due to other funds	422,490	819,164	244,027	834,211	-	(2,319,892)	-
	<u>1,358,036</u>	<u>876,823</u>	<u>303,205</u>	<u>1,824,211</u>	<u>-</u>	<u>(2,319,892)</u>	<u>2,042,383</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable resources	-	-	-	144,375	237,000	-	381,375
FUND BALANCES (DEFICIT)							
Restricted	1,240,590	55,829	78,926	-	157,472	-	1,532,817
Assigned	-	141,787	877,470	-	25,000	-	1,044,257
Unassigned (deficit)	6,108,692	-	-	(1,802,535)	-	-	4,306,157
	<u>7,349,282</u>	<u>197,616</u>	<u>956,396</u>	<u>(1,802,535)</u>	<u>182,472</u>	<u>-</u>	<u>6,883,231</u>
Total	\$ 8,707,318	\$ 1,074,439	\$ 1,259,601	\$ 166,051	\$ 419,472	\$ (2,319,892)	\$ 9,306,989

Lake Placid Village, Inc.

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

	<u>July 31, 2019</u>
Total fund balances in the fund financial statements for the governmental funds	\$ 6,883,231
This amount differs from the amount of net position shown in the statement of net position due to the following:	
Capital assets are included as assets in the government-wide statements and are added.	26,950,428
Net receivables for revenues earned, measurable but not available to provide financial resources are reported as deferred inflows of resources in the governmental funds, and revenues in the government-wide statement of activities.	381,375
Deferred outflows and inflows for pensions are included in the government-wide statements and are added:	
Deferred outflows - pension resources	672,720
Deferred inflows - pension resources	(464,108)
Some liabilities (listed below) are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and State loan payable	(16,578,380)
Net pension liability	(976,998)
Compensated absences	(172,077)
Accrued interest	(207,305)
Capital leases	(21,493)
	<hr/>
Total net position, <i>end of year</i>	<u>\$ 16,467,393</u>

Lake Placid Village, Inc.

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

	Year Ended July 31, 2019					
	Major Funds				Other Governmental	Total Governmental Funds
	General	Sewer	Water	Capital Projects		
REVENUES						
Real property taxes	\$ 3,860,553	\$ -	\$ -	\$ -	\$ -	\$ 3,860,553
Real property tax items	23,836	-	-	-	-	23,836
Nonproperty taxes	156,009	-	-	-	-	156,009
Departmental revenues	699,532	2,314,166	1,475,182	-	6,500	4,495,380
Intergovernmental charges	623,061	-	39,290	-	-	662,351
Use of money and property	88,577	1,567	5,644	-	-	95,788
Licenses and permits	150	-	-	-	-	150
Fines and forfeitures	96,950	-	-	-	-	96,950
Sale of property and compensation for loss	21,816	-	27,712	-	-	49,528
Miscellaneous local sources	3,091	1,552	-	21,676	2,192	28,511
State aid	336,310	-	-	75,000	-	411,310
Total revenues	<u>5,909,885</u>	<u>2,317,285</u>	<u>1,547,828</u>	<u>96,676</u>	<u>8,692</u>	<u>9,880,366</u>
EXPENDITURES						
General government support	337,230	-	-	-	-	337,230
Public safety	2,067,714	-	-	-	-	2,067,714
Transportation	993,760	-	-	-	-	993,760
Economic opportunity and development	33,430	-	-	-	-	33,430
Culture and recreation	65,346	-	-	-	-	65,346
Home and community services	76,968	1,072,503	859,183	-	237,000	2,245,654
Employee benefits	1,423,535	249,656	422,447	-	-	2,095,638
Capital outlays	160,619	681,078	29,022	1,111,258	-	1,981,977
Debt service						
Principal	317,824	568,250	304,760	-	-	1,190,834
Interest	106,432	266,724	34,036	-	-	407,192
Total expenditures	<u>5,582,858</u>	<u>2,838,211</u>	<u>1,649,448</u>	<u>1,111,258</u>	<u>237,000</u>	<u>11,418,775</u>
Excess (deficiency) of revenues over expenditures	327,027	(520,926)	(101,620)	(1,014,582)	(228,308)	(1,538,409)
OTHER FINANCING SOURCES						
Operating transfers in	460,562	-	-	-	-	460,562
Excess (deficiency) of revenues and other financing sources over expenditures	787,589	(520,926)	(101,620)	(1,014,582)	(228,308)	(1,077,847)
FUND BALANCES, beginning of year	<u>6,561,693</u>	<u>718,542</u>	<u>1,058,016</u>	<u>(787,953)</u>	<u>410,780</u>	<u>7,961,078</u>
FUND BALANCES (DEFICIT), end of year	<u>\$ 7,349,282</u>	<u>\$ 197,616</u>	<u>\$ 956,396</u>	<u>\$ (1,802,535)</u>	<u>\$ 182,472</u>	<u>\$ 6,883,231</u>

See accompanying Notes to Financial Statements.

Lake Placid Village, Inc.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

		<u>Year Ended July 31, 2019</u>
Net change in fund balances - total governmental funds		\$ (1,077,847)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds, and the sale of capital assets is recorded as revenue in the governmental funds. However, in the statement of activities, the cost of capital assets is reported as assets, while disposals, net of sale proceeds are reported as expenses. In the current period, these amounts are:		
Purchase of capital assets	970,113	
Disposal of capital assets	<u>(86,029)</u>	884,084
Repayment of bond and state loan principal and capital lease obligations are expenditures in the governmental fund, but the repayments reduce long-term liabilities in the statement of net position.		1,190,834
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	13,314	
Accrued interest	<u>(9,070)</u>	4,244
Revenues that do not meet the availability criterion are reported as deferred inflows of resources in the governmental funds.		374,875
Net pension liability and related deferred outflows of resources and deferred inflows of resources are not reported in the governmental funds. This liability and the corresponding deferred amounts are reported in the statement of net position as a noncurrent liability and deferred resources as an expense in the statement of activities		<u>(142,583)</u>
Change in net position of governmental activities		<u>\$ 1,233,607</u>

Lake Placid Village, Inc.

