

TOWN OF CHILI, NEW YORK

BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED

DECEMBER 31, 2019



TABLE OF CONTENTS

Financial Section

Independent Auditor's Report.....	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Balance Sheet – Governmental Funds	21
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	25
Notes to Basic Financial Statements	26
Required Supplemental Information.....	
Budgetary Comparison Schedule – General Fund	57
Budgetary Comparison Schedule – Highway Townwide Fund and Fire Protection Districts Fund	58
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios.....	59
Schedule of the Town's Proportionate Share of the Net Pension Liability - NYSERS Pension	60
Schedule of the Town's Pension Contributions – NYSERS Pension Plan	61
Schedule of Changes in the Town's Total Pension Liability - Volunteer Firefighter LOSAP	62
Notes to Required Supplementary Information	63

Supplemental Schedules

Combining Balance Sheet – Non-Major Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	67

Other Schedules

Comparative Balance Sheet – General Fund	69
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances-General Fund.	70
Schedule of Expenditures Compared with Authorizations – General Fund	71
Comparative Balance Sheet – Highway Townwide Fund and Fire Protection Districts Fund.....	73
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Highway Townwide Fund and Fire Protection Districts Fund	74
Schedule of Expenditures Compared with Authorizations – Highway Townwide Fund and Fire Protection Districts Fund.....	75

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Board
Town of Chili, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chili, New York (the Town), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town'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. 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 Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As stated in Note 1, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplemental schedules and other schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other schedules, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Freed Maxick CPAs, P.C.

Batavia, New York
April 10, 2020

This section of Town of Chili, New York's (the Town) annual financial report presents its discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2019. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources by \$32,106,707 (net position) at December 31, 2019, of which \$32,737,631 is invested in the Town's capital assets, including infrastructure.
- The Town's net position increased by \$114,370, or 0.36%, over 2018.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$26,399,331, an increase of \$4,323,902 from the prior year. Of the total fund balance, \$23,831,508 is non-spendable, or has been restricted or assigned for a specific purpose.
- The Town's long-term debt had a net increase of \$9,460,000 during 2019. Principal of \$40,000 was paid against debt incurred for sewer and water projects in 2004. There is a balance of \$95,000 left on this debt that is scheduled to be paid off by 2023. During 2019, a new 30-year bond was taken out in the amount of \$9,500,000 for the new community center. The Town is authorized to take out \$10,500,000 more in debt service for this project.
- The Town's tax rate for 2019 dropped slightly to a rate of \$3.85/thousand and there was a 3.48% increase in assessed value.
- Expenditures in the governmental funds increased over 2018 by \$8,264,388, or 59.34%. The primary driver in this increase was additional spending of \$7,607,916 on the community center and site and infrastructure improvements to Memorial Park. Other capital spending was up \$473,507, or 55.42%, over 2018. Salary and benefits were up \$89,003, or 1.19%, from the previous year. All other expenditures, primarily discretionary spending, were up 1.79%.
- The Town recognized over \$188,000 in grant revenue for special projects including youth programs, senior programs, library programs, the Paul Rd sidewalk extension, and a new pavilion at Hubbard Park.
- In 2019, \$4.6 million of budgeted and assigned funds were moved from the General Fund to the Capital Projects Fund for the community center and infrastructure project.
- As of December 31, 2019, there was \$1.4 million set aside in the General Fund assigned fund balance that is intended for use towards a series of ongoing and upcoming projects, including the construction of the community center, site and infrastructure improvements in the surrounding area, the reconstruction of the existing library to court space, and projects on the Archer Rd property.

OVERVIEW OF THE FINANCIAL STATEMENTS

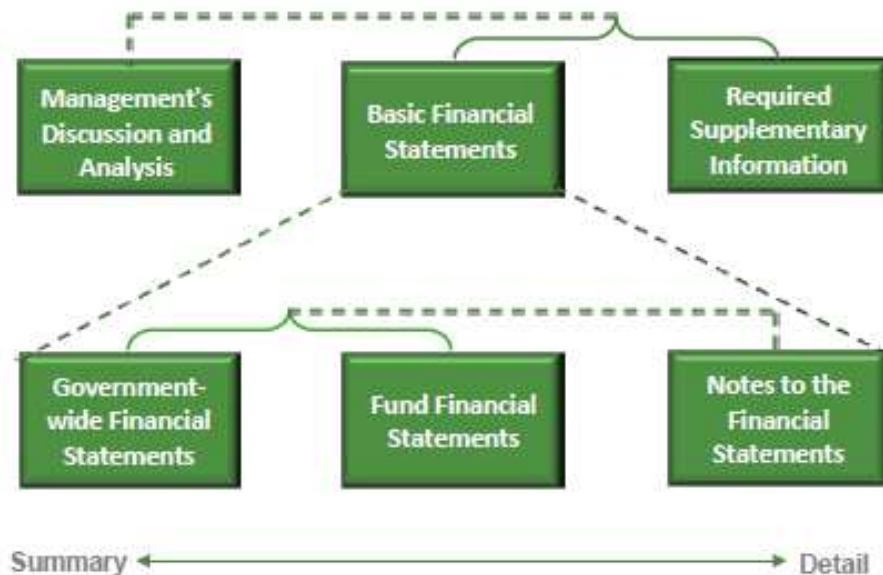
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the government-wide statements.

The governmental funds statements tell how basic services such as public safety and transportation were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the Town acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget for the year.



Major Features of the Government-Wide and Fund Financial Statements

The below chart summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

	Government-Wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire government (except Fiduciary Funds)	The activities of the Town that are not proprietary or fiduciary, such as public safety and transportation
Required financial statements	<ul style="list-style-type: none"> Statement of Net Position Statement of Activities 	<ul style="list-style-type: none"> Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/ liability information	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; generally no capital assets or long-term liabilities included
Type of inflow/ outflow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt).

These two statements report the Town's net position and changes to it. You can think of the Town's net position, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the Town's financial health, or financial condition. Over time, increases or decreases in the Town's net position are one indicator of whether its financial condition is improving or deteriorating. The Town's financial health refers to the Town's ability to (1) maintain existing service levels, (2) withstand local and regional economic disruptions, and (3) meet the demands of natural growth, decline, and change.

In the Statement of Net Position and Statement of Activities, the Town is represented by seven Governmental Activities principally supported by taxes and intergovernmental revenues (governmental activities). All of the Town's services are reported here, including public safety, public works, home and community services, parks, culture and recreation, debt and general administration.

State aid, sales tax, property tax and federal and state grants finance most of these activities. The Town maintains no business-type activities at this time.

Reporting the Town as a Whole

The analysis of the Town as a whole begins on page 19. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the method of accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the Town's Most Significant Funds

The analysis of the Town's major funds begins on page 21. The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds - not the Town as a whole. Some funds are required to be established by State law. However, the Town Board establishes other funds to control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

Governmental Funds

Fund financial statements are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. Because the focus of the fund statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for funds financial statements with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the fund basis balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison of the fund and government-wide financial statement.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, the Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$32,106,707 as of December 31, 2019. The Town's unrestricted net position is -\$10,963,792. This negative fund balance is reflective of retirement benefit liabilities the Town has, including OPEB (\$16,801,148), state pension (\$1,110,726), LOSAP pension (\$4,728,870) and unspent bond proceeds (8,685,740).

The Town's net position reflects \$32,737,631 of investments in capital assets (i.e. land, construction work in progress, buildings, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses the capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Town's restricted net position, \$10,332,868, is restricted for future capital projects, debt reductions, retirement contributions, self-funded liability insurance, workers' compensation insurance, LOSAP and other restricted programs.

The Town's cash and cash equivalents increased by \$5,535,188, or 29.61%, from 2018. This increase is reflective of \$8.6 million in serial bond proceeds for the community center the Town had at yearend. These unspent bond proceeds are considered restricted cash & cash equivalents on the financial statements. There is \$2,904,519 of reported investments that is restricted for the LOSAP program.

The Town's long-term liabilities increased \$12,636,269 over 2018. The Town's addition of \$9.5 million in long-term debt for the community center accounted for majority of the increase. Additional increases in the OPEB obligation (up \$2,639,119) and Town's portion of the State retirement system liability (up \$596,819) were partially offset by a decrease in the LOSAP liability (\$213,923).

Net capital assets increased 26.03%, primarily due to \$8.3 million in spending on the community center and infrastructure project. This change is reflective of \$2,545,858 in depreciation expense and \$1,338,166 of other new capital assets.

Overall, there was a 0.36% increase in total net position in 2019. For the fund based financial statements, the Town saw a 19.59% increase in fund balance. This significant increase is due to the bond proceeds received but not spent as of yearend for the community center project.

Table 1 reflects the Town's net position (dollars in thousands) as of December 31, 2019 and 2018.

Table 1

	Governmental Activities		% of Change
	2019	2018	
Current and other assets	\$ 28,309	\$ 22,840	23.94%
Capital assets not being depreciated	12,950	4,674	177.06%
Capital assets, net of accumulated depreciation	21,037	22,293	-5.63%
Total assets	62,296	49,807	25.07%
Deferred pension and OPEB outflows	5,695	6,079	-6.32%
Total deferred outflows of resources	5,695	6,079	-6.32%
Noncurrent liabilities	32,599	19,963	63.30%
Other liabilities	2,250	764	194.50%
Total liabilities	34,849	20,727	68.13%
Deferred pension and OPEB inflows	1,035	3,167	-67.32%
Total deferred inflows of resources	1,035	3,167	-67.32%
Net investments in capital assets	32,738	26,832	22.01%
Restricted for:			
Workers' compensation	1,208	1,287	-6.14%
Retirement contribution	383	327	17.13%
Insurance	537	528	1.70%
Capital projects	4,319	4,111	5.06%
Debt service	94	10	840.00%
Length of service award program	2,905	2,564	13.30%
Other restricted	887	762	16.40%
Unrestricted (deficit)	(10,964)	(4,429)	147.55%
Total net position	\$ 32,107	\$ 31,992	0.36%

The Town's government-wide net position increased \$114,370 in 2019.

Table 2 reflects the Town's changes in net position (dollars in thousands) for the years ended December 31, 2019 and 2018.

Table 2

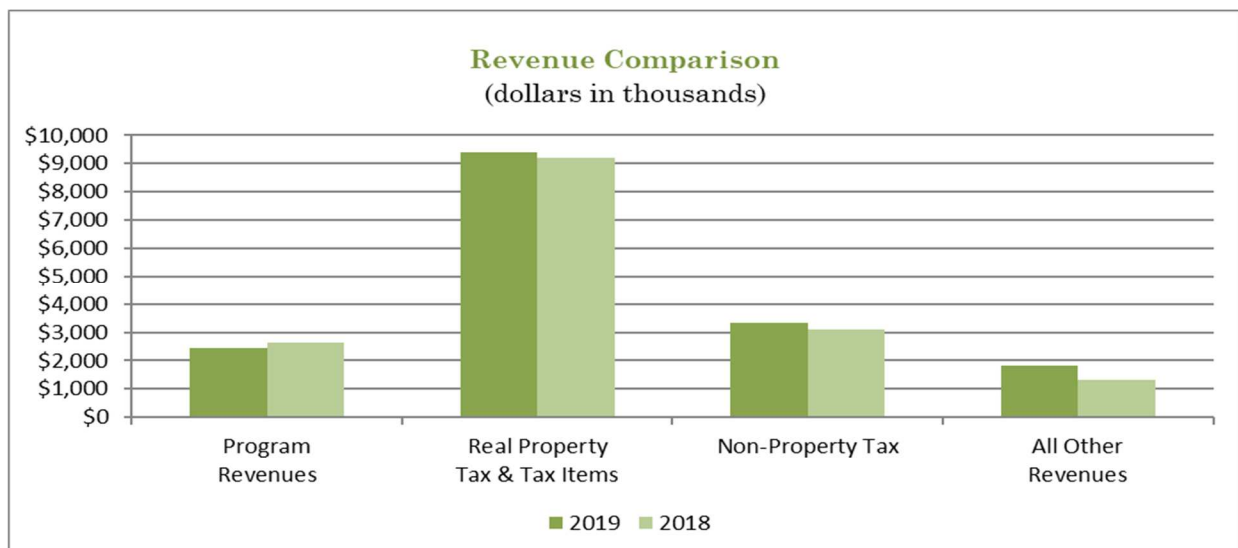
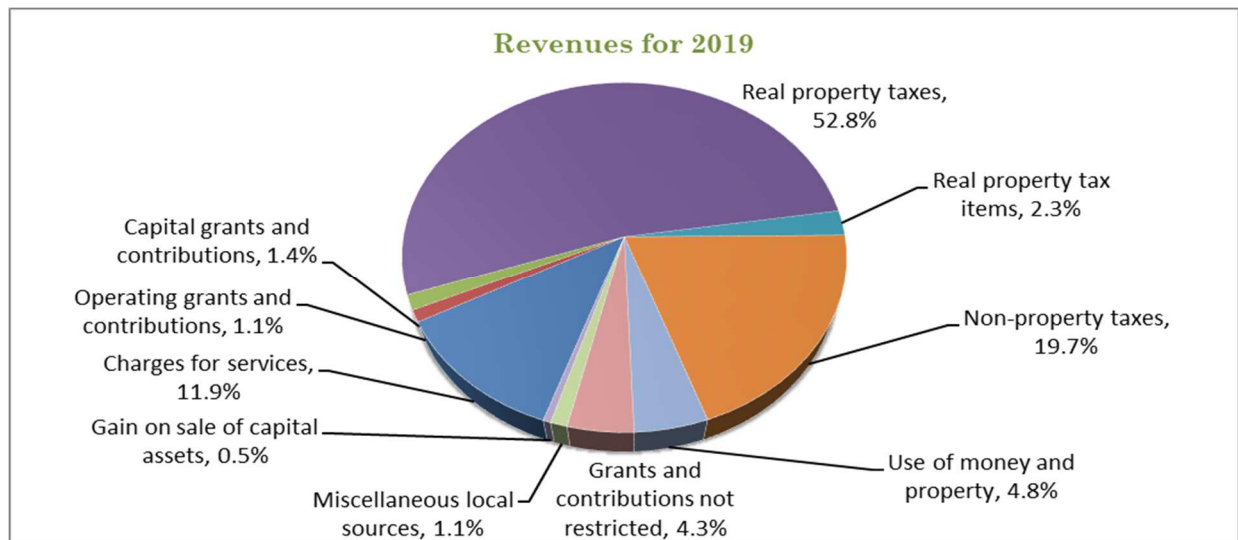
	Governmental Activities		% of Change
	2019	2018	
Program revenues:			
Charges for services	\$ 2,025	\$ 2,077	-2.50%
Operating grants and contributions	188	304	-38.16%
Capital grants and contributions	243	243	0.00%
General revenues:			
Real property taxes	8,992	8,785	2.36%
Real property tax items	388	409	-5.13%
Non-property taxes	3,345	3,080	8.60%
Use of money and property	810	95	752.63%
Grants and contributions not restricted	735	776	-5.28%
Miscellaneous local sources	182	414	-56.04%
Gain on sale of capital assets	82	38	115.79%
Total revenues	16,990	16,221	4.74%
Program expenses:			
General government	3,358	3,194	5.13%
Public safety	2,655	2,562	3.63%
Health	80	80	0.00%
Transportation	6,692	5,977	11.96%
Economic assistance and opportunity	233	209	11.48%
Culture and recreation	2,869	2,661	7.82%
Home and community service	982	1,031	-4.75%
Interest on debt	6	14	-57.14%
Total expenses	16,875	15,728	7.29%
Change in net position	115	493	-76.67%
Net position - January 1	31,992	31,499	1.57%
Net position - December 31	\$ 32,107	\$ 31,992	0.36%

