

# **TOWN OF CHILI, NEW YORK**

## **BASIC FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED**

**DECEMBER 31, 2020**



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# 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, 2020, 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, 2020, 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.

## *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 supplementary 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, are 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 21, 2021



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, 2020. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

## FINANCIAL HIGHLIGHTS

- The COVID-19 pandemic had a considerable impact on the Town. Having early expectations of significant losses of revenues, the Town took steps to curtail spending, cutting expenditures across the General, Highway and Library Funds by 15%. These savings, coupled with usage of available fund balances allowed it to leave the year in a stable position. The Town continues to remain vigilant as it is uncertain how long the financial effects of the pandemic will last.
- The assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources by \$33,070,627 (net position) at December 31, 2020, of which \$33,115,484 is invested in the Town's capital assets, including infrastructure. This was an increase of \$963,920, or 3.00%, over 2019.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$20,594,709, a decrease of \$5,804,622 from the prior year. Of the total fund balance, \$18,086,113 is non-spendable, or has been restricted or assigned for a specific purpose.
- The Town's long-term debt had a net increase of \$4,960,000 during 2020. Principal of \$40,000 was paid against debt incurred for sewer and water projects in 2004. During 2020, a new 20-year bond was taken out in the amount of \$5,000,000 for the new community center.
- The Town's tax rate for 2020 increased to a rate of \$3.97/thousand and there was a 4.93% increase in assessed value.
- Expenditures in the governmental funds increased over 2019 by \$7,276,653, or 32.79%. The primary driver in this increase was spending of \$16,086,053 on the community center and Memorial Park area, as well as Archer Road Park. This project is expected to wrap up in 2021.
- The Town recognized over \$1,652,000 in grant revenue for special projects including senior and library programs, conservation work on Black Creek, cyber-security, and large grants for the community center, lighting in Memorial Park, and work on the Archer Rd Park project.
- In 2020, \$1.4 million of budgeted and assigned funds were moved from the General Fund to the Capital Projects Fund for the community center and infrastructure project in an effort to curtail future debt expense for the tax payers of Chili.
- As of December 31, 2020, there was \$2 million set aside in the General Fund assigned fund balance that is intended for use towards a series of ongoing projects as needed, including the community center, Memorial Park, Archer Rd Park, and remodeled library to court space.

## OVERVIEW OF THE FINANCIAL STATEMENTS

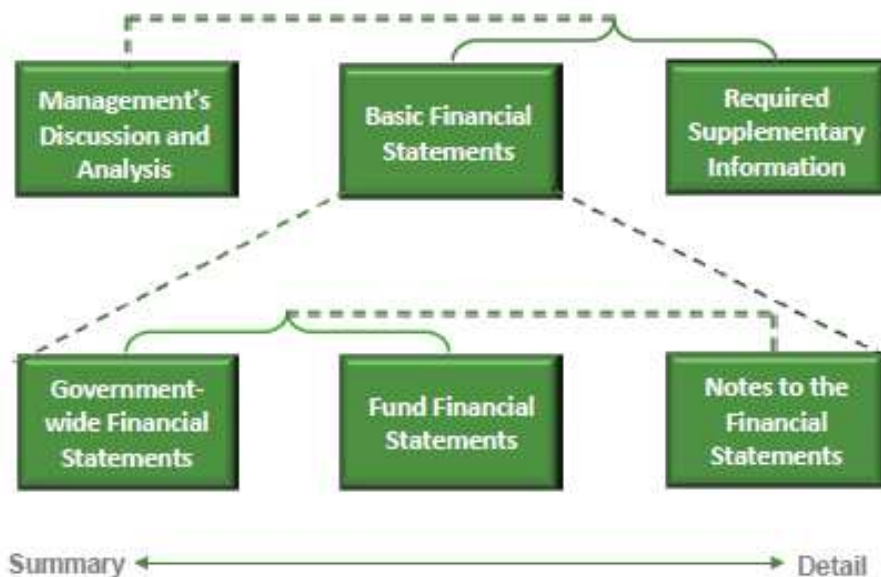
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- 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"> <li>Statement of Net Position</li> <li>Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>Balance Sheet</li> <li>Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>
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 20. 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 22. 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 \$33,070,627 as of December 31, 2020. The Town's unrestricted net position deficit is -\$10,886,200. This negative fund balance is reflective of retirement benefit liabilities the Town has, including OPEB (\$18,268,738), state pension (\$4,027,770), and LOSAP pension (\$5,148,796).

The Town's net position reflects \$33,115,484 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, \$10,841,343, 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 decreased by \$5,495,373, or 22.68%, from 2019. This decrease was expected as cash from bonds held at the end of 2019 for the Community Center Project was spent down. Total cash and cash equivalents held at yearend was \$18,735,850. Restricted investments of \$3,167,607 are for the LOSAP program.

The Town's long-term liabilities increased \$9,890,743 over 2019. The Town's addition of \$5 million in long-term debt for the community center accounted for majority of the increase. Increases in the OPEB obligation (up \$1,467,590) and Town's portion of the State retirement system liability (up \$2,917,044) also led to the change.

Net capital assets increased 43.20%, primarily due to \$16.7 million in spending on capital projects including the community center and Memorial Park project, Archer Rd Park, and the library to court remodel. There was \$463,416 of other capital spending and \$2,461,194 in depreciation expense.

Overall, there was a 3.00% increase in total net position in 2020. For the fund based financial statements, the Town saw a 21.99% decrease in fund balance. This significant decrease is due to the spenddown of bond proceeds obtained in 2019 for the community center.

**Table 1** reflects the Town's net position (dollars in thousands) as of December 31, 2020 and 2019.

**Table 1**

	Governmental Activities		% of Change
	2020	2019	
Current and other assets	\$ 23,183	\$ 28,309	-18.11%
Capital assets not being depreciated	29,635	12,950	128.84%
Capital assets, net of accumulated depreciation	19,035	21,037	-9.52%
Total assets	71,853	62,296	15.34%
Deferred pension and OPEB outflows	7,854	5,695	37.91%
Total deferred outflows of resources	7,854	5,695	37.91%
Noncurrent liabilities	42,490	32,599	30.34%
Other liabilities	3,507	2,250	55.87%
Total liabilities	45,997	34,849	31.99%
Deferred pension and OPEB inflows	639	1,035	-38.26%
Total deferred inflows of resources	639	1,035	-38.26%
Net investments in capital assets	33,115	32,738	1.15%
Restricted for:			
Workers' compensation	1,057	1,208	-12.50%
Retirement contribution	485	383	26.63%
Insurance	533	537	-0.74%
Capital projects	4,479	4,319	3.70%
Debt service	162	94	72.34%
Length of service award program	3,168	2,905	9.05%
Other restricted	958	887	8.00%
Unrestricted (deficit)	(10,886)	(10,964)	0.71%
Total net position	\$ 33,071	\$ 32,107	3.00%

The Town's government-wide net position increased \$963,920 in 2020.