Statement of Net Position - Proprietary Fund

July 31, 2019

Electric

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS

Cash and cash equivalents	\$ 2,852,968
Cash and cash equivalents, restricted	257,885
Investments, restricted	2,714,541
Accounts receivable, net	717,457
Due from fiduciary fund	69,432
Prepaid expenses	34,176
Inventory	376,342
Total current assets	<u>7,022,801</u>

NONCURRENT ASSETS

Nondepreciable capital assets	565,855
Depreciable capital assets, net	14,737,902
Total noncurrent assets	<u>15,303,757</u>

DEFERRED OUTFLOW OF RESOURCES

Pension deferrals	<u>208,583</u>
Total assets and deferred outflows of resources	<u>22,535,141</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES

Accrued expenses	358,957
Accrued interest	42,398
Unearned revenues	1,242
Consumer deposits	42,087
Current maturities on bonds payable	243,400
Current maturities on compensated absences	9,966
Due to other funds	467,528
Total current liabilities	<u>1,165,578</u>

LONG-TERM LIABILITIES

Bonds payable, net of current portion	3,164,000
Compensated absences, net of current portion	45,632
Net pension liability	324,472
	<u>3,534,104</u>

DEFERRED INFLOWS OF RESOURCES

Pension deferrals	<u>139,305</u>
Total liabilities and deferred inflows of resources	<u>4,838,987</u>

NET POSITION

Net investment in capital assets	11,896,357
Restricted	2,972,426
Unrestricted	2,827,371
Total net position	<u>\$ 17,696,154</u>

See accompanying notes to Financial Statements.

Lake Placid Village, Inc.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund

	Year Ended July 31, 2019
	Electric
OPERATING REVENUES	
Charges for services	\$ 9,283,256
OPERATING EXPENSES	
Contractual expenses	6,761,695
Personal services	434,634
Employee benefits	644,416
Depreciation	638,582
Total operating expenses	8,479,327
Operating income	803,929
NONOPERATING REVENUES (EXPENSES)	
Interest income	64,064
Interest expense	(58,893)
Other nonoperating income	13,081
Total nonoperating revenues (expenses)	18,252
Income before transfers and capital contributions	822,181
TRANSFERS AND CAPITAL CONTRIBUTIONS	
Contributions in aid of construction	35,252
Transfer to other funds	(460,562)
Total transfers and capital contributions	(425,310)
CHANGE IN NET POSITION	396,871
NET POSITION, <i>beginning of year</i>	17,299,283
NET POSITION, <i>end of year</i>	\$ 17,696,154

See accompanying Notes to Financial Statements.

Lake Placid Village, Inc.

Statement of Cash Flows - Proprietary Fund

	<u>Year Ended</u> <u>July 31, 2019</u> <u>Electric</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Cash received from customers	\$ 9,157,302
Cash paid to suppliers and other vendors	(7,226,155)
Cash paid for salaries and employee benefits	(1,142,569)
	<u>788,578</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	
Interest received	64,064
Purchase of investments	(1,872,538)
	<u>(1,808,474)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of utility plant	(1,163,221)
Payments on bonds payable	(142,600)
Proceeds from bond issuance	2,400,000
Interest payments	(58,893)
Contributions received in aid of construction	35,252
	<u>1,070,538</u>
NET CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Other nonoperating income	13,081
Contributions to other funds	(460,562)
	<u>(447,481)</u>
Net decrease in cash and cash equivalents	(396,839)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>3,507,692</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 3,110,853</u>

See accompanying Notes to Financial Statements.

Lake Placid Village, Inc.

Statement of Cash Flows - Proprietary Fund - Continued

RECONCILIATION OF OPERATING INCOME TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income	\$	803,929
Adjustments to reconcile operating income to net cash and cash equivalents (used) by operating activities		
Depreciation		638,582
(Increase) decrease in		
Accounts receivable		(30,792)
Due from other governments		37,119
Due from fiduciary fund		(18,502)
Prepaid expenses		78,610
Inventory		(45,163)
Deferred outflows of resources		197,672
Increase (decrease) in		
Accrued expenses		268,995
Accrued interest		34,058
Unearned revenues		(132,281)
Customer deposits		(800)
Due to other funds		(781,658)
Compensated absences		(10,265)
Deferred inflows of resources		(413,324)
Net pension liability		162,398
		<hr/>
	\$	788,578

Lake Placid Village, Inc.

Statement of Net Position - Fiduciary Fund

	<u>July 31, 2019</u>
	<u>Trust and</u>
	<u>Agency</u>
ASSETS	
Cash and cash equivalents	<u>\$ 188,019</u>
LIABILITIES	
Due to other funds	\$ 180,769
Agency liabilities	<u>7,250</u>
	<u>\$ 188,019</u>

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization

Lake Placid Village, Inc. (Village) was incorporated in 1900, is governed by a charter, general laws of the State of New York, and various local laws and ordinances. The Board of Trustees (Board) is the legislative body responsible for the overall operation of the Village and is comprised of the Mayor and four Trustees. The Mayor serves as Chief Executive Officer, and the Village Treasurer serves as Chief Fiscal Officer.

The Village provides water, sewer, electric, public safety, highway and street maintenance, cultural-recreational, public improvement, planning and zoning, and general and administrative services to the residents of the Village.

All governmental activities and functions performed for the Village are the direct responsibility of the Board. These responsibilities include, but are not limited to, financial independence, selection of governing authority, designation of management, and the ability to significantly influence operations and accountability for fiscal matters.

b. Financial Reporting Entity

The financial reporting entity consists of: (a) the primary government, which is the Village of Lake Placid; (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in accounting principles generally accepted in the United States (U.S. GAAP).

Based on the application of these criteria, the Village has no component units that should be included in the reporting entity.

c. Basis of Presentation

Except for the departures described below, the accompanying basic financial statements of the Village have been prepared in conformity with U.S. GAAP for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing accounting and financial reporting principles in the United States of America.

The following departures from U.S. GAAP impact the Village's financial statements:

- Accounting records to support the completeness and accuracy of governmental activities infrastructure capital asset balances have not been maintained.
- Governmental activities' capital assets are not being depreciated.
- The Village has not estimated its other postemployment benefit costs and obligations for governmental activities, business type activities and the enterprise fund.

U.S. GAAP requires the capitalization of governmental activities infrastructure capital assets and depreciation of governmental activities' capital assets and the estimation of other postemployment benefit costs and obligations for governmental activities, business-type activities and the enterprise fund. The amounts by which these departures would affect the assets, net position, and expenses of the governmental activities, business-type activities and enterprise fund have not been determined.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. The effect of interfund activity within the governmental and business-type activities has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents the financial position of the Village at the end of its fiscal year. The statement of activities demonstrates the degree to which the direct expenses of a given function or program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been allocated and are reported as direct program expenses or individual functions and programs. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; grants and contributions that are restricted for meeting the operations requirements of a particular function or segment; and capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Taxes and other items not included as program revenues are reported as general revenues, as required.

Separate statements are provided for governmental funds, proprietary funds, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Village's proprietary fund is reported as a major enterprise fund in the fund financial statements.

e. Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balance set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances/net position, revenues, and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Village maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds aggregated and presented in a single column. The Village maintains a fiduciary fund, which is reported by type. Since the governmental fund financial 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 explains the adjustments necessary to transform the fund based financial statements into the governmental activities' column of the government-wide presentation. The Village's resources are reflected in the fund financial statements in three broad fund categories, in accordance with U.S. GAAP, as follows:

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Fund Financial Statements - Continued

Governmental Funds - Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of designated monies (Special Revenue Funds) and the acquisition or construction of general fixed assets (Capital Projects Funds). The following are the Village's major governmental funds:

General Fund - The General Fund is the principal fund and includes all operations not required to be recorded in other Village funds.