Real property tax levy is the primary source of revenues to support taxpayer services and accounted for 52.8% of all revenues.

The decrease of 6.40% in program revenues is reflective of larger grants and significant one-time permits received in 2018. Real property tax items decreased due to expired PILOT agreements. The Town benefited from more effectively investing funds, which resulted in an increase of \$668,679 in interest and earnings. Significant one-time self-insurance recoveries that were received in 2018 were not received in 2019, resulting in a decrease to the miscellaneous sources.

The Town saw a 9.51% increase in sales tax but a 6.88% decrease in mortgage tax, which are highly volatile revenue streams. The Town budgets conservatively for these revenues given their unpredictability.

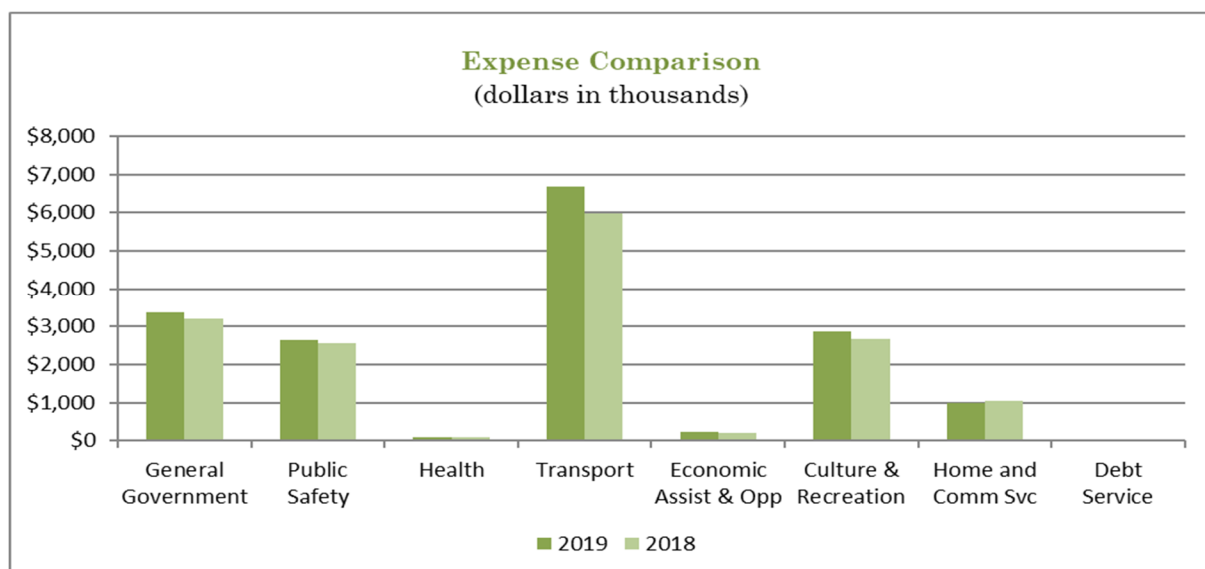
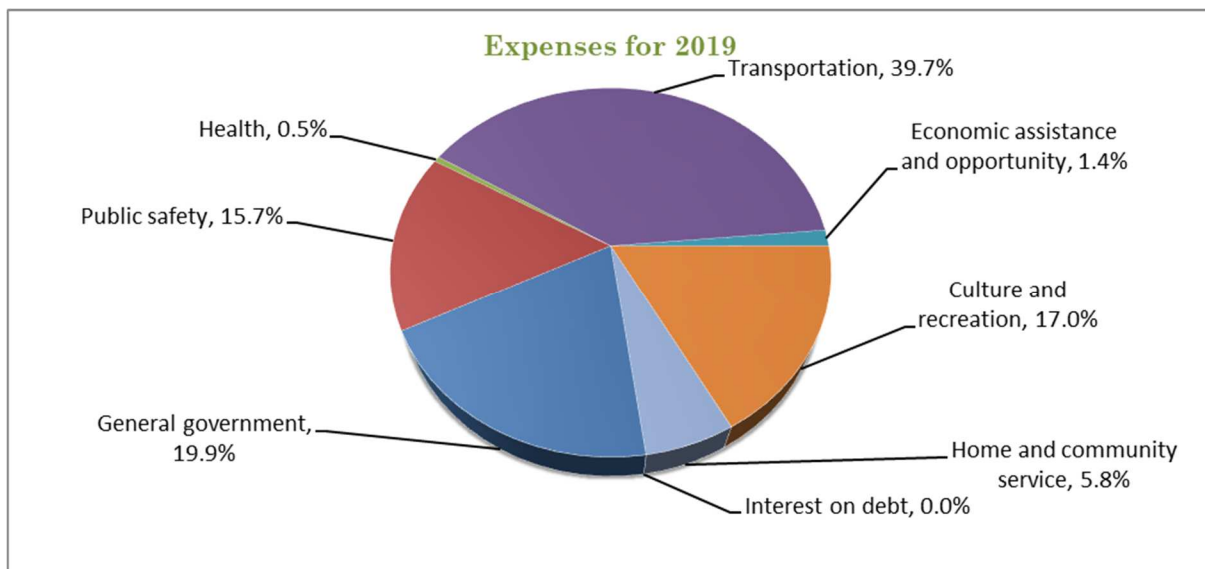
The Town continuously seeks out opportunities to obtain grants from the County, State and Federal governments that are used to help offset many of the Town's special projects. The Town recognized revenues of over \$431,000 of grant money for various projects in 2019.



Transportation, which includes the maintenance of roads and snow removal, remains the primary operational expense. Culture and Recreation expenditures cover the Town's library as well as parks and recreation. Services such as safety inspections, dog control, fire protection and ambulance services are classified as Public Safety. In addition to administration wages, utilities, building maintenance and liability insurances, the General Government classification also covers court, assessor, tax and clerk expenses.

Program expenses were up 7.29% in 2019. These expenses include not only operational expenses (as reported in the fund financial statements), but also depreciation, long-term debt and post-employment benefits such as OPEB and pensions.

Operational expenses were up \$8,264,388 from 2018 (59.34%). Majority of this increase was due to the community center and infrastructure project (up \$7.6 million). Increases in equipment, \$329,000 of which was encumbered from 2018, drove the remaining increase.



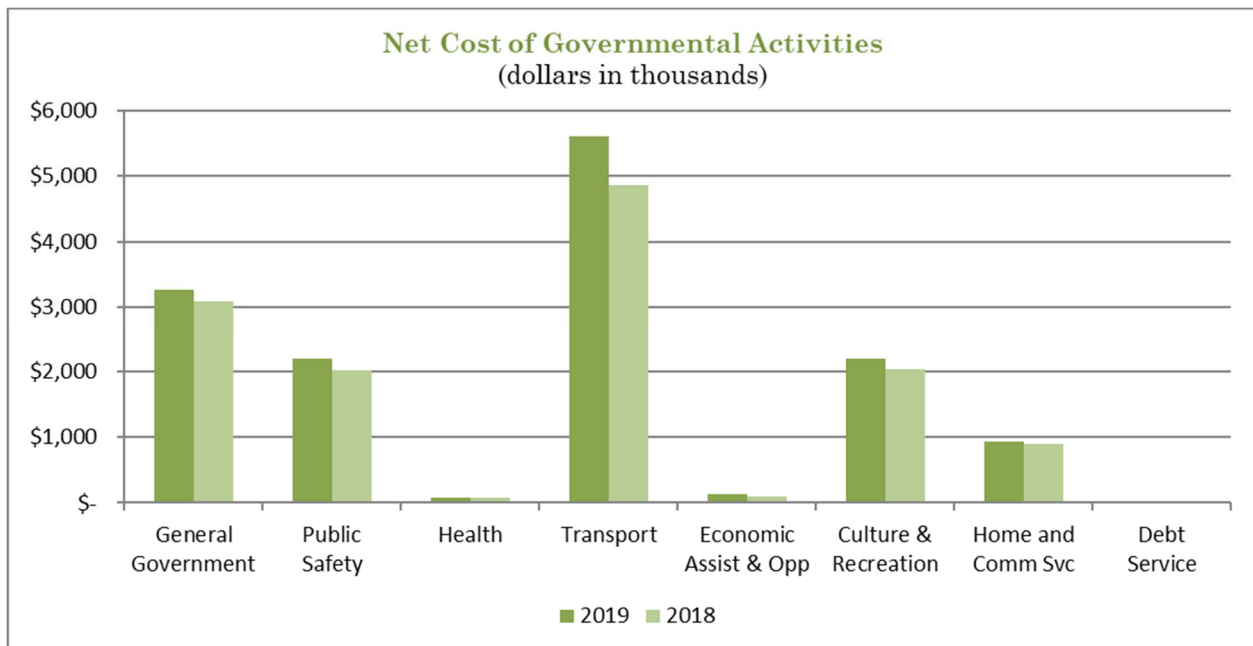
Net cost is the total cost of services less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the Town's taxpayers by each major governmental function (activity).

Increases to depreciation and long-term debt, including OPEB, workers' compensation and the pension liability led to overall increases across all sectors, specifically transportation and culture.

Table 3 reflects the Town's net cost of governmental activities (dollars in thousands) for the years ended December 31, 2019 and 2018.

Table 3

	Total Cost of Services		% of Change	Net Cost of Services		% of Change
	2019	2018		2019	2018	
General government	3,358	\$ 3,194	5.13%	\$ 3,256	\$ 3,091	5.34%
Public safety	2,655	2,562	3.63%	2,192	2,023	8.35%
Health	80	80	0.00%	80	80	0.00%
Transportation	6,692	5,977	11.96%	5,619	4,872	15.33%
Economic assistance and opportunity	233	209	11.48%	123	94	30.85%
Culture and recreation	2,869	2,661	7.82%	2,203	2,041	7.94%
Home and community service	982	1,031	-4.75%	941	889	5.85%
Debt service	6	14	-57.14%	6	14	-57.14%
Total	<u>\$ 16,875</u>	<u>\$ 15,728</u>	<u>7.29%</u>	<u>\$ 14,420</u>	<u>\$ 13,104</u>	<u>10.04%</u>



FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS

Overall, the Town continues to maintain healthy fund balances. The percentage of unassigned fund balances to current year expenditures (excluding disbursements from reserves and inter-fund transfers) for the General Fund is 44%. The Town has recorded \$1,400,000 to assigned unappropriated fund balance, which is intended to be used towards a series of ongoing and upcoming projects, including the construction of the new community center and site and infrastructure improvements in the surrounding area, the reconstruction of the existing library to court space, and projects on the Archer Road property.

The Town maintains and utilizes reserves as a mechanism for financing infrastructure and equipment, providing a degree of financial stability by reducing reliance on indebtedness to finance capital projects and acquisitions, and in uncertain economic times, provide budgetary options to mitigate the need to cut services or raise taxes. In good times, money not needed for current purposes is sometimes set aside in reserves for future use.

To that end, the Town has in facility capital reserves \$2,903,000. Funds from these reserves are held to offset future significant, unexpected needs for the Town facilities. In addition, as laid out in the community center plans, the Town intends on consolidating the remaining administrative functions (moving the court into the Town Hall), and the cost of this portion of the project is expected to be paid from these reserve funds. The Town's liability and self-insured plans are protected by \$1,746,000 in reserves. These funds are continuously used to offset claim deficits as well as higher premiums, stabilizing ongoing budgeted expenses. Other Town reserves are used towards new equipment purchases, Town comprehensive plans and the Town's five-year cyclical reassessment plans.