**Table 2** reflects the Town's changes in net position (dollars in thousands) for the years ended December 31, 2020 and 2019.

**Table 2**

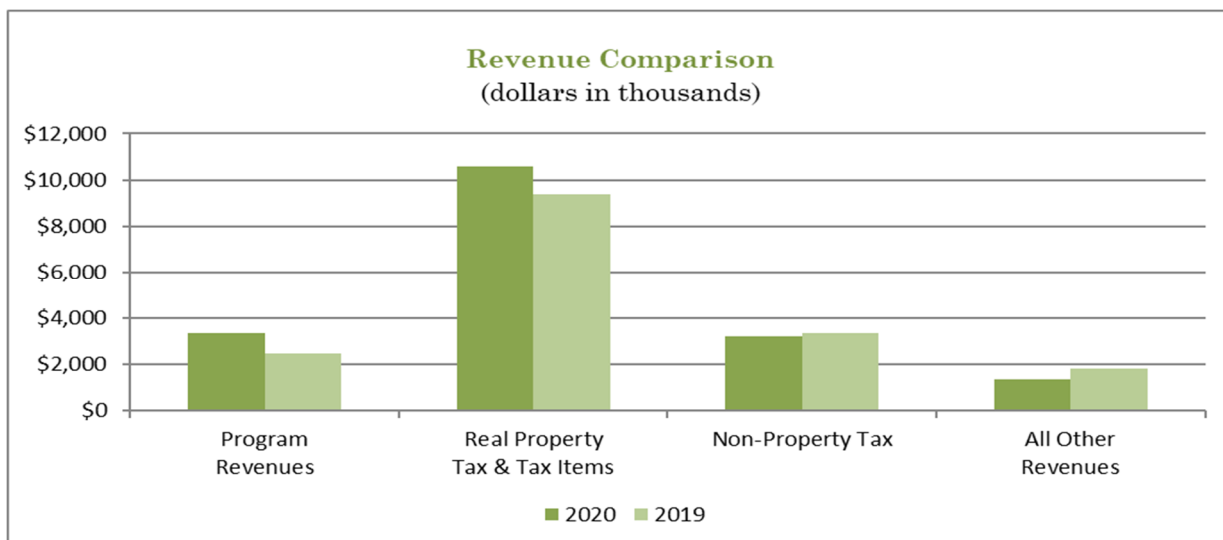
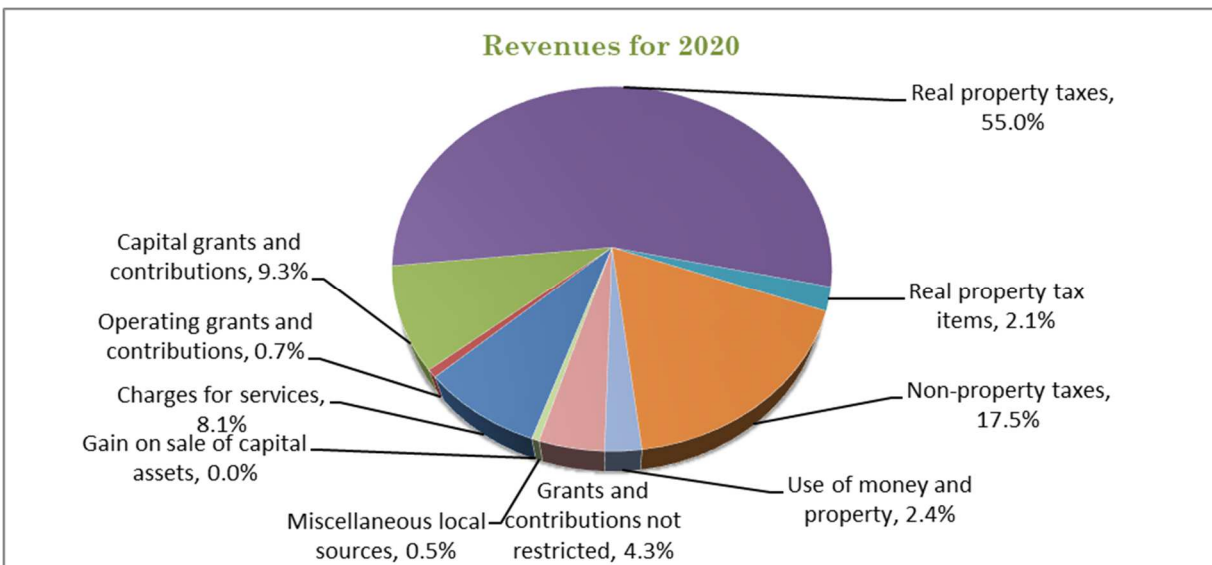
	Governmental Activities		% of Change
	2020	2019	
Program revenues:			
Charges for services	\$ 1,490	\$ 2,025	-26.42%
Operating grants and contributions	125	188	-33.51%
Capital grants and contributions	1,722	243	608.64%
General revenues:			
Real property taxes	10,170	8,992	13.10%
Real property tax items	389	388	0.26%
Non-property taxes	3,230	3,345	-3.44%
Use of money and property	452	810	-44.20%
Grants and contributions not restricted	798	735	8.57%
Miscellaneous local sources	87	182	-52.20%
Gain on sale of capital assets	5	82	-93.90%
Total revenues	18,468	16,990	8.70%
Program expenses:			
General government	3,568	3,358	6.25%
Public safety	3,384	2,655	27.46%
Health	80	80	0.00%
Transportation	6,287	6,692	-6.05%
Economic assistance and opportunity	147	233	-36.91%
Culture and recreation	2,792	2,869	-2.68%
Home and community service	971	982	-1.12%
Interest on debt	275	6	4483.33%
Total expenses	17,504	16,875	3.73%
Change in net position	964	115	738.26%
Net position - January 1	32,107	31,992	0.36%
Net position - December 31	\$ 33,071	\$ 32,107	3.00%

Real property tax levy is the primary source of revenues to support taxpayer services and accounted for 55.0% of all revenues. This is higher comparatively due to the loss of revenue in other areas.

