

**Supplement
dated May 10, 2022**

to

**Official Statement
dated May 4, 2022**

relating to

**VILLAGE OF MOUNT KISCO
WESTCHESTER COUNTY, NEW YORK**

\$16,565,000*
PUBLIC IMPROVEMENT SERIAL BONDS – 2022
(the “Bonds”)

\$9,500,000
BOND ANTICIPATION NOTES – 2022 SERIES B
(the “Notes”)

Introduction

The Official Statement for the Bonds and the Notes is dated **May 4, 2022** (the “Official Statement”). The **Village of Mount Kisco, Westchester** County, New York (the “**Village**”) has prepared this Supplement dated **May 10, 2022**, to the Official Statement (the “Supplement”) to reflect a claim against the Village that has been settled and revise certain information found in Appendix A.

Other than with respect to the information provided herein, this Supplement is not otherwise updating the Official Statement, which speaks as of its date. Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Official Statement.

The “LITIGATION” section on page 10 is hereby replaced and superseded with the following:

The Village is subject to a number of lawsuits in the ordinary conduct of its affairs. The Village 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.

Child Victim’s Act Claim - A Summons and Complaint has been served on the Village of Mount Kisco on behalf of several male individuals (some identified and some unidentified) who assert that said individuals were wrongfully assaulted under the Child Victim’s Act by an individual work who worked for the Village’s local day camp, local school district and local not-for-profit recreation center. As relates specifically to the Village, the claimants allege that when enrolled at the Village’s summer camp in the municipality (1979-1993), a camp coordinator repeatedly sexually abused them. Should the plaintiff be successful in the action against the Village, any liability is expected to be funded either through budgetary appropriations, the issuance of bonds or insurance liability coverage. The Village has reached out to the insurance agent during this particular time period and is seeking confirmation of coverage from the successor insurer, Continental Insurance Company (CNA). The Village has engaged counsel to protect its position during the pendency of coverage confirmation.

Town and Country Adult Living et al v. Village/Town of Mount Kisco Index No. 58963/19. Village has been sued by Plaintiffs in multiple state and federal court claims, emanating from a failed real estate transaction wherein the Plaintiff/Purchaser failed to timely close on a non-contingent contract of sale. All claims in federal and state court have been decided in the Village’s favor and have been dismissed. The most recent dismissal was appealed and all parties have submitted their appellate papers and oral arguments have not been scheduled. The Village does not expect to have any financial liability based, as the contract expressly provides that the Village shall not be subject to

monetary claims and any claims/liability are expressly recoverable from the property only (e.g. allowing only an in rem recovery).

105 Mt. Kisco Associates LLC, et al v. Village, et al., USDC 15-cv-05346 (NSR). Plaintiffs commenced the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) action against various parties alleging responsibility for prior environmental contamination that Plaintiffs allege was not properly remediated by responsible parties. The Village was named as a prior property owner in the chain of title, not as a contaminator. The site was a former uranium development site prior to the Village’s ownership. This case has been settled without any acknowledgment of liability or financial payout by the Village. The Plaintiffs agreed on behalf of themselves and future successors and assigns to a general release. In turn, the Village agreed to give Plaintiffs an option to buy a piece of adjoining piece of surplus Village property at above fair market value price.

The following sections in Appendix A are hereby replaced and superseded with the following:

Recent Operating Results

2016/2017 Audited Results For the fiscal year ended May 31, 2017, General Fund revenues and other sources were approximately \$23,720,087 and General Fund Expenditures and other uses were \$21,104,023, which resulted in an operating surplus of \$2,616,064 and a cumulative General Fund surplus of \$12,981,167.

2017/2018 Audited Results For the fiscal year ended May 31, 2018, General Fund revenues and other sources were approximately \$23,637,016 and General Fund Expenditures and other uses were \$22,971,791, which resulted in an operating surplus of \$665,225 and a cumulative General Fund surplus of \$13,646,392.

2018/2019 Audited Results For the fiscal year ended May 31, 2019, General Fund revenues and other sources were approximately \$22,441,177 and General Fund Expenditures and other uses were \$20,691,723, which resulted in an operating surplus of \$1,749,454 and a cumulative General Fund surplus of \$15,395,846.

2019/2020 Audited Results For the fiscal year ended May 31, 2020, General Fund revenues and other sources were approximately \$22,916,875 and General Fund Expenditures and other uses were \$24,080,084, which resulted in an operating deficit of \$1,163,209 and a cumulative General Fund surplus of \$14,232,637.