The Highway Townwide assigned unappropriated fund balance is \$1,819,289, or 40% of current year expenditures (excluding disbursements from reserves and inter-fund transfers). The Highway Townwide fund balance decreased \$48,635, due to planned usage of fund balance and encumbrances from 2018. Inter-governmental charges were up \$72,435 over 2018, but snow and ice revenues were down \$18,068. Interest was up \$48,789 due to better investment opportunities. Expenses were up \$757,610 from 2018; however, \$272,497 was encumbered from 2018 for equipment purchases, which gave the appearance of lower expenses in 2018 and higher in 2019. Contractual expenses were up \$122,523 due to additional road construction done in 2019. Capital reserves were decreased by \$13,027.

The Fire Protection Districts' assigned unappropriated fund balance, excluding appropriations for next year, was \$136,719, or 7% of current year expenditures. The LOSAP program had earnings of \$345,000, after losing \$108,000 the prior year.

The Capital Projects Fund saw major increases, which came from two different sources. Through the budget process, and the allocation of assigned fund balance, the Town transferred \$4,600,000 to community center and infrastructure project. In December 2019, the Town also received \$9,500,000 in new bonds for the community center project. There was \$7,939,000 in spending on this project in 2019, which is expected to be completed spring 2021.

Table 4 reflects the Town's revenues, expenditures and changes in fund balances for the major governmental funds (dollars in thousands) for the years ended December 31, 2019 and 2018. Other financing sources and uses are included.

Table 4

	2019			
	Revenues	Expenditures	Fund Balances	Changes in Fund Balances
General Fund	\$ 8,164	\$ 10,555	\$ 11,196	\$ (2,391)
Highway Townwide Fund	4,656	4,705	3,119	(49)
Capital Projects Fund	14,146	7,939	7,396	6,207
Fire Protection Districts Fund	2,281	1,922	3,085	359

	2018			
	Revenues	Expenditures	Fund Balances	Changes in Fund Balances
General Fund	\$ 8,010	\$ 7,529	\$ 13,587	\$ 481
Highway Townwide Fund	4,601	3,947	3,168	654
Capital Projects Fund	1,521	355	1,189	1,166
Fire Protection Districts Fund	1,738	1,833	2,726	(95)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Town Board may make amendments to the original budget. One type of budget amendment occurs shortly after the first of the year to modify the original budget with any approved grant items, as well as, supplemental appropriations which were carried over from the previous year. Another type of budget amendment includes changes the Town Board makes through the year to approve increases in appropriations to prevent budget overruns. Any budget amendment requires the approval of the Town Board.

The General Fund realized a fund balance at December 31, 2019, of \$11,196,017. Of this total fund balance, \$8,548,423 has been restricted or assigned for specific purposes. Unexpected increase in fund balance are always used towards funding subsequent years' budgets, as well as reserves, and the Town that its fund balances are reasonable and appropriate for its current and future needs.

Contributing to the variances from the budget to actual are the following factors:

The Town's General Fund 2019 adopted budget for non-property tax revenue was \$2,230,000, but actually recognized revenues of \$3,345,038. Majority of this overage is from the Town's portion of sales tax, which is volatile and unpredictable, and completely dependent upon economic circumstances. Since a drop in 2009, there has been a steady increase in sales taxes over the past 10 years. The Town recognizes the budget to actual gap and does take strides to close it, doing so cautiously as to not hinder future years. Over the past five years, revenues are up 41%, and the budget has increased 106%. The year ended with the two highest sales tax revenue quarters ever.

Use of money and property was \$248,238 over budget. Majority of this was due to investments. In 2018, the Town began new investment strategies for its funds, and continued those efforts in 2019.

This resulted in town-wide interest increasing from \$11,272 in 2017 to \$159,421 in 2018 to \$375,020 in 2019. There were much higher interest rates than the Town had seen the previous 10 years, and the Town was able to invest funds it is waiting to spend on current and upcoming projects. Interest rates began to decline over late 2019.

Licenses and permits were \$184,626 over budget. There was a single, one-time substantial permit, which led to much of the increase, well above traditional revenue trends, so it was not expected or budgeted for. The Town also benefited from self-insurance recoveries in the amount of \$125,971, which is not budgeted for, as it is not expected.

The Town's General Fund 2019 modified budget for State aid was \$385,284, but had recognized revenues of \$573,793. State aid includes receipt of mortgage tax revenue, which came in over budget by \$201,156, but was down \$41,000 from the previous year. Similar to sales tax, this revenue stream can be volatile and unpredictable, and therefore the Town takes a conservative approach when budgeting it. After hitting a 13-year high in 2017, the Town has now seen two straight years of decline.

The Town's General Fund expenditures (excluding other financing sources or uses) were approximately \$720,000 below modified budget amounts. The Town continues to focus on cost savings and responsible spending habits that have led to the reduction in expenditures compared to budget. The Town expended approximately \$303,000 less than the modified budget in the General Government accounts; \$41,000 less in the area of Public Safety; \$23,000 less in the area of Transportation; \$17,000 less in Economic Assistance and Opportunity; \$168,000 less in the area of Culture and Recreation and \$72,000 less in the area of Home and Community Services. Employee benefits were \$96,000 under budget due in part to favorable actual rates over budgeted medical benefits.

There was an encumbrance of \$36,000 for equipment, which will be carried over to 2020. Specific areas of savings include \$123,000 in labor costs, \$87,000 in attorney fees, \$60,000 in facility costs, and \$93,000 in parks and recreation. The Town has assigned an amount of \$1,100,000 to balance the 2020 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2019, amounts to \$32,737,631 (net of related debt). This investment in capital assets includes land, construction work in progress, historical collections, buildings, improvements, machinery and equipment and infrastructure.

Table 5 reflects the Town's capital assets, net of depreciation (dollars in thousands) as of December 31, 2019 and 2018. Additional information on the Town's capital assets can be found in Note 2 to the financial statements.

Table 5

	Governmental Activities	
	2019	2018
Land	\$ 4,323	\$ 4,327
Construction work in progress	8,611	332
Historical collections	15	15
Buildings	9,732	10,109
Improvements	173	188
Machinery and equipment	4,075	3,643
Infrastructure	7,058	8,353
Total	<u>\$ 33,987</u>	<u>\$ 26,967</u>

Long-term obligations

At the end of the current year, the Town had total bonded debt outstanding of \$9,595,000. Of this amount, \$8,685,740 is unspent at yearend. This entire amount is backed by the full faith and credit of the Town of Chili. As of December 31, 2019, the Town's outstanding debt is rated Aa2 with Moody's Investor Service.

Table 6 reflects the Town's outstanding long-term obligations (dollars in thousands) as of December 31, 2019 and 2018. Additional information on the Town's long-term obligations can be found in Note 2 to the financial statements.

Table 6

	Governmental Activities	
	2019	2018
General obligation on debt:		
Serial Bonds	\$ 9,595	\$ 135
Premium	26	-
Compensated absences	243	209
Post employment benefits	16,801	14,162
Workers' compensation	94	-
Net pension liability	1,111	514
LOSAP liability	4,729	4,943
Total	<u>\$ 32,599</u>	<u>\$ 19,963</u>

FACTORS BEARING ON THE TOWN'S FUTURE

- New York State does not currently allow any sort of pre-funding vehicle for Other Post-Employment Benefits (OPEB), and so this liability is reflected on our Statement of Net Position in its entirety as unfunded. Historically the Town has paid its OPEB obligations from annual operating expenses, and expects to continue this practice into the foreseeable future. Should the NYS Legislature enact legislation that would allow the establishment of an OPEB reserve, the Town would consider its options at that time.
- Existing bond debt service of \$9,595,000 will continue to be paid off through 2049. Of this total debt, \$40,000 is due to be paid in 2020.
- On June 19, 2018, a public referendum was held and passed, giving the Town approval to construct a new community center. The project will be paid for in part by a new bond issuance, not to exceed \$20 million dollars. Of this amount, \$9,500,000 has been borrowed already, and \$10,500,000 is still available to the Town to borrow. This open bond could affect future expenses, the Town's tax rate, and the Town's ability to stay within the Tax Cap guidelines.
- The Town and the Union operate under a contract that was ratified October 2016. This contract is valid from January 1, 2017 to December 31, 2021.
- The 2020 budget exceeded the NYS Property Tax Cap guidelines. The ability to stay under the cap will be evaluated on an annual basis.
- The tax rate for 2020 increased to a rate of \$3.97 per \$1,000 of assessed value while reflecting taxable assessment base growth of 4.93%.
- The Town's conservative approach to budgeting and spending has allowed it to maintain the services its residents need and expect, and maintain a tax rate it feels is fair and stable. Some revenue sources such as sales and mortgage tax are extremely volatile and unpredictable, but the Town continuously reviews and makes adjustments as necessary. Any increases to fund balances are used towards future considerations and balancing the annual budget. They also are used to offset ongoing rising costs of certain necessary and contractual expenses, such as employee salaries and benefits, equipment, road salt and asphalt. Moreover, the Town contends with State actions and economic environments that are out of the Town's control, but have a direct effect on the Town, and threaten the Town's revenue and expense streams.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town's citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact David Dunning, Town Supervisor, Town of Chili, New York.

STATEMENT OF NET POSITION

December 31, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 15,465,839
Cash and cash equivalents, restricted	8,685,740
Certificates of deposit	79,644
Accounts receivable	5,265
State and federal receivables	10,170
Due from other governments	1,002,079
Prepaid items	155,871
Investments, restricted	2,904,519
Capital assets not being depreciated	12,949,784
Capital assets, net of accumulated depreciation	21,037,220
Total assets	62,296,131
Deferred Outflows of Resources	
Deferred outflows related to pensions and post-employment benefits	5,110,064
Deferred pension outflows, contributions subsequent to measurement date	584,577
Total deferred outflows of resources	5,694,641
Liabilities	
Accounts payable	1,617,263
Accrued liabilities	161,806
Retainage payable	340,113
Unearned revenue	130,727
Noncurrent liabilities:	
Due within one year	96,522
Due in more than one year	32,502,615
Total liabilities	34,849,046
Deferred Inflows of Resources	
Deferred inflows related to pensions and post-employment benefits	1,035,019
Total deferred inflows of resources	1,035,019
Net Position	
Net investment in capital assets	32,737,631
Restricted for:	
Workers' compensation	1,208,452
Retirement contribution	382,949
Insurance	537,463
Capital projects	4,318,662
Debt service	93,854
Length of service award program	2,904,519
Other restricted	886,969
Unrestricted (deficit)	(10,963,792)
Total net position	\$ 32,106,707

See accompanying notes to basic financial statements

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Government activities:					
General government	\$ 3,357,721	\$ 79,859	\$ 21,736	\$ -	\$ (3,256,126)
Public safety	2,654,968	462,918	-	-	(2,192,050)
Health	80,000	-	-	-	(80,000)
Transportation	6,692,575	773,219	57,000	243,193	(5,619,163)
Economic assistance and opportunity	233,597	64,005	46,946	-	(122,646)
Culture and recreation	2,868,631	603,314	62,512	-	(2,202,805)
Home and community services	982,074	41,265	-	-	(940,809)
Interest on debt	6,133	-	-	-	(6,133)
Total governmental activities	<u>\$ 16,875,699</u>	<u>\$ 2,024,580</u>	<u>\$ 188,194</u>	<u>\$ 243,193</u>	(14,419,732)
General revenues and gain on sale of capital assets:					
Real property taxes					8,992,189
Real property tax items					388,118
Non-property taxes					3,345,038
Use of money and property					809,644
Grants and contributions not restricted for a specific purpose					735,165
Miscellaneous local sources					182,398
Gain on sale of capital assets					81,550
Total general revenues and gain on sale of capital assets					<u>14,534,102</u>
Change in net position					114,370
Net position - January 1					<u>31,992,337</u>
Net position - December 31					<u>\$ 32,106,707</u>

See accompanying notes to basic financial statements

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

		Special Revenue				
	General	Highway Townwide	Capital Projects	Fire Protection Districts	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 10,475,344	\$ 3,203,303	\$ -	\$ 180,219	\$ 1,606,973	\$ 15,465,839
Cash and cash equivalents, restricted	-	-	8,685,740	-	-	8,685,740
Certificates of deposit	-	-	-	-	79,644	79,644
Accounts receivable	5,265	-	-	-	-	5,265
State and federal receivables	10,170	-	-	-	-	10,170
Due from other funds	-	53,528	-	-	-	53,528
Due from other governments	933,348	66,085	-	-	2,646	1,002,079
Prepaid items	79,771	57,508	-	-	18,592	155,871
Investments, restricted	-	-	-	2,904,519	-	2,904,519
Total assets	<u>\$ 11,503,898</u>	<u>\$ 3,380,424</u>	<u>\$ 8,685,740</u>	<u>\$ 3,084,738</u>	<u>\$ 1,707,855</u>	<u>\$ 28,362,655</u>
Liabilities						
Accounts payable	\$ 213,016	\$ 79,747	\$ 1,290,006	\$ -	\$ 34,494	\$ 1,617,263
Accrued liabilities	90,737	50,810	-	-	20,259	161,806
Due to other funds	4,128	-	-	-	49,400	53,528
Unearned revenues	-	130,727	-	-	-	130,727
Total liabilities	<u>307,881</u>	<u>261,284</u>	<u>1,290,006</u>	<u>-</u>	<u>104,153</u>	<u>1,963,324</u>
Fund Balances						
Non-spendable	79,771	57,508	-	-	18,592	155,871
Restricted	6,012,749	434,777	-	2,904,519	980,823	10,332,868
Assigned	2,535,674	2,626,855	7,395,734	180,219	604,287	13,342,769
Unassigned	2,567,823	-	-	-	-	2,567,823
Total fund balances	<u>11,196,017</u>	<u>3,119,140</u>	<u>7,395,734</u>	<u>3,084,738</u>	<u>1,603,702</u>	<u>26,399,331</u>
Total liabilities and fund balances	<u>\$ 11,503,898</u>	<u>\$ 3,380,424</u>	<u>\$ 8,685,740</u>	<u>\$ 3,084,738</u>	<u>\$ 1,707,855</u>	<u>\$ 28,362,655</u>

See accompanying notes to basic financial statements

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

December 31, 2019

Amounts reported for governmental activities in the Statement of Net Position (page 19) are different because:

Total fund balance - governmental funds (page 21)	\$ 26,399,331
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds.