The decrease of 26.42% in charges for services is due to significant losses to revenue streams such as recreation fees, lost due to the pandemic. The Town recognized over \$1.5M in onetime grants from NYS in relation to the community center, Memorial Park and Archer Rd Park. NYS paid only 80% of an expected roads capital grant.

Real property tax increases were expected due to changes in the 2020 budget from 2019. Changes with the Federal interest rates led to significant losses in interest earnings from the previous year. Sales tax collection was down 30% in the second quarter of the year, and ended up down 4% for the year in total. It's uncertain how long the effects of the pandemic will effect this revenue stream.

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 \$1,847,000 of grant money for various projects in 2020.

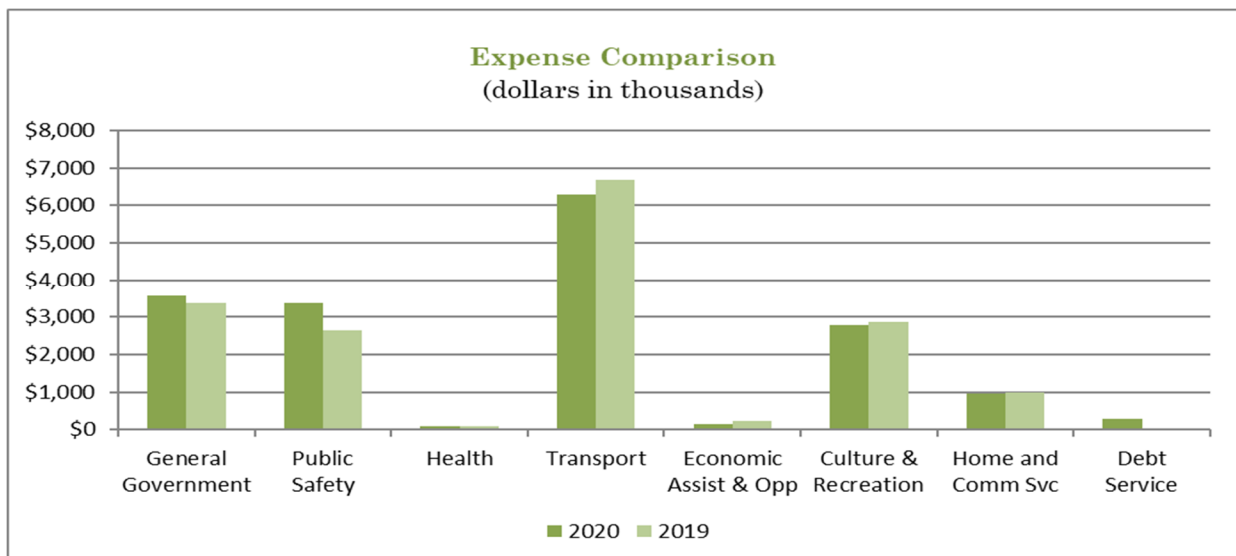
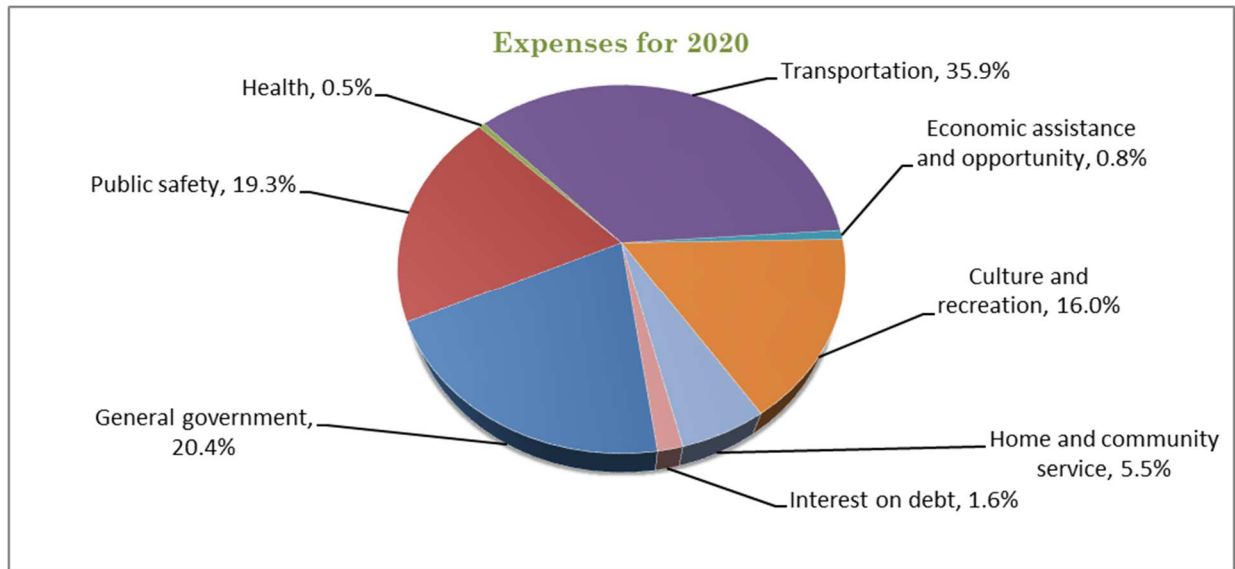




Transportation, which includes the maintenance of roads and snow removal, remains the primary operational expense. Culture and Recreation expenditures cover the Town's library, parks and recreation. Services such as safety inspections, dog control, fire protection and ambulance services are classified 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 3.73% in 2020. 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 \$7,277,000 from 2019 (32.79%). Capital project spending was up \$8,147,000, fire protection up \$668,000, and all other spending was down 1,538,000 (12.47%). The reductions to all other spending was due to actions the Town took to offset expected losses in revenues due to the pandemic.