Water Fund - The Water Fund is used to record water operations of the Village which render services on a user charge basis to the general public. The major revenue source of this fund is departmental income.

Sewer Fund - The Sewer Fund is used to record sewer operations of the Village which render services on a user charge basis to the general public. The major revenue source of this fund is departmental income.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of general fixed assets, including any indebtedness associated with these general fixed assets. Financing is generally provided from proceeds of bonds, notes, and/or federal and state grants.

The Village also reports the following non-major governmental fund:

Revolving Loan Fund - The Revolving Loan Fund is used to account for the Section 8 Housing and Community Development Block Grants received from the United States Department of Housing and Urban Development.

Proprietary Funds - Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The measurement focus of proprietary funds is based upon determination of net income, financial position, and changes in financial position. The following is the Village's proprietary fund:

Electric Fund - The Electric Fund is self-supporting through charges to customers in the Village's franchise area based on electric usage. The Electric Fund is subject to regulation by the New York Power Authority (NYPA) with respect to wholesale power purchased, rate structure, accounting, and other matters.

Fiduciary Funds - Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

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

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

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

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction that can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Village considers property taxes available if they are collected within 60 days after year end. A 60-day availability period is also used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due and compensated absences, such as vacation and sick leave which vests or accumulates, are charged as an expenditure when paid.

Those revenues susceptible to accrual are real property taxes, state and federal aid, sales tax, interest revenue, charges for services, and fines. All other governmental fund revenue items are considered to be measurable and available only when cash is received by the Village.

The Village's proprietary fund financial statements are prepared on the accrual basis, whereby revenues are recognized when earned, and expenses are recorded when incurred. Capital assets and long-term liabilities related to these activities are recorded within the Electric Fund. NYPA regulations require that the Electric Fund records be maintained in accordance with the *Uniform System of Accounts for Municipal Electric Utilities*. Operating revenues of the Electric Fund are determined based on customer usage and demand charged at base rates for each consumer class approved by NYPA. Purchased power costs incurred in excess of those costs included in the base rate calculation are passed on to the consumer at no profit or loss to the Electric Fund by means of a "Purchased Power Adjustment" (PPA) factor. The pass-through of these costs to its customers is known as PPA revenues and is included in total revenues in these financial statements.

g. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses/expenditures, and other financing sources (uses) during the reporting year. Actual results could differ from those estimates.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Budgets

Budgets are adopted on the modified accrual basis as required by the State of New York. Annual appropriated budgets are adopted for each governmental and proprietary fund.

The Village employs the following budgetary procedures:

- i.) No later than May 31, the budget officer submits a tentative budget to the Village Clerk for the fiscal year commencing the following August 1. The tentative budget includes proposed expenditures and the proposed means of financing for all operating funds for the Village.
- ii.) After a public hearing is conducted to obtain taxpayer comments, but no later than July 1st, the Village adopts the budget.
- iii.) All revisions that alter appropriations of any department or fund must be approved by the Village Board. Unencumbered budgetary appropriations lapse at the close of each fiscal year, with the exception of capital projects.
- iv.) Budgetary appropriations are established for individual capital projects through resolutions authorizing the corresponding Capital Projects Fund to be established which remain in effect for the life of the project.

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances at year-end are reported as reservations of fund balance since the commitments do not constitute expenditures or liabilities. Open encumbrances authorized by appropriation from the previous year's budget, after review and approval, are added to the current year's budget approved by the Board to provide the modified budget which is presented in the accompanying financial statements as assigned fund balance.

i. Cash, Cash Equivalents and Investments

Cash and cash equivalents consist of cash and time deposits, which mature no more than three months after the date purchased. The Village is required to collateralize its cash deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limit. This collateral is in the form of government and government agencies' securities pledged by the bank under a third-party trust agreement. As of July 31, 2019, the collateral was sufficient to secure the Village's deposits.

The Village's investment policies are governed by State statutes and various resolutions of the Board. Village monies must be maintained in demand accounts or certificates of deposit in an FDIC-insured commercial bank or trust company authorized to do business in New York State. Other permissible investments include obligations of the U.S. Treasury, U.S. Agencies, and New York State or its localities.

At July 31, 2019, the Village's governmental activities and business-type activities has invested \$1,532,817 and \$2,714,541, respectively, with the New York Cooperative Liquid Assets Securities System (NYCLASS), which is a short-term highly liquid investment fund. NYCLASS is subject to the Municipal Cooperation Agreement Amended and Restated as of March 14, 2014 (the Agreement) and is structured in accordance with New York State General Municipal Law (GML), Article 3-A and Article 5-G, Section 119-n and 0, and Chapter 623 of the Laws of 1998. All NYCLASS investment and custodial policies are in accordance with GML, Sections 10 and 11 (as amended by Chapter 708 of the Laws of 1992). NYCLASS is rated 'AAA' by S&P Global Ratings. Participants are allowed to conduct transactions (deposits, withdrawals, or transfers) on a normal business day. There are no limits on the dollar amount or number of daily transactions, except that the total daily withdrawals may not exceed the total balance on the deposit.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. Cash, Cash Equivalents and Investments - Continued

Restricted cash and cash equivalents and investments are reserved for use and purposes by the Board in accordance with General Municipal Law. Restricted cash and cash equivalents and investments are held for the following purposes:

	Governmental Activities				Business-type Activities Electric Fund
	Major Funds				
	General Fund	Sewer Fund	Water Fund	Other Governmental	
Employee benefits	\$ 104,061	\$ 4,561	\$ 27,658	\$ -	\$ 92,831
Forfeiture reserve	42,697	-	-	-	-
Capital reserve	608,075	51,268	51,268	-	532,567
Unspent bond proceeds	-	-	-	-	2,347,028
Special revenue purposes	-	-	-	157,472	-
Parking reserve	485,757	-	-	-	-
	<u>\$ 1,240,590</u>	<u>\$ 55,829</u>	<u>\$ 78,926</u>	<u>\$ 157,472</u>	<u>\$ 2,972,426</u>

j. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the statements of net position and balance sheet.

k. Accounts Receivable and Other Receivables, Net

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts, if any, by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts at July 31, 2019 within the Electric Fund was approximately \$20,000. No allowance was deemed necessary within the other funds.

Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as it is charged. Interest continues to accrue while an account remains active. Once service is terminated, interest charges are suspended.