Cost of capital assets	78,184,802	
Accumulated depreciation	(44,197,798)	
		33,987,004

Capital assets, net of depreciation

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.

Retainage payable	(340,113)	
Serial bonds	(9,595,000)	
Premium liability	(26,322)	
Compensated absences	(242,969)	
Post-employment benefits (OPEB)	(16,801,148)	
Workers' compensation	(94,102)	
ERS net pension liability	(1,110,726)	
LOSAP pension liability	(4,728,870)	
		(32,939,250)

Total long-term liabilities

Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds.

OPEB deferred outflows and inflows	4,269,818	
ERS pension deferred outflows and inflows	514,698	
LOSAP pension deferred outflows and inflows	(124,894)	
		4,659,622

Total deferred outflows and inflows

Net position of governmental activities	\$ 32,106,707
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See accompanying notes to basic financial statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	General	Special Revenue			Non-Major Governmental Funds	Total Governmental Funds
		Highway Townwide	Capital Projects	Fire Protection Districts		
Revenues						
Real property taxes	\$ 1,972,113	\$ 3,442,762	\$ -	\$ 1,932,768	\$ 1,644,546	\$ 8,992,189
Real property tax items	388,118	-	-	-	-	388,118
Non-property taxes	3,345,038	-	-	-	-	3,345,038
Departmental income	602,901	-	-	-	135,707	738,608
Intergovernmental charges	88,541	740,371	-	-	-	828,912
Use of money and property	298,476	78,865	46,004	348,007	38,292	809,644
Licenses and permits	356,426	-	-	-	-	356,426
Fines and forfeitures	107,429	-	-	-	-	107,429
Sales of property and compensation for loss	128,927	112,398	-	-	11,565	252,890
Miscellaneous local sources	276,872	18,692	-	-	43,265	338,829
State sources	573,793	243,193	-	-	15,000	831,986
Total revenues	8,138,634	4,636,281	46,004	2,280,775	1,888,375	16,990,069
Expenditures						
Current:						
General government	2,379,143	-	-	-	13,100	2,392,243
Public safety	425,538	-	-	1,633,411	-	2,058,949
Health	-	-	-	-	80,000	80,000
Transportation	333,816	3,719,950	-	-	162,467	4,216,233
Economic assistance and opportunity	156,724	-	-	-	5,265	161,989
Culture and recreation	941,401	-	-	-	928,971	1,870,372
Home and community services	544,210	-	-	-	150,707	694,917
Employee benefits	1,153,155	959,966	-	288,373	330,588	2,732,082
Capital outlay:						
Culture and recreation	-	-	7,939,571	-	-	7,939,571
Debt service:						
Principal	-	-	-	-	40,000	40,000
Interest	-	-	-	-	6,133	6,133
Total expenditures	5,933,987	4,679,916	7,939,571	1,921,784	1,717,231	22,192,489

See accompanying notes to basic financial statements

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
(continued)

For the Year Ended December 31, 2019

	Special Revenue				Non-Major	Total
	General	Highway Townwide	Capital Projects	Fire Protection Districts	Governmental Funds	Governmental Funds
Excess (deficit) of revenues over expenditures	2,204,647	(43,635)	(7,893,567)	358,991	171,144	(5,202,420)
Other Financing Sources (Uses)						
Proceeds from Serial Bonds	-	-	9,500,000	-	-	9,500,000
Premiums on Obligations	-	-	-	-	26,322	26,322
Interfund transfers in	25,000	20,000	4,600,000	-	61,599	4,706,599
Interfund transfers out	(4,620,500)	(25,000)	-	-	(61,099)	(4,706,599)
Total other financing sources (uses)	(4,595,500)	(5,000)	14,100,000	-	26,822	9,526,322
Net change in fund balances	(2,390,853)	(48,635)	6,206,433	358,991	197,966	4,323,902
Fund balances - January 1	13,586,870	3,167,775	1,189,301	2,725,747	1,405,736	22,075,429
Fund balances - December 31	<u>\$ 11,196,017</u>	<u>\$ 3,119,140</u>	<u>\$ 7,395,734</u>	<u>\$ 3,084,738</u>	<u>\$ 1,603,702</u>	<u>\$ 26,399,331</u>

See accompanying notes to basic financial statements

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended December 31, 2019

Amounts reported for governmental activities in the Statement of Activities (page 20) are different because:

Net change in fund balances - total governmental funds (page 24) \$ 4,323,902

Governmental funds report capital outlays as expenditures while the Statement of Activities reports depreciation expense to allocate those expenditures over the their estimated useful lives.

Capital outlays	9,617,851	
Current year depreciation	<u>(2,545,858)</u>	
		7,071,993

In the Statement of Activities, only the gain (loss) on capital assets is reported while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset. (52,488)

The issuance of long-term debt provides current financial resources to governemnetal funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term debit and the related items is as follows:

Proceeds from sales of bonds	(9,500,000)	
Principal payments of bonds	40,000	
Premium on new bond issuances	<u>(26,322)</u>	
		(9,486,322)

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.

Change in retainage payable	(340,113)	
Change in compensated absences liability	(33,830)	
Change in OPEB obligation	(2,639,119)	
Change in workers' compensation liability	(94,102)	
Change in ERS net pension liability	(596,819)	
Change in LOSAP pension liability	213,923	
Change in deferred outflows and inflows related to OPEB	1,489,954	
Change in deferred outflows and inflows related to ERS pensions	528,336	
Change in deferred outflows and inflows related to LOSAP pensions	<u>(270,945)</u>	
		<u>(1,742,715)</u>

Change in net position of governmental activities \$ 114,370

See accompanying notes to basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Chili (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. REPORTING ENTITY

The Town reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefine and establish the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Town, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Town.

B. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE STATEMENTS

The Statement of Net Position and the Statement of Activities present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operation or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and direct revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Direct or program revenues include fees, fines and charges paid by the recipients of goods or services offered by the programs. Operating grants include program-specific and discretionary grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as direct revenues, including property taxes, non-property taxes, investment earnings, and general state aid are presented as general revenues.

2. FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is

considered separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

Major Governmental Funds

The General Fund is the principal operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Highway Townwide Fund is established pursuant to Highway Law Section 141 to account for revenues and expenditures for highway purposes.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Fire Protection District funds are used to account for revenues and expenditures for Fire Protection District purposes.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town generally considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pension costs, and compensated absences, which are recognized as expenditures when paid. General capital asset acquisitions are

reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

D. PROPERTY TAXES

The Monroe County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Monroe County real property taxes. Property taxes are levied and become a lien as of January 1st based on assessed property values as of that date. Tax payments are due and collected during the period January 1st to May 31st.

The tax roll is returned to the Monroe County Commissioner of Finance after May 31st at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

The Town also bills and collects taxes for the four school districts within Town limits. Collections of the school district taxes and remittances of them are accounted for by the Receiver of Taxes, independent of Town operations.

E. CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

The Town's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The Town's certificates of deposit consist of investments with original maturities of greater than three months from date of acquisition, and are valued at cost.

F. RESTRICTED ASSETS

Proceeds from serial bonds are classified on the balance sheet as restricted because their use is limited.

Investments in the Length of Service Award Program (LOSAP) are held by RBC Wealth Management in a grantor/rabbi trust account in the Town's name. These assets are primarily invested in exchange traded funds, mutual funds and cash deposits. The Town's LOSAP investments are reported at fair value. None of the Town's investments are subject to concentration of credit risk.

G. ACCOUNTS RECEIVABLE

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts, however, no allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H. DUE TO/FROM OTHER FUNDS

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and from other funds."

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in Note 2., A., 3.

I. PREPAID ITEMS

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is record as expense/expenditures when consumed rather than when purchased.

J. CAPITAL ASSETS

Government-wide statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Prior to January 1, 1980, governmental funds' infrastructure assets were not capitalized. The Town has elected to adopt the more liberal provisions of GASB Statement No. 34 which allows retroactive reporting of only major general infrastructure assets acquired, significantly reconstructed or that received significant improvements in fiscal years ending after December 31, 1979. Capital assets are reported at actual cost for acquisitions subsequent to January 1, 2004.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 25,000	N/A	N/A
Buildings	50,000	straight-line	20 - 40 years
Improvements	50,000	straight-line	10 - 20 years
Machinery and equipment	5,000	straight-line	3 - 10 years
Infrastructure	50,000	straight-line	25 - 50 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

K. DEFERRED OUTFLOWS/ INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town currently has three items that qualify for reporting in this category. They represent the effect of the net change in the Town's OPEB obligation, the Town's proportion of the collective ERS net pension liability as well as the LOSAP pension liability and the difference during the measurement period

between the Town's contributions and its proportional share of the total contributions to the pension systems and OPEB not included in expense. Also included is the Town's contributions to the pension system subsequent to the measurement date. See details of deferred OPEB outflows in Note 2., B., 2, deferred ERS pension outflows in Note 2., B., 3, and details of the deferred LOSAP pension outflows in Note 2., B., 4.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has three items that qualify for reporting in this category. They represent the effect of the net change in the Town's OPEB obligation, the Town's proportion of the collective net pension liability as well as the LOSAP pension liability and difference during the measurement periods between the Town's contributions and its proportional share of total contributions to the pension systems and OPEB not included in expense. See details of deferred OPEB inflows in Note 2., B., 2., deferred ERS pension inflows in Note 2., B., 3, and details of the deferred LOSAP pension inflows in Note 2., B., 4.

L. UNEARNED REVENUE

The Town reports unearned revenue on its balance sheet. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when the Town receives resources before it has legal claim to them. In subsequent periods, when both recognition criteria are met, or when the Town has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. As of December 31, 2019, the Town recognized a liability for unearned revenue in the amount of \$130,727 in the Highway Fund, representing a receipt from New York State for snow and ice services. All of this unearned revenue is expected to be recognized as revenue in 2020.

M. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of serial bonds, compensated absences, other post-employment benefits, workers' compensation liability, ERS net pension liability and LOSAP pension liability.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures.

In the fund financial statements, governmental fund types recognize bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. COMPENSATED ABSENCES

The Town labor agreements provide for sick leave, vacations and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for paid medical premiums and/or payment for value of unused sick leave. These payments are budgeted annually without accrual.

Compensated absences for government fund type employees are reported as a fund liability and expenditure in the government-wide financial statements. The compensated absences liability for the Town at the year-end totaled \$242,969.

Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payment is not readily determinable. However, management believes that sufficient resources will be made available for the payment of compensated absences when such payments become due.

O. OTHER POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits (as described in Note 2., B., 3 and 4), the Town provides health insurance coverage for current and future retirees and their families as described at Note 2., B., 2.

P. NET POSITION AND FUND BALANCE

Government-wide statements

In the government-wide statements there are three classes of fund balances to be reported including net investment in capital assets, restricted and unrestricted. These classes are explained further in Note 2., C.

Fund statements

In the fund statements there are potentially five classes of fund balances to be reported including non-spendable, restricted, committed, assigned and unassigned. These classes are explained further in Note 2., C.

Net position flow assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to be depleted before unrestricted net position.

Fund balance flow assumptions

The Town adopted a formal spending policy, under the provisions of GASB Statement No. 54, stating the Town Board will assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classifications will be charged.

Q. REVENUESRevenue restrictions

The Town has various restrictions placed over certain revenues from sources subject to state or local requirements. The primary restricted revenues source are those revenues raised for the special district special revenue funds.

Program revenues

Amounts reported as program revenues include:

- a. Charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and
- b. Grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment.

All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

R. INTERFUND TRANSFERS

The operations of the Town give rise to certain transactions between funds, including transfers of expenditures and revenues to provide services and construct assets as described at Note 2., A., 3.

S. INSURANCE

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage for the past three fiscal years.

T. LABOR RELATIONS

Some Town employees are represented by a collective bargaining unit with the balance of employees governed by Town Board rules and regulations. The current contract with AFSCME expires December 31, 2021.

U. ENCUMBRANCES

In governmental funds, encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations is employed as a control in preventing over-expenditure of established appropriations.

Open encumbrances are reported as restriction or assignment of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

V. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

W. NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended December 31, 2019, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*; and Statement No. 90, *Majority Equity Interest – an Amendment of GASB Statements No. 14 and 61*.

The primary objective of Statement No. 83 is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirement for these obligations.

The primary objective of Statement No. 84 is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

The primary objective of Statement No. 88 is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt.

The primary objective of Statement No. 90 is to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financials statement information for certain component units.

The Town evaluated Statements Nos. 83, 88 and 90 and determined that there was no material impact on the financial statements.

The GASB has recently issued the following new statements:

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020;
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2020;
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2021; and
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2021.

The Town is currently reviewing these statements and plans on adoption, as required.

NOTE 2 - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**A. ASSETS****1. DEPOSITS AND INVESTMENTS**

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Director of Finance is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The Town's deposits were fully collateralized as of December 31, 2019.