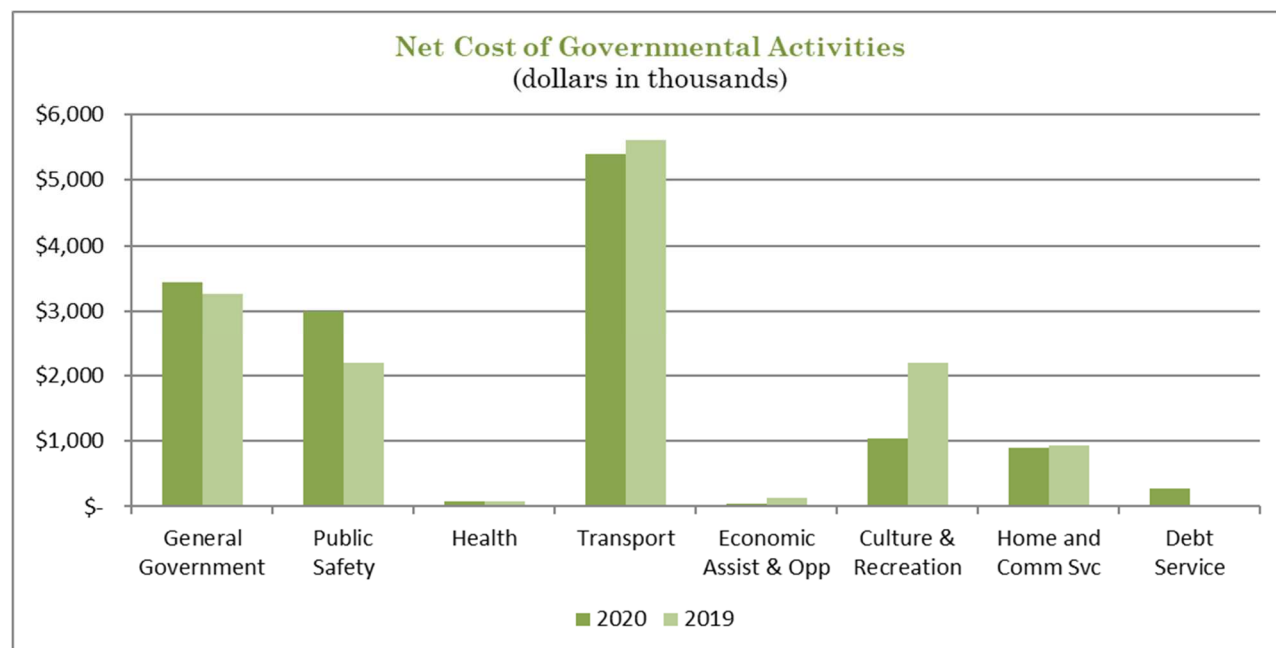
Net cost is the total cost of services less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the Town's taxpayers by each major governmental function (activity).

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

**Table 3** reflects the Town's net cost of governmental activities (dollars in thousands) for the years ended December 31, 2020 and 2019.

**Table 3**

	Total Cost of Services		% of Change	Net Cost of Services		% of Change
	2020	2019		2020	2019	
General government	3,568	3,358	6.25%	\$ 3,447	\$ 3,256	5.87%
Public safety	3,384	2,655	27.46%	2,996	2,192	36.68%
Health	80	80	0.00%	80	80	0.00%
Transportation	6,287	6,692	-6.05%	5,402	5,619	-3.86%
Economic assistance and opportunity	147	233	-36.91%	39	123	-68.29%
Culture and recreation	2,792	2,869	-2.68%	1,034	2,203	-53.06%
Home and community service	971	982	-1.12%	895	941	-4.89%
Debt service	275	6	4483.33%	275	6	4483.33%
Total	<u>\$ 17,504</u>	<u>\$ 16,875</u>	<u>3.73%</u>	<u>\$ 14,168</u>	<u>\$ 14,420</u>	<u>-1.75%</u>



## FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS

The Town was not immune to the financial effects of the COVID-19 pandemic. Departmental fees were down 55%, specifically driven by 73% losses in recreation programming. Interest revenue was down 78%. Court fines were down 59%. Sales tax collection, the General Fund's largest revenue stream, was down 30% in Q2. It recovered somewhat in Q3, but was down 4% for the year. Overall, excluding property tax type revenues and transfers, revenues were down 13%. In expectation of significant losses to several revenue streams, the Town made drastic cuts to expenses. Salaries were contained to 1% reduction by limiting overtime and instituting a temporary hiring freeze. Capital purchases were down 12%. Contractual and discretionary spending was down 23%. The Town was able to cover the losses in revenues from 2020, and is well positioned to address further shortages in 2021, with having a percentage of unassigned fund balances to current year expenditures (excluding disbursements from reserves and inter-fund transfers) for the General Fund of 59%.

The Town has recorded \$2,000,000 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 and Memorial Park, the reconstruction of the existing library to court space, and projects on the Archer Road property.

The Town maintains and utilizes reserves in accordance with the Fund Balance & Reserve Policy, 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 \$2,984,000. 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 majority of 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 \$1,590,000 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, the Town's five-year cyclical reassessment plans, and balancing the budget in fiscally stressed times.

The Highway Townwide assigned unappropriated fund balance is \$2,363,681, or 70% of current year expenditures (excluding disbursements from reserves and inter-fund transfers). This was an increase of 544,392 from the previous year. Excluding property taxes, revenues were down 24% from 2019. County projects were down 36%, interest was down 77%, and state aid (CHIPS) was down 20% due to NYS not paying 20% of their contract with the Town. In conjunction with the General Fund, expenditures were cut in the Highway Townwide Fund as well to cover these lost revenues, and in expectation of future lost revenues. Whereas salaries saw a 2% increase, equipment was down 70%, contractual and discretionary expenses down 33% and benefits down 6%. Overall, operational expenses were down 28%, or \$1,315,000. It is expected to utilize this fund balance in the short term for continued shortages in revenues and for balancing the budget.

The Fire Protection Districts' assigned unappropriated fund balance, excluding appropriations for next year, was \$131,410, or 5% of current year expenditures. LOSAP investments had a net increase of \$268,000 from the prior year, but that increase was down 21% from the prior year. The contracts for fire protection of majority of the Town increased 42% from 2019. This increase will enable the Chili Fire Department to address long overdue facility and equipment needs.