Other receivables in the Village’s non-major governmental fund consist of an economic development loan issued to a not-for-profit organization located within the Village.

l. Due From Other Governments

Amounts due from other governments in the Water and Sewer Funds are comprised of balances due from Essex County for relieved water and sewer charges.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

m. Inventory

Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

As prescribed by NYPA, Electric Fund inventory is valued using an average cost method. Inventory materials recovered and returned to stock in construction, maintenance, or the retirement of operating property are valued at current replacement prices. Inventory consists of components, parts, and tools held for consumption.

n. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the Electric Fund financial statements. In accordance with the modified accrual basis of accounting, the Village has elected not to report prepaid expenses in the governmental funds.

o. Capital Assets, Net

Governmental activities' capital assets include land, buildings and improvements, machinery and equipment and construction in progress. Business-type activities' capital assets include land, buildings, distribution, transmission, and other operational equipment and office, vehicles, other equipment and construction work in progress.

Capital assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost in the government-wide statement of net position. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Contributed fixed assets are recorded at fair value at the date received.

As discussed in Note 1c, accounting records used to support the completeness and accuracy of governmental activities capital asset balances have not been maintained, and governmental activities' capital assets are not being depreciated.

Under the provisions of the *Uniform System of Accounts for Municipal Electric Utilities*, Electric Fund capital assets are recorded at cost, including capitalized labor and overhead. Overhead costs include fringe benefits, warehouse, and truck costs. Capital assets constructed with capital fees received from customers or other parties is capitalized and included in capital assets. When capital assets are retired, the book cost, together with the cost of removal, is charged to accumulated depreciation. The provision for depreciation has been computed, based on asset groups, under the straight-line method utilizing rates approved by NYPA. These rates range from 1.3% to 10.6% per annum and are within the ranges recommended by the Federal Energy Regulation Commission (FERC) and NYPA.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of July 31, 2019.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

p. Deferred Outflows and Deferred Inflows of Resources and Unearned Revenues

A deferred outflow of resources is a consumption of net assets that applies to a future period(s), and as such, will not be recognized as an outflow of resources (expenses/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to a future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

Pension related deferred outflows and inflows of resources reported in the governmental and business-type government-wide activities and the enterprise fund are further described in Note 9.

Deferred inflows of resources in the Capital Projects Fund and non-major governmental fund represent grant funding not meeting the Village's availability period for revenue recognition (Note 6) and principal to be received in future periods related to an outstanding development loan, respectively.

Unearned revenues in the Electric Fund represent amounts received in advance for the rental of property owned by the Electric Fund. Rental income is recognized monthly, on a straight-line basis, over the term of underlying agreements.

q. Vacation, Compensatory Time, and Sick Leave

Vacation and compensatory time is earned and accumulated by Village employees in varying amounts. In the event of termination, employees are paid for accumulated vacation time. Salaried employees are not entitled to compensatory time. Employees earn vacation leave based primarily on the number of years employed up to a maximum rate of 25 days a year but may accumulate no more than a maximum of 10 days. Upon separation from service, employees are paid the balance of any earned unused vacation at that time.

Only full-time employees who have completed six consecutive months of service are eligible to accrue sick leave. Employees earn sick leave at the rate of 12 days per year and may accumulate such credits up to a total of 180 to 240 days, depending upon their negotiated contract. Employees who retire from the Village may use accumulated sick leave to fund the purchase of health insurance.

Vested vacation and compensatory time is recorded under accrued expenses in the Electric Fund and as compensated absences in the governmental activities statement of net position.

r. Pensions

Pensions are recognized using the accrual basis of accounting in the Electric Fund and governmental activities statement of net position. The Village recognizes a net pension liability for the pension plan which represents the Village's proportionate share of the excess total pension liability over the pension plan assets, as actuarially calculated, of a cost-sharing multiple-employer plan, measured as of the fiscal year-end of the plan (March 31). The Village's participation in the pension plan is further disclosed in Note 9.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

s. *Other Postemployment Benefits*

The Village provides healthcare insurance coverage benefits for eligible retired employees and their spouses in accordance with the provisions of the Village Employee Handbook. Coverage includes healthcare insurance and prescription drug coverage for eligible retirees and their spouses based on the lifetime of the retiree. During the year ended July 31, 2019, 56 eligible retirees and spouses received benefits under the plan.

As discussed in note 1c, OPEB costs and obligations have not been estimated and reported as required by U.S. GAAP. Note 10 provides additional information related to the Village's retiree healthcare plan.

t. *Fund Balance and Net Position*

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The five fund balance classifications are as follows:

Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) are legally or contractually required to be maintained intact.

Restricted - Amounts that have restraints that are either (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action, such as legislation, resolution, or ordinance by the government's highest level of decision-making authority.

Assigned - Amounts that are constrained only by the government's intent to be used for a specified purpose but are not restricted or committed in any manner.

Unassigned - The residual amount in the General Fund after all of the other classifications have been established. In a Special Revenue Fund, if expenditures and other financing uses exceed the amounts restricted, committed, or assigned for those purposes, then a negative unassigned fund balance will occur.

The Village's fund balance policy is set by the Village Board, the highest level of decision-making authority. The Village Board considers "formal action" for a committed fund balance to be the passing of a Board resolution. The Board has delegated the ability to assign fund balance to the Treasurer. The Village considers fund balance spent in the order of restricted, committed, assigned, and unassigned.

Note 8 provides further detail regarding the Village's fund balance classifications.

The following categories are used for net position in the government-wide financial statements and proprietary fund:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balance of debt, including bonds, bond anticipation notes and capital leases, which are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 1 - Organization and Summary of Significant Accounting Policies – Continued

t. Fund Balance and Net Position - Continued

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of the Village or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the Village not restricted for any project or other purpose.

u. Fair Value Measurements

The Village reports certain assets at fair value, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

v. Fair Value of Financial Instruments

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs may be used to measure fair value:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3 - Unobservable inputs that are supported by little or no market activity.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Village's investment in NYCLASS is reported at fair value using quoted prices for identical items that are not actively traded. The Village considers its NYCLASS investments to be Level 2 within the hierarchy of fair value measurements.

The method described above may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Village believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

w. Subsequent Events

The Village has evaluated subsequent events for potential recognition or disclosure through March 27, 2020, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen, which will likely have a negative impact on certain Village 2020 operating revenues. At this time the expected impact remains unknown.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 2 - Property Taxes

Property taxes attach as an enforceable lien on property as of March 1. Taxes are levied no later than August 1 and are payable by August 31. The Village bills and collects its own property taxes through the first week of November, at which time any unpaid property taxes are relieved to the County of Essex property taxes. On or around April 1, the County pays the Village the full amount of unpaid taxes plus interest and penalties.