Investment and Deposit Policy

The Town follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Director of Finance of the Town.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Restricted Investments Risk

Restricted investments are recorded at fair value, and are subject to risk due to the inherent nature of the types of investments.

Credit Risk

The Town's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Town's investment and deposit policy authorizes the reporting entity to purchase investments including the following:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Town's investment and deposit policy, all deposits of the Town including demand deposits, certificates of deposit and special time deposits that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC), including pursuant to a Deposit Placement Program in accordance with law, shall be secured by a pledge of securities with an aggregate value equal to 100% or greater of the aggregate amount of deposits. The Town restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

Investment Pool - NYCLASS

NYCLASS is rated by S&P Global Ratings. The Current rating is 'AAAm.' The dollar weighted average to maturity (WAM) of NYCLASS at June 30, 2019, is 54 days. Next interest reset dates for floating rate securities are used in the calculation of the WAM. The Weighted average live (WAL) of NYCLASS at June 30, 2019, is 79 days.

2. RECEIVABLES

Major revenues accrued by the Town at December 31, 2019 include the following:

General Fund:	
Sales tax	\$ 846,617
Miscellaneous receivables	102,166
Total General	<u>\$ 948,783</u>
Highway Townwide Fund:	
Monroe County Snow & Ice	\$ 64,963
Miscellaneous receivables	1,122
Total Highway	<u>\$ 66,085</u>
Library Fund:	
Miscellaneous receivables	\$ 1,646
Total Library	<u>\$ 1,646</u>
Miscellaneous Special Revenue:	
Miscellaneous receivables	\$ 1,000
Total Misc Special Rev	<u>\$ 1,000</u>

3. INTERFUND ACTIVITIES

Interfund activities at December 31, 2019 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	\$ -	\$ 4,128	\$ 25,000	\$ 4,620,500
Highway Townwide Fund	53,528	-	20,000	25,000
Capital Projects Fund	-	-	4,600,000	-
Drainage Fund	-	49,400	-	-
Water Districts	-	-	-	61,099
Debt Service Fund	-	-	61,099	-
Miscellaneous Special Revenue Fund	-	-	500	-
Total	<u>\$ 53,528</u>	<u>\$ 53,528</u>	<u>\$ 4,706,599</u>	<u>\$ 4,706,599</u>

The amount owed by the General Fund to the Highway Townwide Fund is for fuel usage. The amount owed by the Drainage Fund to the Highway Townwide Fund is for temporary borrowings by the Drainage Fund related to employee benefits as well as fuel usage.

Transfers among funds are provided for as part of the annual budget process. They account for transfers to fund reserves and transfers to create and close various capital projects. The transfer of \$4,600,000 from the General Fund to the Capital Projects Fund was for the community center and site infrastructure project. Of this amount, \$850,000 was budgeted for in 2019 and the remaining \$3,750,000 was a transfer from the General Fund assigned unappropriated fund balance. The transfer of \$61,099 from the Water Districts Fund to the Debt Service Fund was for an outstanding balance from excess bond proceeds in the Town's water districts, and is to be used against future Town debt.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets, not being depreciated				
Land	\$ 4,327,169	\$ -	\$ 4,200	\$ 4,322,969
Construction work in progress	331,655	8,279,685	-	8,611,340
Historical artwork/ collections	15,475	-	-	15,475
Total capital assets, not being depreciated	4,674,299	8,279,685	4,200	12,949,784
Capital assets, being depreciated				
Buildings	14,132,762	-	72,454	14,060,308
Improvements	358,462	-	-	358,462
Machinery & equipment	8,242,453	1,029,507	357,276	8,914,684
Infrastructure	41,592,905	308,659	-	41,901,564
Total capital assets, being depreciated	64,326,582	1,338,166	429,730	65,235,018
Less: accumulated depreciation				
Buildings	4,023,680	343,877	38,866	4,328,691
Improvements	170,384	15,094	-	185,478
Machinery & equipment	4,599,296	582,672	342,576	4,839,392
Infrastructure	33,240,022	1,604,215	-	34,844,237
Total accumulated depreciation	42,033,382	2,545,858	381,442	44,197,798
Total capital assets, being depreciated, net	22,293,200	(1,207,692)	48,288	21,037,220
Governmental activities capital assets, net	\$ 26,967,499	\$ 7,071,993	\$ 52,488	\$ 33,987,004

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 145,780
Public safety	14,197
Transportation	2,174,529
Economic assistance and opportunity	8,060
Culture and recreation	124,758
Home and community	78,534
Total depreciation expense	\$ 2,545,858

B. LIABILITIES**1. ACCRUED LIABILITIES**

Accrued liabilities reported by the Town's governmental funds represent salary expense earned in the current year but not paid. As of December 31, 2019, the Town recognized an accrued liability of \$161,806.

2. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)Plan Description

The Town Board (the Board), administers the Town of Chili Retiree Medical and Dental Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the Board subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Funding Policy

The obligations of the plan members, employers and other entities are established by action of the Board pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The Board currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The Town pays the costs of administering the plan.

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	48
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>79</u>
	<u>127</u>

The Town's total OPEB liability of \$16,801,148 was measured as of December 31, 2019, and was determined by an actuarial valuation date of January 1, 2019, rolled forward to the measurement date using update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2019, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.75%
Salary scale	3.00%
Inflation rate	2.00%

The discount rate was based on the Bond Buyer 20-Bond General Obligation Bond Index.

Health care claim and contribution trend rates were based on the Society of Actuaries-Getzen Model. The long-term trend rates were based on the following assumptions:

Rate of inflation	2.00%
Rate of growth in real income/GDP	1.50%
Excess medical cost growth	1.20%
Health care cost trend rate	7.50%

Mortality rates were based on the Pri.H-2012 No Collar Mortality Table with generational mortality projections using Scale MP-2019.

Withdrawal rates were based on tables published by New York State.

Retirees' share of benefit related costs was based on the assumption that 100% of future retirees will participate in the retiree medical plan.

Changes in the Total OPEB Liability

Balance at January 1, 2019	\$ 14,162,029
Changes for the year:	
Service cost	800,634
Interest	406,511
Differences between expected and actual experience	(1,441,511)
Change in assumptions	3,202,143
Benefit payments	<u>(328,658)</u>
Net changes	<u>2,639,119</u>
Balance at December 31, 2019	<u>\$ 16,801,148</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease <u>(1.75%)</u>	Current Assumption <u>(2.75%)</u>	1% Increase <u>(3.75%)</u>
Total OPEB liability	\$19,663,375	\$16,801,148	\$14,475,113

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease (6.50% decreasing to 3.30%)	Current Assumption (7.50% decreasing to 4.30%)	1% Increase (8.50% decreasing to 5.30%)
Total OPEB liability	\$13,913,217	\$16,801,148	\$20,620,188

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Through December 31, 2019, the Town has recognized OPEB expense of \$1,477,823. At December 31, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 2,060,510	\$ -
Changes of assumptions	<u>2,209,308</u>	<u>-</u>
Total	<u>\$ 4,269,818</u>	<u>\$ -</u>

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

Year Ended December 31,:	
2020	\$ 427,878
2021	427,878
2022	427,878
2023	427,878
2024	427,878
Thereafter	2,130,428

Net OPEB Obligation: Implicit Subsidy

Actuarial Standard of Practice (ASOP) No. 6, "Measuring Retire Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions," recently changed to require the inclusion of the implicit subsidy in OPEB valuations.

This implicit subsidy arises when an employer allows a retiree (and their dependents) to continue on the active plans and pay the active premiums. Retirees are not paying the true

cost of their benefits because they have higher utilization rates than actives and, therefore, are partially subsidized by the active employees. Once a retiree reaches Medicare eligibility, the rates are sufficient to cover the true costs and there is no implicit subsidy.

The portion of the total OPEB liability attributed to the implicit subsidy is as follows:

Total OPEB Liability as of December 31, 2019	
Cash subsidy	\$ 15,289,958
Implicit subsidy	<u>1,511,190</u>
Total OPEB liability	<u>\$ 16,801,148</u>

3. NYSERS DEFINED BENEFIT PENSION OBLIGATION

Plan Description

The Town of Chili participates in the New York State and Local Employees' Retirement System (ERS), which is also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefit's provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

At December 31, 2019, the Town reported a liability of \$1,110,726 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Town's proportionate share of net pension liability:

December 31, 2018	0.0159230%
December 31, 2019	0.0156765%
Change in Town's proportionate share since the previous measurement date	-0.0002465

Through December 31, 2019, the Town has recognized pension expense of \$672,966. At December 31, 2019, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 218,725	\$ 74,561
Changes of assumptions	279,191	-
Net difference between projected and actual earnings on pension plan investments	-	285,074
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>-</u>	<u>76,204</u>
Total	<u>\$ 497,916</u>	<u>\$ 435,839</u>
Town's contributions subsequent to the measurement date	<u>\$ 452,621</u>	

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended March 31,:	
2020	\$ 192,466
2021	(244,097)
2022	(32,285)
2023	145,993
2024	0
Thereafter	0

Net Pension Liability of Participating Employers

The components of the net pension liability of the employers participating in the system as of March 31, 2019, were as follows (dollars in thousands):

Employers' total pension liability	\$189,803,429
Fiduciary net position	<u>182,718,124</u>
Employers' net pension liability	<u>\$ 7,085,305</u>

Ratio of fiduciary net position to the employers' total pension liability	96.27%
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Actuarial Assumptions

The total pension liability as of the 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. The actuarial valuation used the following actuarial assumptions:

Inflation	2.5%
Salary increases	4.2%
Investment rate of return (net of investment expense, including inflation)	7.0%
Cost of living adjustments	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.

The 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2019, are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	36.0%	4.55%
International equity	14.0	6.35
Private equity	10.0	7.50
Real estate	10.0	5.55
Absolute return strategies	2.0	3.75
Opportunistic portfolio	3.0	5.68
Real assets	3.0	5.29
Bonds and mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation-indexed bonds	<u>4.0</u>	1.25
	<u>100.0%</u>	

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 Systems' 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.

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

The following presents the Town's proportionate share of the current period net pension liability calculated using the current period discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current assumption:

	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Town's proportionate share of the net pension liability (asset)	\$4,856,270	\$1,110,726	\$(2,035,797)

Prepays to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year, which ends on March 31. Prepaid retirement contributions as of December 31, 2019, represent the employer

contribution for the period of January 1, 2020, through March 31, 2020, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2019, amounted to \$150,856.

4. VOLUNTEER FIREFIGHTER LOSAP DEFINED BENEFIT PENSION OBLIGATION

Plan Description

The Town established a defined benefit LOSAP for the active volunteer firefighters of the Chili Fire Department, Inc. The program took effect on January 1, 1995. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program. The program is a single employer defined benefit plan established as a grantor/rabbi trust and, as such, the assets are subject to the claims of the Town's general creditors.

Active volunteer firefighters who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is 65. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$20 multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed twenty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits.

Participants covered by the benefit terms

At December 31, 2018, measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	41
Inactive participants entitled to but not yet receiving benefit payments	87
Active participants	<u>82</u>
Total	210

Contributions

The Town is required to transfer to the grantor/rabbi trust amounts necessary to finance the Program as actuarially determined using the attained age normal cost method.

Trust Assets

Program assets are required to be held in trust (granter/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. Authority to invest the Program's assets is vested in the Town. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Town.

The Town accounts for Program assets as restricted investments in the Fire Protection Districts Fund. Benefit payments are recognized as an expenditure within the Fire Protection Districts Fund at the time they are due and payable. LOSAP contributions represent the reclassification of unrestricted Fire Protection Districts Fund assets to the trust (restricted investments).

Measurement of Total Pension Liability

The total pension liability at the December 31, 2018, measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Salary Scale:	None assumed

Mortality rates were based on the RP-2014 Male Mortality Table without projection for mortality improvement.

Discount Rate

The discount rate used to measure the total pension liability was 3.64%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. In describing this index, S&P Dow Jones Indices notes that the index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years and with a rating of at least Aa2 by Moody's Investors Services, AA by Fitch, or AA by Standard & Poor's Rating Services.

Changes in the Total Pension Liability

Balance as of 12/31/17 measurement date	\$ 4,942,793
Service cost	70,137
Interest	156,685
Changes of assumptions or other inputs	(364,489)
Differences between expected and actual experience	32,844
Benefit payments	<u>(109,100)</u>
Net Changes	<u>(213,923)</u>
Balance as of 12/31/18 measurement date	<u>\$ 4,728,870</u>

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the Town as of the December 31, 2018, measurement date, calculated using the discount rate of 3.64%, as well as what the Town's total pension liability 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 (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$5,535,368	\$4,728,870	\$4,081,966

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2019, the Town recognized pension expense of \$197,115.

Components of Pension Expense

Service cost	\$ 70,137
Interest on total pension liability	156,684
Changes of assumptions or other inputs	(38,607)
Differences between expected and actual experience	(415)
Pension plan administrative expense	<u>9,316</u>
Total pension expense	<u>\$ 197,115</u>

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 32,081	\$ 31,589
Changes of assumptions or other inputs	310,249	567,591
Benefit payments & administrative expenses subsequent to the measurement date	<u>131,956</u>	<u>-</u>
Total	<u>\$ 474,286</u>	<u>\$ 599,180</u>

Deferred outflows of resources related to pensions resulting from Town transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,:	
2020	\$ (39,022)
2021	(39,022)
2022	(39,022)
2023	(39,022)
2024	(39,022)
Thereafter	(61,739)

5. LONG-TERM LIABILITIES

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. The unmatured principal of general long-term debt does not require current appropriations and expenditure of governmental fund financial resources.