In August 2020, the Town received \$5,000,000 in new bonds for the new community center, bringing the total bonded to \$14,500,000 and leaving \$5,500,000 available to borrow. Subsequent to yearend the Town also took out a Bond Anticipation Note (BAN) in the amount of \$3,000,000 against this available balance. The Town spent down \$8,686,000 in bond proceeds that were sitting in cash at the end of 2019. Through the budget process, and the allocation of assigned fund balance, the Town transferred \$1,352,000 to the community center and infrastructure project. The Town also benefited from \$1,527,000 in grants from NYS for the community center construction (library grant), field lighting grant (Memorial Park) and a grant for the new Archer Rd Park. The community center is expected to be completed during 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, 2020 and 2019. Other financing sources and uses are included.

**Table 4**

	2020			
	Revenues	Expenditures	Fund Balances	Changes in Fund Balances
General Fund	\$ 8,273	\$ 7,152	\$ 12,317	\$ 1,121
Highway Townwide Fund	4,226	3,415	3,930	811
Fire Protection Districts Fund	2,858	2,590	3,353	268
Capital Projects Fund	7,911	16,086	(779)	(8,175)

	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)
Fire Protection Districts Fund	2,281	1,922	3,085	359
Capital Projects Fund	14,146	7,939	7,396	6,207

## 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.

As discussed earlier, the Town took steps to curtail spending due to the expected losses of revenues. Across the board, many expenditure accounts were significantly under budget, but these shortages are not reflective of the Town's spending patterns in normal times. Certain projects were delayed, replacements for aging equipment was pushed off, and overtime was restricted, causing changes to some of the Town's services. In time, projects will need to be caught up, and aging equipment will still need to be replaced.

The General Fund realized a fund balance at December 31, 2020, of \$12,316,675. Of this total fund balance, \$8,946,089 has been restricted or assigned for specific purposes. Fund balances are maintained in accordance with the Town's Fund Balance & Reserve Policy.

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

The Town has benefited from increases in sales tax revenue each of the past 10 years. That being said, the Town finds it prudent to budget conservatively for sales tax given its potential volatility. The last loss of revenue was 18%, when the economy went into recession in 2009. The current pandemic caused losses to this revenue stream again in 2020. Due to the Town's approach to budgeting, the losses in revenue were not catastrophic to the budget. The Town has continued to close the gap between budget and actual for sales tax, but does so cautiously. It is widely expected that NYS will keep additional portions of local sales tax revenue through 2021 to pay for pandemic losses at the state level.

Departmental income was \$301,000 under budget, primarily driven by senior and recreation programming coming in \$349,000 under budget from canceled programs and camps.

Interest was \$30,000 under budget after expectations were high following a strong 2019. Worldwide financial crises and the pandemic caused the Fed to lower interest rates in 2020, and the Town's interest revenue dropped significantly. The Town did receive an unbudgeted, onetime revenue of \$45,000 for a rental of real property contract the Town signed.

Licenses and permits were \$172,000 over budget. There was a single, one-time substantial permit in the amount of \$146,000, 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 \$66,000, which is not budgeted for, as it is not expected.

The Town's General Fund 2020 modified budget for State sources was \$452,000, but had recognized revenues of \$616,000. The prior mentioned Federal lowering of interest rates has caused great interest in new home ownership, and existing homeowners also refinanced their outstanding mortgages. This led to a significant windfall of mortgage tax revenues, coming in at 146% of budget (\$184,000 over). Similar to sales tax, the Town views this as an unpredictable, volatile revenue stream, and budgets it conservatively in anticipation of potential downswings.



The Town's General Fund expenditures (excluding other financing sources or uses) were approximately \$3,178,000 below modified budget amounts. It must be pointed out that of this amount, \$1,795,000 is accounted for in budget amendments that were done for spending from General Fund reserve accounts, majority of which is rolling over into 2021, and will be spent at that time. The operational accounts in the General Fund were 1,383,000 under budget.

Attrition, retirement, closures and programming cancelations led to personnel services being \$323,000 under budget. Equipment was \$60,000 under budget from pushing off replacement of vehicles to another budget year. Contractual and discretionary expenditures were \$814,000 under budget. The Town looked at every purchase and made determinations on what was absolutely necessary at this time and what could be pushed off. Savings were also found due to cancelations of events and programs. With less projects going on around town, less was spent on maintenance items, such as building maintenance and vehicle repairs. Modifications in personnel expense rolled over to savings of \$187,000 in benefits under budget. The largest savings were in the areas of general government (\$436,000), culture and recreation (\$432,000) and home and community services (\$133,000)

Encumbrances of \$73,000 from reserves are being carried over to 2021. The Town has assigned an amount of \$850,000 to balance the 2021 budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$33,115,484 (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, 2020 and 2019. Additional information on the Town's capital assets can be found in Note 2 to the financial statements.

**Table 5**

	Governmental Activities	
	2020	2019
Land	\$ 4,323	\$ 4,323
Construction work in progress	25,296	8,611
Historical collections	15	15
Buildings	9,388	9,732
Improvements	158	173
Machinery and equipment	3,658	4,075
Infrastructure	5,832	7,058
Total	<u>\$ 48,670</u>	<u>\$ 33,987</u>

### Long-term obligations

At the end of the current year, the Town had total bonded debt outstanding of \$14,555,000. Of this amount, \$136,622 is unspent at yearend. This entire amount is backed by the full faith and credit of the Town of Chili. As of December 31, 2020, 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, 2020 and 2019. Additional information on the Town's long-term obligations can be found in Note 2 to the financial statements.