Note 3 - Capital Assets

A summary of changes in the Village's capital assets is as follows:

Governmental Activities	Year ended July 31, 2019			Balance at July 31, 2019
	Balance at August 1, 2018	Additions/ Transfers	Disposals/ Transfers	
Non-depreciable				
Land	\$ 1,624,243	\$ 850,000	\$ -	\$ 2,474,243
Depreciable				
Buildings and improvements	19,167,211	783,649	-	19,950,860
Machinery and equipment	5,274,890	120,113	(869,678)	4,525,325
Total depreciable capital assets	24,442,101	903,762	(869,678)	24,476,185
Total governmental activities capital assets	\$ 26,066,344	\$ 1,753,762	\$ (869,678)	\$ 26,950,428

Business-type Activities	Year ended July 31, 2019			Balance at July 31, 2019
	Balance at August 1, 2018	Additions	Disposals/ Transfers	
Non-depreciable				
Land	\$ 45,794	\$ -	\$ -	\$ 45,794
Construction in progress	184,736	335,325	-	520,061
Total non-depreciable capital assets	230,530	335,325	-	565,855
Depreciable				
Buildings	777,463	-	-	777,463
Distribution, transmission, and other operational equipment	23,509,840	575,099	(20,584)	24,064,355
Office, vehicles, and other equipment	2,708,194	347,243	-	3,055,437
Total depreciable capital assets	26,995,497	922,342	(20,584)	27,897,255
Less accumulated depreciation	(12,446,909)	(733,703)	21,259	(13,159,353)
Net depreciable capital assets	14,548,588	188,639	675	14,737,902
Total business-type activities capital assets	\$ 14,779,118	\$ 523,964	\$ 675	\$ 15,303,757

Depreciation expense for the Electric Fund was \$638,582 for the year ended July 31, 2019. Depreciation charges on transportation and shop equipment have been allocated to the various expense or operating property accounts via the Electric Fund's work order system, as prescribed by the *Uniform System of Accounts for Municipal Electric Utilities*.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 4 - Long-Term Liabilities

A summary of changes in the Village's long-term liabilities is as follows:

Governmental Activities	Year Ended July 31, 2019				
	Balance August 1, 2018	New Issues/ Additions	Maturities and/or Payments	July 31, 2019	Due Within One Year
Bonds and State loan payable	\$ 17,748,840	\$ -	\$ (1,170,460)	\$ 16,578,380	\$ 1,198,660
Other long-term liabilities					
Net pension liability	486,572	490,426	-	976,998	-
Capital leases	41,867	-	(20,374)	21,493	21,493
Compensated absences	185,391	5,225	(18,539)	172,077	17,208
Total other long-term liabilities	713,830	495,651	(38,913)	1,170,568	38,701
Total long-term liabilities	\$ 18,462,670	\$ 495,651	\$ (1,209,373)	\$ 17,748,948	\$ 1,237,361

Business-Type Activities	Year Ended July 31, 2019				
	Balance August 1, 2018	New Issues/ Additions	Maturities and/or Payments	July 31, 2019	Due Within One Year
Net pension liability	\$ 162,074	\$ 162,398	\$ -	\$ 324,472	\$ -
Compensated absences	65,863	-	(10,265)	55,598	9,966
Bonds payable	1,150,000	2,400,000	(142,600)	3,407,400	243,400
	\$ 1,377,937	\$ 2,562,398	\$ (152,865)	\$ 3,787,470	\$ 253,366

A summary of the governmental activities' indebtedness under bonds and State loan payables is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance at July 31, 2019
2017 Public Improvement Refunding (Serial) Bonds	1/25/2017	12/15/2028	2.00% - 3.00%	\$ 2,097,600
2016 Public Improvement Refunding (Serial) Bonds	11/27/2016	4/15/2034	0.85% - 3.00%	3,900,000
Environmental Facilities Corporation Obligation	7/19/2003	1/15/2033	4.61%	350,000
Environmental Facilities Corporation Obligation	8/6/2015	3/1/2045	3.82%	2,750,000
Environmental Facilities Corporation Obligation	7/29/2008	7/29/2035	0.00%	6,995,000
Environmental Facilities Corporation Obligation	9/23/1999	7/15/2020	1.50%	238,000
Environmental Facilities Corporation Obligation	8/2/2002	8/2/2031	0.00%	247,780
				<u>16,578,380</u>

A summary of the business-type activities indebtedness under bonds payable is as follows:

Description	Issue Date	Maturity Date	Interest Rate	Balance at July 31, 2019
2017 Public Improvement Refunding (Serial) Bonds	1/25/2017	12/15/2027	2.000% - 3.000%	\$ 182,400
2018 Public Improvement Refunding (Serial) Bonds	3/16/2018	3/15/2025	2.375% - 2.400%	825,000
2019 Public Improvement Refunding (Serial) Bonds	2/28/2019	2/15/2039	2.000% - 3.125%	2,400,000
				<u>3,407,400</u>

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 4 - Long-Term Liabilities - Continued

A summary of aggregate minimum maturities of the governmental activities' indebtedness under bonds and state loan payable is as follows:

Year Ending July 31,	Principal	Interest	Total
2020	\$ 1,198,660	\$ 360,830	\$ 1,559,490
2021	974,860	334,324	1,309,184
2022	999,460	315,963	1,315,423
2023	1,014,060	296,962	1,311,022
2024	1,029,060	277,313	1,306,373
2025-2029	5,160,100	1,061,566	6,221,666
2030-2034	4,377,180	510,870	4,888,050
2035-2039	1,050,000	138,769	1,188,769
2040-2044	640,000	62,610	702,610
2045	135,000	3,216	138,216
Totals	<u>\$ 16,578,380</u>	<u>\$ 3,362,423</u>	<u>\$ 19,940,803</u>

Interest expense incurred on the above governmental activities' indebtedness was \$398,442 for the year ended July 31, 2019.

A summary of aggregate minimum maturities of the business-type activities indebtedness under bonds is as follows:

Year Ending July 31,	Principal	Interest	Total
2020	\$ 243,400	\$ 88,249	\$ 331,649
2021	244,200	85,308	329,508
2022	249,600	79,934	329,534
2023	260,000	74,432	334,432
2024	265,000	68,706	333,706
2025-2029	775,200	266,223	1,041,423
2030-2034	635,000	172,170	807,170
2035-2039	735,000	69,824	804,824
Totals	<u>\$ 3,407,400</u>	<u>\$ 904,846</u>	<u>\$ 4,312,246</u>

Interest expense incurred on the above business-type activities indebtedness was \$58,893 for the year ended July 31, 2019.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 4 - Long-Term Liabilities - Continued

Capital Lease

The Village has a capital lease obligation at an interest rate of 5.49% for a piece of equipment, which serves as collateral for the obligation. The Village's capital lease obligation is reported in the governmental activities statement of net position. Principal payments on the capital lease of \$20,374 were reported as debt service expenditures in the General Fund for the period ended July 31, 2019. Future principal and interest payments required on the capital lease obligation total \$21,493 and \$1,179, respectively, and are to be paid during the year ending July 31, 2020.