The Town's outstanding long-term liabilities include serial bonds, bond premium, compensated absences, other post-employment benefits, workers' compensation liability, ERS net pension liability and LOSAP pension liability.

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended December 31, 2019:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
General obligation on debt:					
Serial bonds	\$ 135,000	\$ 9,500,000	\$ 40,000	\$ 9,595,000	\$ 40,000
Premium	-	26,322	-	26,322	889
Subtotal	135,000	9,526,322	40,000	9,621,322	40,889
Other Liabilities:					
Compensated absences	209,139	305,024	271,194	242,969	24,297
OPEB liability*	14,162,029	2,639,119	-	16,801,148	-
Workers' compensation	-	94,102	-	94,102	31,336
Net pension liability*	513,907	596,819	-	1,110,726	-
LOSAP liability*	4,942,793	-	213,923	4,728,870	-
Total government activities	<u>\$ 19,962,868</u>	<u>\$ 13,161,386</u>	<u>\$ 525,117</u>	<u>\$ 32,599,137</u>	<u>\$ 96,522</u>

*Additions and reductions to OPEB, net pension liability and LOSAP liability are presented as net.

Serial Bonds

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the Town. The provision to be made in the future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute. Serial bonds will be partially paid by special assessments of the benefited property owners.

The following is a summary of serial bonds with corresponding maturity schedules:

	<u>Year of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Year of Final Maturity</u>	<u>Principal Outstanding Balance</u>
Sewer Fund:					
Public Improvements	2004	\$ 375,000	4.296%	2023	\$ 75,000
Water Fund:					
Public Improvements	2004	315,000	4.296%	2020	20,000
General Fund:					
Community Center	2019	9,500,000	2.684%	2049	<u>9,500,000</u>
Grand Total					<u>\$ 9,595,000</u>

Maturity

The following table summarizes the Town's future debt service requirements related to serial bonds as of December 31, 2019:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 40,000	\$ 240,814
2021	305,000	240,335
2022	245,000	233,715
2023	260,000	228,275
2024	250,000	222,663
2025-2029	1,330,000	1,036,312
2030-2034	1,475,000	896,200
2035-2039	1,645,000	726,700
2040-2044	1,875,000	497,250
2045-2049	<u>2,170,000</u>	<u>199,050</u>
Totals	<u>\$ 9,595,000</u>	<u>\$ 4,521,314</u>

Statutory Debt Limit

There is a statutory debt limit applicable to Towns within New York State. As of December 31, 2019, the Town has exhausted 8.36% of its constitutional debt limit and is in compliance with this regulation. On June 19, 2018, a public referendum was held and passed, giving the Town approval to borrow up to \$20 million for a new community center, of which \$10,500,000 remains unissued as of December 31, 2019.

C. NET POSITION AND FUND BALANCE

The government wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. The following presents a reconciliation of capital assets (net of accumulated depreciation), net of total indebtedness to net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 33,987,004
Less: Serial bonds	(9,595,000)
Retainage payable	(340,113)
Add: Unspent debt proceeds	<u>8,685,740</u>
Net investment in capital assets	<u>\$ 32,737,631</u>

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Restricted net position are consistent with restricted fund balance balances at December 31, 2019, which are disclosed further in these notes.

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

The fund basis statements categorize fund balances as non-spendable, restricted, committed, assigned and unassigned.

Nonspendable - amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the

resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. As of December 31, 2019, the Town had no committed fund balances.

Assigned - amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Town Board has by resolution authorized the Town Supervisor to assign fund balance. The Town Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned - all other spendable amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the Town. The unassigned classification is also used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

As of December 31, 2019, fund balances were classified as follows:

	General	Highway Townwide	Capital Projects	Fire Protection Districts	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Prepaid items	\$ 79,771	\$ 57,508	\$ -	\$ -	\$ 18,592	\$ 155,871
Restricted						
Workers' compensation	1,208,452	-	-	-	-	1,208,452
Retirement contribution	382,949	-	-	-	-	382,949
Insurance	537,463	-	-	-	-	537,463
Capital	3,883,885	434,777	-	-	-	4,318,662
Debt service	-	-	-	-	93,854	93,854
Length of service award pgm	-	-	-	2,904,519	-	2,904,519
Other restricted	-	-	-	-	886,969	886,969
Assigned						
Subsequent years' expenditures	1,100,000	800,000	-	43,500	124,550	2,068,050
Infrastructure projects	1,400,000	-	-	-	-	1,400,000
Encumbrances:						
Transportation	-	7,566	-	-	-	7,566
Culture and recreation	35,674	-	-	-	-	35,674
Highway Townwide	-	1,819,289	-	-	-	1,819,289
Library	-	-	-	-	217,249	217,249
Fire Protection Districts	-	-	-	136,719	-	136,719
Capital Projects fund	-	-	7,395,734	-	-	7,395,734
Drainage Districts	-	-	-	-	149,779	149,779
Lighting Districts	-	-	-	-	32,016	32,016
Miscellaneous Districts	-	-	-	-	75,503	75,503
Park Districts	-	-	-	-	896	896
Sewer Districts	-	-	-	-	4,294	4,294
Unassigned						
General fund	2,567,823	-	-	-	-	2,567,823
TOTAL	<u>\$ 11,196,017</u>	<u>\$ 3,119,140</u>	<u>\$ 7,395,734</u>	<u>\$ 3,084,738</u>	<u>\$ 1,603,702</u>	<u>\$ 26,399,331</u>

Encumbrances are recorded at the time a purchase order, construction contract or a service agreement is finalized and are reported as assignments of fund balances since they do not

constitute expenditures or liabilities. Encumbrances material to the financial statements are considered significant. There were no encumbrances material to the financial statements as of December 31, 2019.

Certain restricted fund balances are described in more detail below:

The General Fund restriction for capital projects is established for the following purposes:

Recreation Facility	\$	626,623
Highway Facility		833,708
Townwide Drainage		57,204
Assessment		333,810
General Fleet/ Vehicle		149,920
Conservation/ Wetlands/ Drainage		107,127
Administrative Facility		1,442,833
Comprehensive Plan		26,198
Sidewalks		306,462
	\$	<u>3,883,885</u>

The Highway Townwide Fund restriction for capital projects is established for the following purposes:

Highway Equipment	\$	387,726
General Repairs/ Maintenance		47,051
	\$	<u>434,777</u>

The Water Districts Fund restriction for debt service is established for the following purpose:

South Chili Water Benefit #2 Project	\$	<u>6,099</u>
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The Miscellaneous Special Revenue Fund restrictions for other restricted funds are established for the following purposes:

Parks and Recreation	\$	774,877
Landscaping		49,677
Brick Walk		2,637
Senior Center Fundraiser		30,412
Senior Initiative Programs		18,014
Maintenance - 241 Chili Scottsville Rd		8,805
Historical Property		2,547
	\$	<u>886,969</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**A. BUDGETARY INFORMATION**

The procedures for establishing the budgetary data reflected in the financial statements are as follows:

- a. Prior to September 30th the Town Supervisor files a "tentative" budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- b. The full Town Board reviews the tentative budget and may make some revisions before approving a "preliminary" budget and calling for a public hearing which is generally held in October.
- c. Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Monroe County by December 20th.
- d. Formal annual budgetary accounts are employed as a management control device for the General Fund and each individual Special Revenue Fund Type.
- e. During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

NOTE 4 – OTHER INFORMATION**A. RISK FINANCING AND RELATED INSURANCE**Workers' Compensation Plan

The Town is a participant in the Upstate New York Municipal Workers' Compensation Program (the Program). The Program was established under the provisions of Workers' Compensation Law of the State of New York and provides the Town the opportunity to participate in a group self-insurance program for providing workers' compensation benefits to its employees.

Through effective risk management techniques, promotion of safety and proactive claims administration, the Program intends to provide the aforementioned benefits substantially at cost. Premiums, which are based upon members' payroll and experience factors and administrative costs, are subject to prospective adjustment. The Town records the expense for workers' compensation in the period the payments to the Program are due. On an annual basis, participant premiums are evaluated and compared to claim liabilities on a participant by participant basis. If it is determined that a participant's premiums were not sufficient to fund their specific claim liabilities the participant is charged an additional assessment to fund this deficit. The estimated unfunded workers' compensation liability due by the Town over a three-year period or due upon immediate withdrawal from the Program is \$94,102.

B. TAX ABATEMENTS

The Town enters into property tax abatement agreements with a variety of businesses. Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements of the JobsPlus Tax Abatement Policy and LeasePlus Tax Abatement Policy, both as adopted by the County of Monroe Industrial Development Agency (COMIDA) as created by Chapter 55 of the Laws of 1972 of the State of New York pursuant to Title I and of Article 18A and by the Monroe County adoption of Resolution 154 of 1989 and revised further in the year 2000, for the purpose of creating jobs (JobsPlus); and the affordable housing compliance as outlined in Article V or Article XI of the Private Housing Finance Law of the State of New York (PHFL) for the purpose of creating or preserving affordable housing for persons and families of low income (LeasePlus). Should the property owner not comply with policies and Law as set forth in each contract, the PILOT will discontinue as outlined in each PILOT agreement.

For the year ended December 31, 2019, the Town abated property taxes totaling \$108,120. Of this total, \$76,127 was from JobsPlus and LeasePlus tax abatements and \$31,993 was from affordable housing tax abatements.

C. FAIR VALUE MEASUREMENTS

The Town categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Town has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- a. Quoted prices for similar assets in active markets;
- b. Quoted prices for identical or similar assets in inactive markets;
- c. Inputs other than quoted prices that are observable for the asset;
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

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. Following is a description of the valuation methodologies used for assets measure at fair value:

Cash and Money Market, Held for Investment

The carrying amount approximates fair value because of the short maturity of the instruments.

Exchange Traded Funds and Mutual Funds

Reported at current quoted fair values.

NYCLASS Disclosures

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant's investment in NYCLASS is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

Federal Agency Securities

Fixed income securities held by the Town, including bonds, are generally priced using pricing matrix models and quoted prices for identical or similar securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are 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 different fair value measurement at the reporting date.

The following table summarizes as of December 31, 2019, the Town's LOSAP investments, and categorization with the fair value measurement hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 54,859	\$ -	\$ -	\$ 54,859
Exchange traded funds and mutual funds:				
US large cap core equities	1,276,493	-	-	1,276,493
International equities	292,873	-	-	292,873
Emerging markets equities	146,753	-	-	146,753
US taxable fixed income	986,536	-	-	986,536
International fixed income	147,005	-	-	147,005
	<u>\$ 2,904,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,904,519</u>

NOTE 5 – COMMUNITY CENTER COMMITMENTS AND CONTINGENCIES

Prior to December 31, 2019, the Town has authorized the following services in regards to the community center project and site and infrastructure improvements in the surrounding area:

	Authorized Not To Exceed Amount	Expensed Thru December 31, 2019	Open Commitment
Engineering and Architectural Services	\$ 1,250,000	\$ 1,024,266	\$ 225,734
Construction Management Services	729,625	280,630	448,995
Sitework	3,520,600	2,494,531	1,026,069
Foundations	727,473	709,286	18,187
Steel	3,800,733	2,100,743	1,699,990
General Trades	10,656,375	672,113	9,984,262
HVAC	1,737,300	308,451	1,428,849
Electrical	2,730,888	394,939	2,335,949
Plumbing and Fire Protection	1,124,541	145,826	978,715
	<u>\$ 26,277,535</u>	<u>\$ 8,130,785</u>	<u>\$ 18,146,750</u>

NOTE 6 - SUBSEQUENT EVENTS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The Town's management has assessed these events and the impact of these restrictions and closures related to the Town's operations. As of the date of these financials statements and as these events continue to unfold management believes there will be an impact related to sales and mortgage tax that the Town will receive in 2020. Management believes that these tax revenues could be lower in 2020 than anticipated in the adopted 2020 budget. Management has assessed the financial condition of the Town and this potential impact on revenues and has determined that the Town has assets and fund balances to absorb this potential decrease in revenues for 2020.