**Table 6**

	Governmental Activities	
	2020	2019
General obligation on debt:		
Serial Bonds	\$ 14,555	\$ 9,595
Premium	217	26
Compensated absences	272	243
Post employment benefits	18,269	16,801
Workers' compensation	-	94
Net pension liability	4,028	1,111
LOSAP liability	5,149	4,729
Total	<u>\$ 42,490</u>	<u>\$ 32,599</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 \$14,555,000 will continue to be paid off through 2049. Of this total debt, \$525,000 is due to be paid in 2021.
- 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, \$14,500,000 has been borrowed through 2020. In January 2021 the Town borrowed \$3,000,000 through a Bond Anticipation Note (BAN), leaving \$2,500,000 available. At the time these financial statements were published,

the Town does not anticipate needing to borrow that final amount. Future borrowings may 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 2021 adopted budget was once again under the NYS Property Tax Cap guidelines. The ability to continue to stay under the cap will be evaluated on an annual basis, and any allowable unused limit is carried over to the next budget year.
- The tax rate for 2021 decreased to a rate of \$3.95 per \$1,000 of assessed value while reflecting taxable assessment base growth of 5.50%.
- Due to the pandemic, the Town took numerous steps to control spending across the all areas, including limiting staffing, not making large equipment purchases and delaying projects. The Town expects the financial effects of the pandemic to continue at least through 2021, and adopted a budget that reflects those continued hardships. The Town's historical approach of conservative budgeting and maintaining healthy fund balances and reserves for emergency purposes has provided us the ability to continue our operations without having to make drastic changes to the manner in which we provide services safely to our residents. The Town will continue to monitor and take necessary actions to contend with the difficult financial times.

## 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, 2020

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 18,599,228
Cash and cash equivalents, restricted	136,622
Accounts receivable	76,494
State and federal receivables	140,529
Due from other governments	903,757
Prepaid items	159,031
Investments, restricted	3,167,607
Capital assets not being depreciated	29,634,431
Capital assets, net of accumulated depreciation	19,035,250
	<hr/>
Total assets	71,852,949
	<hr/>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions and post-employment benefits	7,238,512
Deferred pension outflows, contributions subsequent to measurement date	615,643
	<hr/>
Total deferred outflows of resources	7,854,155
	<hr/>
<b>Liabilities</b>	
Accounts payable	2,388,933
Accrued liabilities	199,626
Retainage payable	918,410
Noncurrent liabilities:	
Due within one year	563,198
Due in more than one year	41,926,682
	<hr/>
Total liabilities	45,996,849
	<hr/>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions and post-employment benefits	639,628
	<hr/>
Total deferred inflows of resources	639,628
	<hr/>
<b>Net Position</b>	
Net investment in capital assets	33,115,484
Restricted for:	
Workers' compensation	1,057,213
Retirement contribution	484,793
Insurance	532,739
Capital projects	4,479,265
Debt service	162,175
Length of service award program	3,167,607
Other restricted	957,551
Unrestricted (deficit)	(10,886,200)
	<hr/>
Total net position	\$ 33,070,627
	<hr/>

See accompanying notes to basic financial statements

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2020

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	\$ 3,567,976	\$ 75,089	\$ 45,906	\$ -	\$ (3,446,981)
Public safety	3,383,937	388,418	-	-	(2,995,519)
Health	80,000	-	-	-	(80,000)
Transportation	6,287,011	690,731	-	194,528	(5,401,752)
Economic assistance and opportunity	146,879	55,971	51,682	-	(39,226)
Culture and recreation	2,792,651	223,048	7,942	1,527,349	(1,034,312)
Home and community services	970,912	56,530	19,613	-	(894,769)
Interest on debt	274,981	-	-	-	(274,981)
Total governmental activities	<u>\$ 17,504,347</u>	<u>\$ 1,489,787</u>	<u>\$ 125,143</u>	<u>\$ 1,721,877</u>	(14,167,540)
General revenues and gain on sale of capital assets:					
Real property taxes					10,169,904
Real property tax items					388,742
Non-property taxes					3,229,713
Use of money and property					451,870
Grants and contributions not restricted for a specific purpose					798,509
Miscellaneous local sources					87,022
Gain on sale of capital assets					5,700
Total general revenues and gain on sale of capital assets					<u>15,131,460</u>
Change in net position					963,920
Net position - January 1					<u>32,106,707</u>
Net position - December 31					<u>\$ 33,070,627</u>

See accompanying notes to basic financial statements



## BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2020

		Special Revenue				
	General	Highway Townwide	Fire Protection Districts	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 11,621,711	\$ 3,926,003	\$ 185,668	\$ 1,069,882	\$ 1,795,964	\$ 18,599,228
Cash and cash equivalents, restricted	-	-	-	136,622	-	136,622
Accounts receivable	6,234	-	-	-	70,260	76,494
State and federal receivables	10,170	56,025	-	74,334	-	140,529
Due from other funds	-	51,987	-	-	-	51,987
Due from other governments	831,667	69,090	-	-	3,000	903,757
Prepaid items	82,784	58,638	-	-	17,609	159,031
Investments, restricted	-	-	3,167,607	-	-	3,167,607
Total assets	<u>\$ 12,552,566</u>	<u>\$ 4,161,743</u>	<u>\$ 3,353,275</u>	<u>\$ 1,280,838</u>	<u>\$ 1,886,833</u>	<u>\$ 23,235,255</u>
<b>Liabilities</b>						
Accounts payable	\$ 126,533	\$ 164,809	\$ 258	\$ 2,060,044	\$ 37,289	\$ 2,388,933
Accrued liabilities	106,628	66,709	-	-	26,289	199,626
Due to other funds	2,730	-	-	-	49,257	51,987
Total liabilities	<u>235,891</u>	<u>231,518</u>	<u>258</u>	<u>2,060,044</u>	<u>112,835</u>	<u>2,640,546</u>
<b>Fund Balances (Deficit)</b>						
Non-spendable	82,784	58,638	-	-	17,609	159,031
Restricted	6,096,089	457,921	3,167,607	-	1,119,726	10,841,343
Assigned	2,850,000	3,413,666	185,410	-	636,663	7,085,739
Unassigned (deficit)	3,287,802	-	-	(779,206)	-	2,508,596
Total fund balances (deficit)	<u>12,316,675</u>	<u>3,930,225</u>	<u>3,353,017</u>	<u>(779,206)</u>	<u>1,773,998</u>	<u>20,594,709</u>
Total liabilities and fund balances (deficit)	<u>\$ 12,552,566</u>	<u>\$ 4,161,743</u>	<u>\$ 3,353,275</u>	<u>\$ 1,280,838</u>	<u>\$ 1,886,833</u>	<u>\$ 23,235,255</u>