2020/2021 Audited Results For the fiscal year ended May 31, 2021, General Fund revenues and other sources were approximately \$24,417,697 and General Fund Expenditures and other uses were \$22,361,329, which resulted in an operating surplus of \$2,056,368 and a cumulative General Fund surplus of \$20,551,553. The substantial increase in the cumulative General Fund surplus is due to the required adoption of GASB 84. Under the ruling, Length of Service Award Program (“LOSAP”) Trust Fund Assets are required to be reported in the General Fund. The Ambulance and Fire Department LOSAP programs represent \$5,478,001 of the Restricted Fund balances within the total General Fund Surplus.

2021/2022 Adopted Budget For the fiscal year ending May 31, 2022, based on the Village’s adopted budget, General Fund revenues are budgeted at \$23.7 million and General Fund Expenditures and other uses are budgeted at \$23.7 million.

State Aid

The Village receives financial assistance from the State. In its adopted budget for the 2021-2022 fiscal year, approximately 1.6% of the total general fund revenues of the Village is estimated to be received in the form of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Village. No assurance can be given that present State aid levels will be maintained in the future. Due to the outbreak of COVID-19, the Governor initially declared a state of emergency and took steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have negatively impacted the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. The use of federal stimulus funds has allowed the State to avoid gap closing measures; however, the State may be required to implement gap closing measures in the future. Such actions may include but are not limited to reductions in State agency operations and/or delays or reductions in payments to local governments in the State. If

this were to occur, reductions in the payment of State aid could adversely affect the financial condition of local governments in the State, including the Village. (See also “RISK FACTORS” herein.)

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and the current Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

The federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State’s 2019-2020 Enacted Budget continues authorization for a process by which the State would manage significant reductions in federal aid during federal fiscal year 2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the federal government (i) reduces federal financial participation in Medicaid funding to the State or its subdivisions by \$850 million or more; or (ii) reduces federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by \$850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State’s General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

Reductions in federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

The State’s 2020-2021 Adopted Budget authorized the State’s Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provided that the State Budget Director will determine whether the State’s 2020-2021 budget is balanced during three “measurement periods”: April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if “a General Fund imbalance has occurred during any Measurement Period,” the State’s Budget Director will be empowered to “adjust or reduce any general fund and/or state special revenue fund appropriation . . . and related cash disbursement by any amount needed to maintain a balanced budget,” and “such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed.” The legislation further provided that prior to making any adjustments or reductions, the State’s Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director’s reductions take effect automatically.

The State’s 2021-22 Enacted Budget provided \$10.8 billion in State funding to local governments. This funding available for use over multiple years, is designed to support essential workers and government employees, assist COVID-19 vaccination efforts, boost local economies, and support local government services.

The Aid and Incentives for Municipalities (“AIM”) program provides state aid to all of the State’s cities (other than New York City), and 141 towns and villages. AIM was funded at \$656.1 million in the 2021-22 Enacted State Budget. The 2019-20 Enacted State Budget reduced AIM funding by \$59 million, eliminating aid for 1,325 towns and villages determined to be less reliant on AIM. At that time, the State established AIM-Related payments which continued funding for the impacted towns and villages in the amounts that they had previously received through AIM in State Fiscal Year 2018-2019. OSC is required to withhold certain county sales tax revenues and to make AIM-Related payments, paid in December and May each year, pursuant to Chapter 59 of the Laws of 2019.

The \$59 million reduction in the AIM program eliminated funding for those municipalities where the State deemed it was not necessary or significant, and provided that funding to those municipalities by intercepting \$59 million of sales tax revenue before any normal revenue share of sales tax occurred. The 2022-23 State Budget maintains the AIM program at its current level, however, the budget does put an end to the intercept of local sales tax to pay the \$59 million in AIM-Related payments for 479 villages and 846 towns.

Should the Village fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the Village is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The following table sets forth total general fund revenues and State aid revenues received for each of the past five fiscal years and the amounts budgeted for the current fiscal year.

General Fund Revenues & State Aid Revenues

Fiscal Year <u>Ended May 31:</u>	Total <u>Revenues⁽¹⁾</u>	General Fund <u>State Aid</u>	State Aid <u>To Revenues</u>
2017	\$23,720,087	\$558,492	2.4%
2018	23,617,516	649,111	2.7
2019	22,441,177	417,017	1.9
2020	22,916,875	339,765	1.5
2021	24,417,897	553,562	2.3
2022 (Adopted Budget)	23,682,802	370,398	1.6

(1) General Fund.

Source: Audited Financial Statements and Adopted Budget of the Village.