Management has evaluated subsequent events through April 10, 2020, which is the date the financial statements are available for issuance, and have determined, with exception to the commitments and contingencies listed in Note 5 regarding the Community Center project and site and infrastructure improvements in the surrounding area and the effect on revenues noted above, that there are no subsequent events that require disclosure under generally accepted accounting principles.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended December 31, 2019

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Real property taxes	\$ 1,972,113	\$ 1,972,113	\$ 1,972,113	\$ -
Real property tax items	354,973	354,973	388,118	33,145
Non-property taxes	2,230,000	2,230,000	3,345,038	1,115,038
Departmental income	568,065	569,065	602,901	33,836
Intergovernmental charges	78,482	78,482	88,541	10,059
Use of money and property	50,238	50,238	298,476	248,238
Licenses and permits	171,800	171,800	356,426	184,626
Fines and forfeitures	105,000	105,000	107,429	2,429
Sales of property and compensation for loss	-	-	128,927	128,927
Miscellaneous local sources	-	279,968	276,872	(3,096)
State sources	520,000	385,284	573,793	188,509
Total revenues	6,050,671	6,196,923	8,138,634	1,941,711
Expenditures				
General government	2,660,311	2,681,753	2,379,143	302,610
Public safety	436,492	466,358	425,538	40,820
Transportation	296,024	356,890	333,816	23,074
Economic assistance and opportunity	172,717	173,618	156,724	16,894
Culture and recreation	1,075,656	1,109,656	941,401	168,255
Home and community services	490,992	616,248	544,210	72,038
Employee benefits	1,149,319	1,249,319	1,153,155	96,164
Total expenditures	6,281,511	6,653,842	5,933,987	719,855
Excess (deficit) of revenues over expenditures	(230,840)	(456,919)	2,204,647	2,661,566
Other Financing Sources (Uses)				
Interfund transfers in	-	-	25,000	25,000
Interfund transfers out	(1,069,160)	(4,819,160)	(4,620,500)	198,660
Total other financing sources (uses)	(1,069,160)	(4,819,160)	(4,595,500)	223,660
Net change in fund balance*	(1,300,000)	(5,276,079)	(2,390,853)	2,885,226
Fund balances - January 1	13,586,870	13,586,870	13,586,870	-
Fund balances - December 31	\$ 12,286,870	\$ 8,310,791	\$ 11,196,017	\$ 2,885,226

*The net change in fund balance is included in the budget as an appropriation (i.e. spenddown) of fund balance and re-appropriation of prior year encumbrances

See accompanying notes to required supplemental information

BUDGETARY COMPARISON SCHEDULE - HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND

For the Year Ended December 31, 2019

	Highway Townwide Fund				Fire Protection Districts Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues								
Real property taxes	\$ 3,442,762	\$ 3,442,762	\$ 3,442,762	\$ -	\$ 1,932,768	\$ 1,932,768	\$ 1,932,768	\$ -
Intergovernmental charges	490,000	490,000	740,371	250,371	-	-	-	-
Use of money and property	5,000	5,000	78,865	73,865	-	-	348,007	348,007
Sales of property and compensation for loss	1,500	104,665	112,398	7,733	-	-	-	-
Miscellaneous local sources	-	-	18,692	18,692	-	-	-	-
State sources	140,000	243,192	243,193	1	-	-	-	-
Total revenues	4,079,262	4,285,619	4,636,281	350,662	1,932,768	1,932,768	2,280,775	348,007
Expenditures								
Public safety	-	-	-	-	1,633,411	1,633,411	1,633,411	-
Transportation	3,661,135	4,181,080	3,719,950	461,130	-	-	-	-
Employee benefits	1,168,127	1,168,127	959,966	208,161	321,857	321,857	288,373	33,484
Total expenditures	4,829,262	5,349,207	4,679,916	669,291	1,955,268	1,955,268	1,921,784	33,484
Excess (deficit) of revenues over expenditures	(750,000)	(1,063,588)	(43,635)	1,019,953	(22,500)	(22,500)	358,991	381,491
Other Financing Sources (Uses)								
Interfund transfers in	-	-	20,000	20,000	-	-	-	-
Interfund transfers out	-	(80,909)	(25,000)	55,909	-	-	-	-
Total other financing sources (uses)	-	(80,909)	(5,000)	75,909	-	-	-	-
Net change in fund balances	(750,000)	(1,144,497)	(48,635)	1,095,862	(22,500)	(22,500)	358,991	381,491
Fund balances - January 1	2,513,848	2,513,848	3,167,775	653,927	2,725,747	2,725,747	2,725,747	-
Fund balances - December 31	<u>\$ 1,763,848</u>	<u>\$ 1,369,351</u>	<u>\$ 3,119,140</u>	<u>\$ 1,749,789</u>	<u>\$ 2,703,247</u>	<u>\$ 2,703,247</u>	<u>\$ 3,084,738</u>	<u>\$ 381,491</u>

*The net change in fund balance is included in the budget as an appropriation (i.e. spenddown) of fund balance and re-appropriation of prior year encumbrances

See accompanying notes to required supplemental information

**SCHEDULE OF CHANGES IN THE
TOWN'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

For the Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Measurement date	12/31/17	12/31/18	12/31/19
Service cost	\$ 380,116	\$ 532,780	800,634
Interest	393,827	442,761	406,511
Differences between expected and actual experience	-	3,879,801	(1,441,511)
Change in assumptions	-	(1,099,937)	3,202,143
Benefit payments	(300,300)	(339,098)	(328,658)
Net change in total OPEB liability	473,643	3,416,307	2,639,119
Total OPEB liability - beginning	<u>10,272,079</u>	<u>10,745,722</u>	<u>14,162,029</u>
Total OPEB liability - ending	<u><u>\$ 10,745,722</u></u>	<u><u>\$ 14,162,029</u></u>	<u><u>\$ 16,801,148</u></u>
Covered-employee payroll	\$ 3,911,720	\$ 3,942,196	\$ 3,818,947
Total OPEB liability as a percentage of covered-employee payroll	274.71%	359.24%	439.94%

* This schedule is intended to show information for ten years. Since 2017 was the first year for this presentation, ten years of data is not available. Additional years will be included as they become available.

See accompanying notes to required supplemental information

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSERS PENSION PLAN**

For the Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Measurement Date	3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19
Town's proportion of the net pension liability (asset)	0.0165612%	0.0165612%	0.0164897%	0.0162376%	0.0159230%	0.0156765%
Town's proportionate share of the net pension liability (asset)	\$ 748,377	\$ 559,477	\$ 2,646,645	\$ 1,525,719	\$ 513,907	\$ 1,110,726
Town's covered payroll	\$ 4,034,579	\$ 3,914,474	\$ 4,000,436	\$ 4,232,767	\$ 4,375,384	\$ 4,377,169
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	18.55%	14.29%	66.16%	36.05%	11.75%	25.38%
Plan fiduciary net position as a percentage of the total pension liability	97.20%	97.90%	90.70%	94.70%	98.24%	96.27%

* This schedule is intended to show information for ten years. Since 2014 was the first year for this presentation, ten years of data is not available. Additional years will be included as they become available.

See accompanying notes to required supplemental information

**SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS
NYSERS PENSION PLAN**

For the Years Ended December 31,

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contribution	\$ 431,103	\$ 602,039	\$ 691,408	\$ 744,080	\$ 725,142	\$ 656,093	\$ 581,437	\$ 606,054	\$ 608,937	\$ 603,477
Contributions in relation to the contractually required contribution	<u>431,103</u>	<u>602,039</u>	<u>691,408</u>	<u>744,080</u>	<u>725,142</u>	<u>656,093</u>	<u>581,437</u>	<u>606,054</u>	<u>608,937</u>	<u>603,477</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 3,880,857	\$ 3,940,792	\$ 3,900,281	\$ 3,986,662	\$ 3,957,535	\$ 4,203,905	\$ 4,157,681	\$ 4,323,707	\$ 4,368,672	\$ 4,403,053
Contributions as a percentage of covered payroll	11%	15%	18%	19%	18%	16%	14%	14%	14%	14%

See accompanying notes to required supplemental information

**SCHEDULE OF CHANGES IN THE
TOWN'S TOTAL PENSION LIABILITY
VOLUNTEER FIREFIGHTER SERVICE
AWARD PROGRAM (LOSAP)**

For the Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Measurement Date	12/31/16	12/31/17	12/31/18
Total Pension Liability			
Service Cost	\$ 80,343	\$ 64,788	\$ 70,137
Interest	151,201	163,964	156,685
Changes of assumptions or other inputs	(369,839)	405,710	(364,489)
Differences between expected and actual experience	(46,875)	4,440	32,844
Benefit payments	<u>(107,910)</u>	<u>(101,669)</u>	<u>(109,100)</u>
Net change in total pension liability	(293,080)	537,233	(213,923)
Total pension liability - beginning	<u>\$ 4,698,640</u>	<u>\$ 4,405,560</u>	<u>\$ 4,942,793</u>
Total pension liability - ending	<u><u>\$ 4,405,560</u></u>	<u><u>\$ 4,942,793</u></u>	<u><u>\$ 4,728,870</u></u>
Covered employee payroll	N/A	N/A	N/A
Total pension liability as a percentage of covered employee payroll	N/A	N/A	N/A

* This schedule is intended to show information for ten years. Since 2017 was the first year for this presentation, ten years of data is not available. Additional years will be included as they become available.

See accompanying notes to required supplemental information

NOTE 1 – BUDGETARY INFORMATION

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except the Capital Project Fund and the Miscellaneous Special Revenue Fund. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. All unencumbered appropriations lapse at the end of the fiscal year.

The Capital Projects Fund is appropriated on a project-length basis; appropriations are approved through Town Board resolution at the project's inception and lapse upon termination of the project.

The Miscellaneous Special Revenue Fund does not have an appropriated budget since there are other means to control the use of these resources.

The appropriated budget is prepared by fund, department and object classification. Transfers of appropriations require approval of the Town Board. Any modifications to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations require a majority vote by the Town Board. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the object classification.

Actual results of operations presented in accordance with GAAP and the Town's accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$50,000. As of December 31, 2019, the Town had no significant encumbrances.

NOTE 2 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The Town has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, to pay OPEB benefits. The Board currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes in assumptions for post-employment benefits other than pensions (OPEB) are as follows:

	Discount Rate	Salary Scale	Inflation Rate
Year Ended December 31:			
2019	2.75%	3.00%	2.00%
2018	4.00%	4.00%	3.00%

NOTE 3 - VOLUNTEER FIREFIGHTER SERVICE AWARD PROGRAM

Program assets are required to be held in trust (granter/rabbi trust) by Article 11-A of the General Municipal Law of the State of New York, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the Program. Authority to invest the Program's assets is vested in the Town. Program assets are invested in accordance with a statutory prudent person rule and in accordance with an investment policy adopted by the Town.

Changes of Assumptions or Other Inputs

The discount rate used to measure the total LOSAP pension liability was based on the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index and was as follows:

December 31, 2015:	3.20%
December 31, 2016:	3.71%
December 31, 2017:	3.16%
December 31, 2018:	3.64%

Trust Assets

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

NOTE 4 - FACTORS AFFECTING TRENDS IN PENSIONS

The Town's proportionate share of the net pension liability of the retirement system is significantly dependent upon the performance of the stock market and the funds that the retirement system invests in. In addition to this performance variable, the discount factor used in the pension's actuarial valuation has varied from 7.5% to 7.0% over the past five years.

SUPPLEMENTAL SCHEDULES

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2019

	Special Revenue									
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Water Districts	Total
Assets										
Cash and cash equivalents	\$ 87,755	\$ 234,659	\$ 228,026	\$ 71,376	\$ 87,499	\$ 885,969	\$ 1,296	\$ 4,294	\$ 6,099	\$ 1,606,973
Certificates of deposit	-	-	79,644	-	-	-	-	-	-	79,644
Due from other governments	-	-	1,646	-	-	1,000	-	-	-	2,646
Prepaid items	-	-	18,592	-	-	-	-	-	-	18,592
Total assets	\$ 87,755	\$ 234,659	\$ 327,908	\$ 71,376	\$ 87,499	\$ 886,969	\$ 1,296	\$ 4,294	\$ 6,099	\$ 1,707,855
Liabilities										
Accounts payable	\$ -	\$ 130	\$ 6,758	\$ 26,110	\$ 1,496	\$ -	\$ -	\$ -	\$ -	\$ 34,494
Accrued liabilities	-	350	19,909	-	-	-	-	-	-	20,259
Due to other funds	-	49,400	-	-	-	-	-	-	-	49,400
Total liabilities	-	49,880	26,667	26,110	1,496	-	-	-	-	104,153
Fund Balances										
Non-spendable	-	-	18,592	-	-	-	-	-	-	18,592
Restricted	87,755	-	-	-	-	886,969	-	-	6,099	980,823
Assigned	-	184,779	282,649	45,266	86,003	-	1,296	4,294	-	604,287
Total fund balances	87,755	184,779	301,241	45,266	86,003	886,969	1,296	4,294	6,099	1,603,702
Total liabilities and fund balances	\$ 87,755	\$ 234,659	\$ 327,908	\$ 71,376	\$ 87,499	\$ 886,969	\$ 1,296	\$ 4,294	\$ 6,099	\$ 1,707,855

Note: Miscellaneous consists of Sidewalk Districts and Ambulance Districts; Miscellaneous Special Revenue consists of various expendable trusts for which the Town is the beneficiary.

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

	Debt Service	Special Revenue								Total
		Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Water Districts	
Revenues										
Real property taxes	\$ -	\$ 228,706	\$ 1,144,644	\$ 142,000	\$ 86,500	\$ -	\$ 1,062	\$ 24,354	\$ 17,280	\$ 1,644,546
Departmental income	-	-	27,707	-	-	108,000	-	-	-	135,707
Use of money and property	334	5,334	12,981	2,343	1,521	14,031	32	458	1,258	38,292
Sales of property and comp. for loss	-	-	11,565	-	-	-	-	-	-	11,565
Miscellaneous local sources	-	-	35,915	-	-	7,350	-	-	-	43,265
State sources	-	-	15,000	-	-	-	-	-	-	15,000
Total revenues	334	234,040	1,247,812	144,343	88,021	129,381	1,094	24,812	18,538	1,888,375
Expenditures										
Current:										
General government	-	-	13,100	-	-	-	-	-	-	13,100
Health	-	-	-	-	80,000	-	-	-	-	80,000
Transportation	-	-	-	156,791	5,676	-	-	-	-	162,467
Economic assistance and opportunity	-	-	-	-	-	5,265	-	-	-	5,265
Culture and recreation	-	-	927,847	-	-	-	1,124	-	-	928,971
Home and community services	-	150,707	-	-	-	-	-	-	-	150,707
Employee benefits	-	58,146	272,381	-	-	-	61	-	-	330,588
Debt service:										
Principal	-	-	-	-	-	-	-	20,000	20,000	40,000
Interest	-	-	-	-	-	-	-	4,353	1,780	6,133
Total expenditures	-	208,853	1,213,328	156,791	85,676	5,265	1,185	24,353	21,780	1,717,231
Excess (deficit) of revenues over expenditures	334	25,187	34,484	(12,448)	2,345	124,116	(91)	459	(3,242)	171,144
Other Financing Sources (Uses)										
Premium on obligations	26,322	-	-	-	-	-	-	-	-	26,322
Interfund transfers in	61,099	-	-	-	-	500	-	-	-	61,599
Interfund transfers out	-	-	-	-	-	-	-	-	(61,099)	(61,099)
Total other financing sources (uses)	87,421	-	-	-	-	500	-	-	(61,099)	26,822
Net change in fund balances	87,755	25,187	34,484	(12,448)	2,345	124,616	(91)	459	(64,341)	197,966
Fund balances - January 1	-	159,592	266,757	57,714	83,658	762,353	1,387	3,835	70,440	1,405,736
Fund balances - December 31	\$ 87,755	\$ 184,779	\$ 301,241	\$ 45,266	\$ 86,003	\$ 886,969	\$ 1,296	\$ 4,294	\$ 6,099	\$ 1,603,702

Note: Miscellaneous consists of Sidewalk Districts and Ambulance Districts; Miscellaneous Special Revenue consists of various expendable trusts for which the Town is the beneficiary.