See accompanying notes to basic financial statements

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

December 31, 2020

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

Total fund balance - governmental funds (page 22)	\$ 20,594,709
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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	95,293,196	
Accumulated depreciation	(46,623,515)	
Capital assets, net of depreciation		48,669,681

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

Retainage payable	(918,410)	
Serial bonds payable	(14,555,000)	
Premium liability	(217,409)	
Compensated absences	(272,167)	
Post-employment benefits liability (OPEB)	(18,268,738)	
ERS net pension liability	(4,027,770)	
LOSAP pension liability	(5,148,796)	
Total long-term liabilities		(43,408,290)

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	4,286,526	
ERS pension deferred outflows and inflows	2,718,493	
LOSAP pension deferred outflows and inflows	209,508	
Total deferred outflows and inflows		7,214,527

Net position of governmental activities	\$ 33,070,627
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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, 2020

		Special Revenue			Non-Major	Total
	General	Highway Townwide	Fire Protection Districts	Capital Projects	Governmental Funds	Governmental Funds
<b>Revenues</b>						
Real property taxes	\$ 2,692,222	\$ 3,301,825	\$ 2,566,290	\$ -	\$ 1,609,567	\$ 10,169,904
Real property tax items	388,742	-	-	-	-	388,742
Non-property taxes	3,229,713	-	-	-	-	3,229,713
Departmental income	273,045	-	-	-	90,727	363,772
Intergovernmental charges	91,386	674,466	-	-	-	765,852
Use of money and property	98,333	18,488	291,853	32,226	10,970	451,870
Licenses and permits	345,339	-	-	-	-	345,339
Fines and forfeitures	43,753	-	-	-	-	43,753
Sales of property and compensation for loss	72,031	16,265	-	-	4,703	92,999
Miscellaneous local sources	204,225	-	-	-	26,630	230,855
State sources	616,285	194,528	-	1,527,349	1,400	2,339,562
Federal sources	45,906	-	-	-	-	45,906
Total revenues	8,100,980	4,205,572	2,858,143	1,559,575	1,743,997	18,468,267
<b>Expenditures</b>						
Current:						
General government	2,371,764	-	-	-	13,100	2,384,864
Public safety	399,500	-	2,318,472	-	-	2,717,972
Health	-	-	-	-	80,000	80,000
Transportation	284,347	2,464,737	-	-	159,812	2,908,896
Economic assistance and opportunity	82,324	-	-	-	500	82,824
Culture and recreation	772,652	-	-	-	898,929	1,671,581
Home and community services	410,338	-	-	-	150,969	561,307
Employee benefits	1,188,899	899,750	271,392	-	300,623	2,660,664
Capital outlay:						
Culture and recreation	-	-	-	16,086,053	-	16,086,053
Debt service:						
Principal	-	-	-	-	40,000	40,000
Interest	270,608	-	-	-	4,373	274,981
Total expenditures	5,780,432	3,364,487	2,589,864	16,086,053	1,648,306	29,469,142

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, 2020

		<u>Special Revenue</u>			Non-Major Governmental Funds	Total Governmental Funds
	<u>General</u>	<u>Highway Townwide</u>	<u>Fire Protection Districts</u>	<u>Capital Projects</u>		
Excess (deficit) of revenues over expenditures	2,320,548	841,085	268,279	(14,526,478)	95,691	(11,000,875)
<b>Other Financing Sources (Uses)</b>						
Proceeds from serial bonds	-	-	-	5,000,000	-	5,000,000
Premiums on obligations	-	-	-	-	196,253	196,253
Interfund transfers in	172,148	20,000	-	1,351,538	500	1,544,186
Interfund transfers out	<u>(1,372,038)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(122,148)</u>	<u>(1,544,186)</u>
Total other financing sources (uses)	<u>(1,199,890)</u>	<u>(30,000)</u>	<u>-</u>	<u>6,351,538</u>	<u>74,605</u>	<u>5,196,253</u>
Net change in fund balances	1,120,658	811,085	268,279	(8,174,940)	170,296	(5,804,622)
Fund balances - January 1	<u>11,196,017</u>	<u>3,119,140</u>	<u>3,084,738</u>	<u>7,395,734</u>	<u>1,603,702</u>	<u>26,399,331</u>
Fund balances (deficit) - December 31	<u>\$ 12,316,675</u>	<u>\$ 3,930,225</u>	<u>\$ 3,353,017</u>	<u>\$ (779,206)</u>	<u>\$ 1,773,998</u>	<u>\$ 20,594,709</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, 2020

Amounts reported for governmental activities in the Statement of Activities (page 21) are different because:

Net change in fund balances - total governmental funds (page 25) \$ (5,804,622)

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	17,148,063	
Current year depreciation	<u>(2,461,194)</u>	
		14,686,869

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.

(4,192)

The issuance of long-term debt provides current financial resources to governmental 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 debt and the related items is as follows:

Proceeds from sales of bonds	(5,000,000)	
Principal payments of bonds	40,000	
Premium on new bond issuances	(196,253)	
Amortization of bond premiums	<u>5,166</u>	
		(5,151,087)

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	(578,297)	
Change in compensated absences liability	(29,198)	
Change in OPEB obligation	(1,467,590)	
Change in workers' compensation liability	94,102	
Change in ERS net pension liability	(2,917,044)	
Change in LOSAP pension liability	(419,926)	
Change in deferred outflows and inflows related to OPEB	16,708	
Change in deferred outflows and inflows related to ERS pensions	2,203,795	
Change in deferred outflows and inflows related to LOSAP pensions	<u>334,402</u>	
		(2,763,048)

Change in net position of governmental activities \$ 963,920

See accompanying notes to basic financial statements



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Chili, New York (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 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 1<sup>st</sup> based on assessed property values as of that date. Tax payments are due and collected during the period January 1<sup>st</sup> to May 31<sup>st</sup>.

The tax roll is returned to the Monroe County Commissioner of Finance after May 31<sup>st</sup> 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.

#### **F. RESTRICTED ASSETS**

Proceeds from serial bonds are classified on the balance sheet as restricted because their use is limited. The Town had \$136,622 of unspent serial bonds as of December 31, 2020.

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. The Town had \$3,167,607 of restricted investments as of December 31, 2020, for the LOSAP program.

#### **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, 2020, the Town had no unearned revenue.

**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 can consist of serial bonds, unamortized premiums, 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 \$272,167.