New York State Environmental Facilities Corporation Financing

In January 2018, the Village entered into an agreement with the New York State Environmental Facilities Corporation (EFC) to finance costs associated with certain capital projects within the Village. The agreement contains two grant provisions, allowing the Village to receive reimbursements of costs associated with the capital projects, subject to the terms of the agreement. In addition, on January 25, 2018, EFC issued the Village a \$4,446,928 Clean Water Facility Bond Anticipation Note, Series 2018A. The Clean Water Facility Bond Anticipation Note bears interest at a rate of 0.00% and matures on January 25, 2023.

During January 2020, the Village requested and received grant reimbursements totaling \$144,375 of costs associated with the capital projects. In addition, during January 2020, the Village drew \$1,039,745 on the Clean Water Facility Bond Anticipation Note, Series 2018A.

Note 5 - Bond Anticipation Note

The Capital Projects Fund has a \$990,000 bond anticipation note (BAN) outstanding at July 31, 2019. The BAN was issued on October 31, 2018 at an interest rate of 2.40%. Governmental activities interest expense incurred on the BAN totaled \$17,820 for the year ended July 31, 2019. The BAN was repaid in full, together with interest, on October 22, 2019.

Note 6 - New York State Environmental Facilities Corporation Financing

In January 2018, the Village entered into an agreement with the New York State Environmental Facilities Corporation (EFC) to finance costs associated with certain capital projects within the Village. The agreement contains two grant provisions allowing the Village to receive reimbursements of costs associated with the capital projects up to maximum amounts of \$288,750 and \$1,465,550, subject to the terms of the agreement. In addition, on January 25, 2018, EFC issued the Village a \$4,446,928 Clean Water Facility Bond Anticipation Note, Series 2018A. The Clean Water Facility Bond Anticipation Note bears no interest and matures on January 25, 2023.

During January 2020, the Village requested and received grant reimbursements totaling \$144,375 of costs associated with the capital projects. In addition, during January 2020, the Village drew \$1,039,745 on the Clean Water Facility Bond Anticipation Note, Series 2018A.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 7 - Interfund Transactions

Due To/Due From Other Funds

A summary of interfund amounts due to and due from other funds is as follows:

Due From Other Funds	Due To Other Funds						Business-Type Activity	Total
	General	Sewer	Water	Capital Projects	Other Governmental	Total Governmental		
General	\$ -	\$ 286,168	\$ 89,646	\$ 21,676	\$ 25,000	\$ 422,490	\$ -	\$ 422,490
Sewer	819,164	-	-	-	-	819,164	-	819,164
Water	244,027	-	-	-	-	244,027	-	244,027
Capital projects	834,211	-	-	-	-	834,211	-	834,211
Total governmental	<u>1,897,402</u>	<u>286,168</u>	<u>89,646</u>	<u>21,676</u>	<u>25,000</u>	<u>2,319,892</u>	-	<u>2,319,892</u>
Business-type activity	467,528	-	-	-	-	-	-	467,528
Fiduciary	57,007	29,537	24,793	-	-	-	69,432	180,769
Total	<u>\$ 2,421,937</u>	<u>\$ 315,705</u>	<u>\$ 114,439</u>	<u>\$ 21,676</u>	<u>\$ 25,000</u>	<u>\$ 2,319,892</u>	<u>\$ 69,432</u>	<u>\$ 2,968,189</u>

Interfund Transfers

The Electric Fund provides the Village with electric service related to public street lighting. The cost of this service totaled \$52,793 for the year ended July 31, 2019. The Electric Fund also contributed labor and material costs to the Village. These costs totaled \$31,873 for the year ended July 31, 2019. The electric service and labor costs are considered contributions to the Village's General Fund and have been reported herein as a change in fund equity in the Electric Fund.

In addition, during the year ended July 31, 2019, the Electric Fund contributed \$375,896 in cash to the Village's General Fund. Cash contributions are reported as a transfer from other funds in the General Fund. As prescribed by NYPA, total annual contributions to the Village's General Fund cannot exceed 3% of the net book value of the Electric Fund's utility plant in service.

Note 8 - Fund Balances (Deficit)

Fund balances (deficit) are as follows:

	July 31, 2019					
	Major Funds				Other Governmental Fund	Total
	General	Sewer	Water	Capital Projects		
<i>Restricted</i>						
Capital reserve	\$ 51,268	\$ 51,268	\$ 51,268	\$ -	\$ -	\$ 153,804
Parking reserve	485,757	-	-	-	-	485,757
Police reserve	42,697	-	-	-	-	42,697
Fire reserve	556,807	-	-	-	-	556,807
Special revenue purposes	-	-	-	-	157,472	157,472
Reserve for employee benefits	104,061	4,561	27,658	-	-	136,280
	<u>1,240,590</u>	<u>55,829</u>	<u>78,926</u>	<u>-</u>	<u>157,472</u>	<u>1,532,817</u>
<i>Unrestricted</i>						
Assigned for special revenue purposes	-	141,787	877,470	-	25,000	1,044,257
Unassigned	6,108,692	-	-	(1,802,535)	-	4,306,157
Total fund balance (deficit)	<u>\$ 7,349,282</u>	<u>\$ 197,616</u>	<u>\$ 956,396</u>	<u>\$ (1,802,535)</u>	<u>\$ 182,472</u>	<u>\$ 6,883,231</u>

The Village's Capital Projects Fund has a deficit fund balance of \$1,802,535 at July 31, 2019. The deficit fund balance is primarily the result of the \$990,000 BAN (Note 5) and \$834,211 in amounts due to other funds (Note 7) outstanding at year-end. In addition to fully repaying the BAN subsequent to year-end, it is the Village's intention for the Capital Projects Fund to reimburse amounts other funds have paid on behalf of the Capital Projects Fund during the year ended July 31, 2020.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 9 - New York State Retirement System

a. Plan Description

The Village participates in the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS) which are collectively referred to as New York State and Local Retirement System (the System). The System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System.

The Comptroller adopts and may amend rules and regulations for the administration and transaction of the business of the System for the custody and control of its funds. The System issues publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

b. Plan Benefits

The System provides retirement benefits as well as death and disability benefits. Retirement benefits are established by the NYSRSSL and are dependent upon the point in time at which the employees last joined the System. The NYSRSSL has established distinct classes of membership.