OTHER SCHEDULES

COMPARATIVE BALANCE SHEET - GENERAL FUND

	December 31,		
	2019	2018	% Change
Assets			
Cash and cash equivalents	\$ 10,475,344	\$ 10,742,122	-2.48%
Certificates of deposit	-	1,647,706	-
Accounts receivable	5,265	4,999	5.32%
State and federal receivables	10,170	10,170	0.00%
Due from other governments	933,348	1,342,987	-30.50%
Prepaid items	79,771	78,553	1.55%
Total assets	<u>\$ 11,503,898</u>	<u>\$ 13,826,537</u>	<u>-16.80%</u>
Liabilities			
Accounts payable	\$ 213,016	\$ 141,807	50.22%
Accrued liabilities	90,737	76,759	18.21%
Due to other funds	4,128	3,111	32.69%
Unearned revenues	-	17,990	-
Total liabilities	<u>307,881</u>	<u>239,667</u>	<u>28.46%</u>
Fund Balances			
Non-spendable	79,771	78,553	1.55%
Restricted	6,012,749	5,804,551	3.59%
Assigned	2,535,674	5,117,838	-50.45%
Unassigned	2,567,823	2,585,928	-0.70%
Total fund balances	<u>11,196,017</u>	<u>13,586,870</u>	<u>-17.60%</u>
Total liabilities and fund balances	<u>\$ 11,503,898</u>	<u>\$ 13,826,537</u>	<u>-16.80%</u>

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GENERAL FUND**

For the Years Ended

	December 31,		
	2019	2018	% Change
Revenues			
Real property taxes	\$ 1,972,113	\$ 1,813,068	8.77%
Real property tax items	388,118	408,520	-4.99%
Non-property taxes	3,345,038	3,080,408	8.59%
Departmental income	602,901	624,136	-3.40%
Intergovernmental charges	88,541	102,120	-13.30%
Use of money and property	298,476	139,986	113.22%
Licenses and permits	356,426	409,628	-12.99%
Fines and forfeitures	107,429	131,587	-18.36%
Sales of property and compensation for loss	128,927	385,216	-66.53%
Miscellaneous local sources	276,872	19,514	1318.84%
State sources	573,793	869,190	-33.99%
Total revenues	8,138,634	7,983,373	1.94%
Expenditures			
General government	2,379,143	2,401,753	-0.94%
Public safety	425,538	429,433	-0.91%
Health	-	-	
Transportation	333,816	278,927	19.68%
Economic assistance and opportunity	156,724	152,617	2.69%
Culture and recreation	941,401	932,905	0.91%
Home and community services	544,210	538,578	1.05%
Employee benefits	1,153,155	1,079,241	6.85%
Debt service:			
Principal	-	183,450	-100.00%
Interest	-	6,054	-100.00%
Total expenditures	5,933,987	6,002,958	-1.15%
Excess of revenues over expenditures	2,204,647	1,980,415	11.32%
Other Financing Sources (Uses)			
Interfund transfers in	25,000	26,762	-6.58%
Interfund transfers out	(4,620,500)	(1,526,500)	-202.69%
Total other financing sources (uses)	(4,595,500)	(1,499,738)	206.42%
Net change in fund balances	(2,390,853)	480,677	-597.39%
Fund balances - January 1	13,586,870	13,106,193	3.67%
Fund balances - December 31	\$ 11,196,017	\$ 13,586,870	-17.60%

SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS - GENERAL FUND

For the Year Ended December 31, 2019

	Authorized Budget	Expenditures	Balance
General Government			
Town Board	\$ 79,290	\$ 79,017	\$ 273
Justices	255,375	240,762	14,613
Supervisor	179,924	165,050	14,874
Director of Finance	125,802	124,206	1,596
Independent Auditing & Accounting	20,550	15,773	4,777
Tax Collector	80,545	79,848	697
Assessor	211,078	204,002	7,076
Credit Card Fees	8,000	7,050	950
Town Clerk	138,799	137,452	1,347
Attorney	243,436	155,953	87,483
Personnel	51,475	49,306	2,169
Town Engineer	56,500	51,889	4,611
Elections	42,732	29,747	12,985
Records Management	36,747	26,413	10,334
Department of Public Works	126,697	125,218	1,479
Buildings	450,367	390,152	60,215
Central Garage	158,100	131,129	26,971
Central Communications	22,955	22,502	453
Central Storeroom	6,500	6,429	71
Central Print & Mail	28,000	18,824	9,176
Information Technology	139,697	136,645	3,052
Unallocated Insurance	170,250	165,953	4,297
Municipal Association Dues	4,500	3,371	1,129
Taxes & Assessments on Municipal Properties	13,000	8,675	4,325
Other General Government Support	8,000	3,777	4,223
Contingency	23,434	-	23,434
Total General Government	2,681,753	2,379,143	302,610
Public Safety			
Traffic & Safety Committee	3,940	2,315	1,625
Police & Constable	20,638	19,510	1,128
Traffic Control	68,171	65,999	2,172
Fire Marshall	56,778	55,409	1,369
Dog Control	45,539	36,631	8,908
Other Dog Control	350	277	73
Safety Inspection	270,092	244,895	25,197
Other Public Safety	850	502	348
Total Public Safety	466,358	425,538	40,820

SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS - GENERAL FUND
(continued)

For the Year Ended December 31, 2019

	Authorized Budget	Expenditures	Balance
Transportation			
Superintendent of Highway	145,804	144,783	1,021
Garage	22,199	18,402	3,797
Street Lighting	102,066	93,751	8,315
Sidewalks	86,821	76,880	9,941
Total Transportation	<u>356,890</u>	<u>333,816</u>	<u>23,074</u>
Economic Assistance and Opportunity			
Veterans Service	2,000	1,940	60
Programs for Aging	171,618	154,784	16,834
Total Economic Assistance and Opportunity	<u>173,618</u>	<u>156,724</u>	<u>16,894</u>
Culture and Recreation			
Recreation Administration	254,425	247,396	7,029
Parks	487,985	400,429	87,556
Youth Programming	253,313	202,884	50,429
Historian	13,683	11,478	2,205
Celebrations	50,250	35,538	14,712
Adult Recreation	50,000	43,676	6,324
Total Culture and Recreation	<u>1,109,656</u>	<u>941,401</u>	<u>168,255</u>
Home and Community Services			
Zoning	15,754	11,996	3,758
Planning	32,894	21,394	11,500
Environmental/ Conservation	24,228	2,945	21,283
Refuse/ Garbage	406,443	389,141	17,302
Drainage	111,929	94,201	17,728
Cemeteries	1,000	1,000	-
Special Reserves	24,000	23,533	467
Total Home and Community Services	<u>616,248</u>	<u>544,210</u>	<u>72,038</u>
Other Expenditures			
Employee Benefits	1,249,319	1,153,155	96,164
Total Other Expenditures	<u>1,249,319</u>	<u>1,153,155</u>	<u>96,164</u>
Total	<u><u>\$ 6,653,842</u></u>	<u><u>\$ 5,933,987</u></u>	<u><u>\$ 719,855</u></u>

COMPARATIVE BALANCE SHEET - HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND

	Highway Townwide Fund			Fire Protection Districts Fund		
	December 31,		% Change	December 31,		% Change
	2019	2018		2019	2018	
Assets						
Cash and cash equivalents	\$ 3,203,303	\$ 3,052,809	4.93%	\$ 180,219	\$ 161,643	11.49%
Certificates of deposit	-	210,793	-	2,904,519	2,564,104	-
Due from other funds	53,528	57,284	-6.56%	-	-	-
Due from other governments	66,085	61,684	7.13%	-	-	-
Prepaid items	57,508	57,703	-0.34%	-	-	-
Total assets	<u>\$ 3,380,424</u>	<u>\$ 3,440,273</u>	<u>-1.74%</u>	<u>\$ 3,084,738</u>	<u>\$ 2,725,747</u>	<u>13.17%</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 79,747	\$ 102,496	-22.20%	\$ -	\$ -	-
Accrued liabilities	50,810	39,275	29.37%	-	-	-
Unearned revenues	130,727	130,727	-	-	-	-
Total liabilities	<u>261,284</u>	<u>272,498</u>	<u>-4.12%</u>	<u>-</u>	<u>-</u>	
Fund Balances						
Non-spendable	57,508	57,703	-0.34%	-	-	-
Restricted	434,777	447,804	-2.91%	2,904,519	2,564,104	-
Assigned	2,626,855	2,662,268	-1.33%	180,219	161,643	11.49%
Total fund balances	<u>3,119,140</u>	<u>3,167,775</u>	<u>-1.54%</u>	<u>3,084,738</u>	<u>2,725,747</u>	<u>13.17%</u>
Total liabilities and fund balances	<u>\$ 3,380,424</u>	<u>\$ 3,440,273</u>	<u>-1.74%</u>	<u>\$ 3,084,738</u>	<u>\$ 2,725,747</u>	<u>13.17%</u>

**COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND**

For the Years Ended

	Highway Townwide Fund			Fire Protection Districts Fund		
	December 31,			December 31,		
	2019	2018	% Change	2019	2018	% Change
Revenues						
Real property taxes	\$ 3,442,762	\$ 3,419,563	0.68%	\$ 1,932,768	\$ 1,843,974	4.82%
Intergovernmental charges	740,371	686,004	7.93%	-	-	-
Use of money and property	78,865	30,076	162.22%	348,007	(106,210)	-427.66%
Sales of property and compensation for loss	112,398	76,016	47.86%	-	-	-
Miscellaneous local sources	18,692	-		-	-	-
State sources	243,193	369,574	-34.20%	-	-	-
Total revenues	<u>4,636,281</u>	<u>4,581,233</u>	<u>1.20%</u>	<u>2,280,775</u>	<u>1,737,764</u>	<u>31.25%</u>
Expenditures						
Public safety	-	-	-	1,633,411	1,550,655	-
Transportation	3,719,950	2,874,435	29.41%	-	-	-
Employee benefits	<u>959,966</u>	<u>1,047,871</u>	<u>-8.39%</u>	<u>288,373</u>	<u>282,246</u>	<u>2.17%</u>
Total expenditures	<u>4,679,916</u>	<u>3,922,306</u>	<u>19.32%</u>	<u>1,921,784</u>	<u>1,832,901</u>	<u>4.85%</u>
Excess (deficit) of revenues over expenditures	(43,635)	658,927	-106.62%	358,991	(95,137)	-477.34%
Other Financing Sources (Uses)						
Interfund transfers in	20,000	20,000	0.00%	-	-	-
Interfund transfers out	<u>(25,000)</u>	<u>(25,000)</u>	<u>0.00%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>0.00%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(48,635)	653,927	-107.44%	358,991	(95,137)	-477.34%
Fund balances - January 1	<u>3,167,775</u>	<u>2,513,848</u>	<u>26.01%</u>	<u>2,725,747</u>	<u>2,820,884</u>	<u>-3.37%</u>
Fund balances - December 31	<u>\$ 3,119,140</u>	<u>\$ 3,167,775</u>	<u>-1.54%</u>	<u>\$ 3,084,738</u>	<u>\$ 2,725,747</u>	<u>13.17%</u>

**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
HIGHWAY TOWNWIDE FUND AND FIRE PROTECTION DISTRICTS FUND**

For the Year Ended December 31, 2019

	Highway Townwide Fund			Fire Protection Districts Fund		
	Authorized Budget	Expenditures	Balance	Authorized Budget	Expenditures	Balance
Public Safety						
Fire Protection	\$ -	\$ -	\$ -	\$ 1,633,411	\$ 1,633,411	\$ -
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,633,411</u>	<u>1,633,411</u>	<u>-</u>
Transportation						
Maintenance of Streets	1,109,800	1,017,611	92,189	-	-	-
Permanent Improvements Highway	243,192	243,192	-	-	-	-
Machinery	1,511,373	1,412,431	98,942	-	-	-
Brush and Weeds	78,853	76,440	2,413	-	-	-
Snow Removal	894,013	692,417	201,596	-	-	-
Services to Other Governments	343,849	277,859	65,990	-	-	-
Total Transportation	<u>4,181,080</u>	<u>3,719,950</u>	<u>461,130</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Expenditures						
Employee Benefits	1,168,127	959,966	208,161	321,857	288,373	33,484
Total Other Expenditures	<u>1,168,127</u>	<u>959,966</u>	<u>208,161</u>	<u>321,857</u>	<u>288,373</u>	<u>33,484</u>
Total	<u>\$ 5,349,207</u>	<u>\$ 4,679,916</u>	<u>\$ 669,291</u>	<u>\$ 1,955,268</u>	<u>\$ 1,921,784</u>	<u>\$ 33,484</u>