The System uses a tier concept within ERS and PFRS to distinguish these groups, as follows:

ERS

- Tier 1 - Those persons who last became members before July 1, 1973.
- Tier 2 - Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
- Tier 3 - Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
- Tier 4 - Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
- Tier 5 - Those persons who last became members on or after January 1, 2010, but before April 1, 2012.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

PFRS

- Tier 1 - Those persons who last became members before July 31, 1973.
- Tier 2 - Those persons who last became members on or after July 31, 1973, but before July 1, 2009.
- Tier 3 - Those persons who last became members on or after July 1, 2009, but before January 9, 2010.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 9 - New York State Retirement System - Continued

b. Plan Benefits - Continued

- Tier 4 - Not applicable.
- Tier 5 - Those persons who last became members on or after January 9, 2010, but before April 1, 2012, or who were previously PFRS Tier 3 members who elected to become Tier 5.
- Tier 6 - Those persons who first became members on or after April 1, 2012.

Generally, members of ERS and PFRS may retire at age 55; however, members of Tiers 2, 3, and 4 will receive a reduced benefit if they retire before age 62 with less than 30 years of service. Tier 5 members must be 62 years of age with at least 10 years of service credit to retire with full benefits. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Tier 6 members with 10 years of service or more can retire as early as age 55 with reduced benefits. A member with less than five years of service may withdraw and obtain a refund, including interest, of the accumulated employee contributions. Members who joined the System prior to January 1, 2010 generally need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) need 10 years of service credit to be 100 percent vested.

Typically, the benefit for members in all Tiers within ERS and PFRS is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a Tier 1 or Tier 2 member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a Tier 3, 4, or 5 member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Final average salary for Tiers 1 through 5 is the average of the wages earned in the three highest consecutive years of employment. Each year used in the final average salary calculation is limited to no more than 20 percent of the previous year (Tier 1) or no more than 20 percent of the average of the previous two years (Tier 2). For Tier 3, 4, and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent of the average of the previous two years. The benefit for Tier 6 members who retire with 20 years of service is 1.75 percent of final average salary for each year of service. If a Tier 6 member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied to each year of service over 20 years. The final average salary for a Tier 6 member is computed as the average of the wages earned in the five highest consecutive years. Each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

An automatic postemployment benefit is provided annually to pensioners who have attained age 62 and have been retired for five years; to pensioners who have attained age 55 and have been retired for ten years; to all disability pensioners, regardless of age, who have been retired for five years; to ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage is 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or greater than 3 percent.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 9 - New York State Retirement System - Continued

c. Funding Policy

Employee contribution requirements depend upon the point in time at which an employee last joined the System. Most Tier 1 and Tier 2 members of ERS, and most members of PFRS are not required to make employee contributions. Employees in Tiers 3, 4, and 5 are required to contribute 3 percent of their salary, however, as a result of Article 19 of the NYSRSSL, eligible Tier 3 and 4 employees who have ten or more years of membership or credited service within the System are not required to contribute. The Tier 6 contribution rate varies from 3 percent to 6 percent depending on salary. Tiers 5 and 6 members are required to contribute for all years of service. Members cannot be required to begin contributing or to make increased contributions beyond what was required when their memberships began.

Participating employers are required under the NYSRSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller.

The required contributions for the current year and the two preceding years were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>	<u>Total</u>
2019	\$ 462,071	\$ 167,132	\$ 629,203
2018	475,606	173,885	649,491
2017	510,189	151,164	661,353

Contributions made to the System were equal to 100% of the contributions required for each year.

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At July 31, 2019, the Village reported a liability of \$976,998 in the governmental activities and \$324,472 in the business-type activities for its proportionate share of the net pension liability of the System. The net pension liability was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018. The Village's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to the System's total actuarially determined employer contribution for the fiscal year ended on the measurement date.

At the March 31, 2019 measurement date, the Village's proportionate share in the ERS was 0.0130843% and the PFRS was 0.0223252%.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 9 - New York State Retirement System - Continued

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended July 31, 2019, the Village recognized pension expense of \$582,209 in the governmental activities and \$197,427 in the business-type activities. At July 31, 2019, the Village reported deferred outflows of resources and deferred inflows of resources as follows:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 209,617	\$ 80,425
Changes of assumptions	287,499	-
Net differences between projected and actual investment earnings on pension plan investments	-	229,643
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,649	154,040
Pension contributions subsequent to the measurement date	<u>153,955</u>	<u>-</u>
Total	<u>\$ 672,720</u>	<u>\$ 464,108</u>

	<u>Business-Type Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 63,895	\$ 21,781
Changes of assumptions	81,559	-
Net differences between projected and actual investment earnings on pension plan investments	-	83,278
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,808	34,246
Pension contributions subsequent to the measurement date	<u>57,321</u>	<u>-</u>
Total	<u>\$ 208,583</u>	<u>\$ 139,305</u>

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 9 - New York State Retirement System - Continued

d. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

Village contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending July 31, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities	Business Type-Activities	Total
Year ending July 31,			
2020	\$ 155,258	\$ 59,285	\$ 214,543
2021	(176,664)	(74,031)	(250,695)
2022	(38,496)	(14,292)	(52,788)
2023	111,249	40,995	152,244
2024	3,310	-	3,310
Total	<u>\$ 54,657</u>	<u>\$ 11,957</u>	<u>\$ 66,614</u>

e. Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with updated procedures used to roll forward the total pension liability to March 31, 2019. Significant actuarial assumptions used in the valuation were as follows:

	ERS	PRS
Investment rate of return (net of investment expense, including inflation)	7.0%	7.0%
Salary scale	4.2%	5.0%
Inflation	2.5%	2.5%
Cost of living adjustments	1.3%	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

Actuarial assumptions used in the April 1, 2018 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 returns net of investment expense 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.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 9 - New York State Retirement System - Continued

f. Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	36.00%	4.55%
International equity	14.00%	6.35%
Private equity	10.00%	7.50%
Real estate	10.00%	5.55%
Absolute return strategies	2.00%	3.75%
Opportunistic portfolio	3.00%	5.68%
Real assets	3.00%	5.29%
Bonds and mortgages	17.00%	1.31%
Cash	1.00%	-0.25%
Inflation-indexed bonds	4.00%	1.25%
	100.00%	

g. Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

h. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Village'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 or 1 percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability (asset)			
Business-Type Activities	\$ 1,418,643	\$ 324,472	\$ (594,710)
Governmental Activities	3,987,676	976,998	(1,547,336)
	\$ 5,406,319	\$ 1,301,470	\$ (2,142,046)

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 9 - New York State Retirement System - Continued

i. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2019 were as follows:

	(Dollars in Thousands)		
	ERS	PFRS	Total
Employers' total pension liability	\$ 189,803,429	\$ 34,128,100	\$ 223,931,529
Plan net position	<u>(182,718,124)</u>	<u>(32,451,037)</u>	<u>(215,169,161)</u>
Employers' net pension liability	<u>\$ 7,085,305</u>	<u>\$ 1,677,063</u>	<u>\$ 8,762,368</u>
Ratio of plan net position to the employers' total pension liability	96.3%	95.1%	96.1%

Note 10 - Other Postemployment Benefit Costs and Obligations

a. Plan Description

The Village contributes toward eligible retirees' health insurance. In order to be eligible for health insurance benefits upon retirement, an employee must have ten consecutive years of service with the Village, be eligible to activate their retirement benefits provided by the New York State Retirement System, have coverage through a plan approved by the Village at the time of retirement and be eligible for continuation of said plan upon retirement, not have health insurance through any other source except Medicare, and not be eligible for coverage through a spouse or domestic partner.

Effective April 2017, to be eligible for coverage, the retiree must meet each of the following criteria:

- 1) All non-police personnel are required to have at least twenty years of continuous service with the Village. Non-police personnel hired before April 2017 are required to have ten years of continuous service with the Village. All police personnel are required to have ten year of continuous service regardless of hire date.
- 2) Retire directly from the Village.
- 3) Be covered through a plan approved by the Village at the time of retirement and be eligible for continuation of said plan upon retirement.
- 4) Be granted a retirement benefit from the New York State Employees' Retirement System.
- 5) Not have health insurance through any other source except Medicare.
- 6) Not be eligible for coverage through a spouse or domestic partner.

Notwithstanding the above, an employee who leaves employment due to disciplinary action is not eligible for medical insurance or prescription drug coverage for retirees.

The Village does not allow continued family or two-person coverage for eligible dependents who were not covered at the time of retirement. Retirees are responsible for any premium rates for dependents added after the time of retirement.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 10 - Other Postemployment Benefit Costs and Obligations - Continued

b. Funding Policy

The Village funds the retiree health plan as premiums become due on a pay-as-you-go basis. The amount of the Village's contribution toward a retiree's health is determined by the retiree's "Eligibility Number." The Eligibility Number is calculated at the time of the employee's retirement by adding the employee's age at the time of retirement plus continuous years of service. Eligibility Numbers below 60 result in no qualifying retiree health benefit. Eligibility Numbers of 80 or higher result in the maximum benefit of 90% coverage of retiree health insurance.

The Village's retiree health insurance contributions for the current year and the two preceding years were:

2019	\$	414,418
2018		401,770
2017		380,573

Note 11 - Commitments, Contingencies, Risks, and Uncertainties

a. Grant Programs

The Village participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The Village believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Village's financial position or results of operations.

b. Insurance Risk

The Village is exposed to various risks for loss for which it carries insurance. There have been no significant reductions in coverage from the previous year, and there have been no settlements during the year which have exceeded the insurance coverage.

Most of the Village's insurance, including workers' compensation, is covered through annual policies with third-party companies.

c. Legal Matters

The Village is subject to lawsuits in the ordinary conduct of its affairs. The Village, upon review by the Village Attorney, does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Village.

d. Power Supply Contracts

Electric power distributed by the Electric Fund is obtained from NYPA under a supply contract that expires during 2025. The Electric Fund is entitled to a specific amount of kilowatts of firm hydroelectric power and associated energy. Demand, energy, and transmission charges under this contract are subject to change and approval of regulatory authorities. There are no minimum capacity or other fixed charge components to this contract. Electric purchases under this contract totaled \$3,554,743 for the year ended July 31, 2019.

The Electric Fund also maintains an agreement with National Grid for the transmission of electric capacity. The agreement is open ended, with no termination date. Transmission costs under this agreement totaled \$1,243,921 for the year ended July 31, 2019.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 11 - Commitments, Contingencies, Risks, and Uncertainties - Continued

e. Risks and Uncertainties

The Electric Fund is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include prices on the wholesale markets for short-term power transactions; water conditions, weather, and natural disaster disruptions; collective bargaining labor disputes and governmental regulation.

f. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Village expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Village. The Village believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

Note 12 - Accounting Pronouncements Issued But Not Yet Implemented

GASB Statement No. 84, *Fiduciary Activities*. This statement establishes 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. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activities or enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Lake Placid Village, Inc.

Notes to Financial Statements July 31, 2019

Note 12 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 90, *Majority Equity Interests*. This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information about component units if the government acquires a 100% equity interest in the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements for this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations, noting that issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard are effective for periods beginning after June 15, 2020.

The Village's management is not yet able to estimate the extent of the potential impact of these statements on the financial statements.



**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***

Board of Trustees
Lake Placid Village, Inc.
Lake Placid, New York

We have audited, in accordance with 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, the business-type activities, each major fund, and the aggregate remaining fund information of Lake Placid Village, Inc. (Village) as of and for the year ended July 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 27, 2020, which contained an adverse opinion on the governmental activities, business-type activities and enterprise fund opinion units, and an unmodified opinion on the other opinion units,

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 entity'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompany schedule of findings and responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST & CO. CPAs, LLP

Albany, New York
March 27, 2020

Lake Placid Village, Inc.

Schedule of Findings and Responses Year Ended July 31, 2019

2019-001. Capital Asset Reporting

Criteria: Accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB), require the capitalization of governmental activities infrastructure assets and the depreciation of governmental activities capital assets in the government-wide financial statements.

Condition and Cause: Management of the Village does not have processes and controls in place to ensure complete and accurate reporting of governmental activities infrastructure asset balances and depreciation of governmental activities capital asset balances.

Effect of potential effect: An adverse opinion has been issued on the governmental activities' opinion unit to the purported inaccuracies of governmental activities infrastructure asset balances and depreciation of governmental activities capital assets in the government-wide financial statements.

Recommendation: We recommend the Village develop processes and controls to ensure the complete and accurate reporting of governmental activities capital asset balances and depreciation.

Views of responsible officials: The Village is evaluating the cost versus benefit of developing processes and controls to report governmental activities infrastructure asset balances and depreciation of governmental activities capital assets.

2019-002. Other Postemployment Benefit Obligations

Criteria: U.S. GAAP requires the estimation of other postemployment benefit (OPEB) costs and obligations in the governmental activities, business-type activities and enterprise fund.

Condition and cause: The Village has not engaged an external actuary to assist with the preparation of an OPEB accounting estimate.

Effect or potential effect: An adverse opinion has been issued on the governmental activities, business-type activities and enterprise fund opinion units due to omission of OPEB costs and obligations. In addition, the schedule of other postemployment benefits liability, has been omitted from required supplementary information.

Recommendation: We recommend that management of the Village engage a qualified actuary to assist with the valuation of OPEB costs and obligations.

Views of responsible officials: The Village is evaluating the cost versus benefit of developing processes and controls to report OPEB costs and obligations.