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. REVENUES**Revenue 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, 2020, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*; and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*.

The primary objective of Statement No. 95 is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides.

The primary objectives of Statement No. 97 are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financials statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The Town evaluated these statements 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, 2022;

- 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, 2021;
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022;
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022;
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2022;
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023;
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023;

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, obligations of the State of New York and its localities, and obligations issued by states (other than New York) rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

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, 2020.

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.
- Obligations issued by states (other than New York) rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

#### Investment Pool - NYCLASS

NYCLASS is rated by S&P Global Ratings. The current rating is 'AAAm.' The dollar weighted average days to maturity (WAM) of NYCLASS at June 30, 2020, is 41 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average live (WAL) of NYCLASS at June 30, 2020, is 60 days.

## 2. RECEIVABLES

Major revenues accrued by the Town at December 31, 2020 include the following:

General Fund:	
Sales tax	\$ 791,859
Miscellaneous receivables	56,212
Total General	<u>\$ 848,071</u>
Highway Townwide Fund:	
Monroe County snow & ice	\$ 68,571
New York State snow & ice	56,025
Miscellaneous receivables	519
Total Highway	<u>\$ 125,115</u>
Capital Projects Fund:	
New York State grants	\$ 74,334
Total Capital Projects	<u>\$ 74,334</u>

Library Fund:	
CPL Foundation	\$ 70,260
Total Library	<u>\$ 70,260</u>

Miscellaneous Special Revenue:	
Miscellaneous receivables	\$ 3,000
Total Misc Special Rev	<u>\$ 3,000</u>

### 3. INTERFUND ACTIVITIES

Interfund activities at December 31, 2020 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	\$ -	\$ 2,730	\$ 172,148	\$ 1,372,038
Highway Townwide Fund	51,987	-	20,000	50,000
Capital Projects Fund	-	-	1,351,538	-
Drainage Fund	-	49,257	-	-
Debt Service Fund	-	-	-	122,148
Miscellaneous Special Revenue Fund	-	-	500	-
Total	<u>\$ 51,987</u>	<u>\$ 51,987</u>	<u>\$ 1,544,186</u>	<u>\$ 1,544,186</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 \$1,351,538 from the General Fund to the Capital Projects Fund was for the community center and site infrastructure project. Of this amount, \$1,100,000 was budgeted for in 2020 and the remaining \$251,538 was a reallocation of funds budgeted for bond premium that was not needed. The transfer of \$122,148 from the Debt Service Fund to the General Fund was used for interest payments on the community center bonds.

## 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets, not being depreciated				
Land	\$ 4,322,969	\$ -	\$ -	\$ 4,322,969
Construction work in progress	8,611,340	16,684,647	-	25,295,987
Historical artwork/ collections	15,475	-	-	15,475
Total capital assets, not being depreciated	12,949,784	16,684,647	-	29,634,431
Capital assets, being depreciated				
Buildings	14,060,308	-	-	14,060,308
Improvements	358,462	-	-	358,462
Machinery & equipment	8,914,684	190,889	39,669	9,065,904
Infrastructure	41,901,564	272,527	-	42,174,091
Total capital assets, being depreciated	65,235,018	463,416	39,669	65,658,765
Less: accumulated depreciation				
Buildings	4,328,691	343,877	-	4,672,568
Improvements	185,478	15,094	-	200,572
Machinery & equipment	4,839,392	604,152	35,477	5,408,067
Infrastructure	34,844,237	1,498,071	-	36,342,308
Total accumulated depreciation	44,197,798	2,461,194	35,477	46,623,515
Total capital assets, being depreciated, net	21,037,220	(1,997,778)	4,192	19,035,250
Governmental activities capital assets, net	\$ 33,987,004	\$ 14,686,869	\$ 4,192	\$ 48,669,681

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 131,836
Public safety	14,192
Transportation	2,120,448
Economic assistance and opportunity	8,060
Culture and recreation	125,747
Home and community	60,911
Total depreciation expense	\$ 2,461,194

**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 well as other miscellaneous payroll liabilities. As of December 31, 2020, the Town recognized an accrued liability of \$199,626.

**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, 2020, 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 \$18,268,738 was measured as of December 31, 2020, 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, 2020, 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	2.00%
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%

\*With an ultimate health care cost trend rate of 4.30%

Mortality rates were based on the Pri.H-2012 No Collar Mortality Table with generational mortality projections using Scale MP-2020.

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, 2020	\$ 16,801,148
Changes for the year:	
Service cost	978,621
Interest	351,900
Differences between expected and actual experience	(1,232,925)
Change in assumptions	1,677,511
Benefit payments	<u>(307,517)</u>
Net changes	<u>1,467,590</u>
Balance at December 31, 2020	<u>\$ 18,268,738</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>(1.00%)</u>	Current Assumption <u>(2.00%)</u>	1% Increase <u>(3.00%)</u>
Total OPEB liability	\$21,405,214	\$18,268,738	\$15,713,480

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	\$15,017,211	\$18,268,738	\$22,599,233

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

Through December 31, 2020, the Town has recognized OPEB expense of \$1,758,399. At December 31, 2020, 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	\$ 578,511	\$ -
Changes of assumptions	<u>3,708,015</u>	<u>-</u>
Total	<u>\$ 4,286,526</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,:	
2021	\$ 468,369
2022	468,369
2023	468,369
2024	468,369
2025	468,369
Thereafter	1,944,681

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, 2020	
Cash subsidy	\$ 16,730,090
Implicit subsidy	<u>1,538,648</u>
Total OPEB liability	<u>\$ 18,268,738</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](http://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, 2020, the Town reported a liability of \$4,027,770 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. 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, 2019	0.0156765%
December 31, 2020	0.0152103%
Change in Town's proportionate share since the previous measurement date	-0.0004662

Through December 31, 2020, the Town has recognized pension expense of \$1,325,567. At December 31, 2020, 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	\$ 237,051	\$ -
Changes of assumptions	81,100	70,029
Net difference between projected and actual earnings on pension plan investments	2,064,831	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>5,932</u>	<u>61,852</u>
Total	<u>\$ 2,388,914</u>	<u>\$ 131,881</u>
Town's contributions subsequent to the measurement date	<u>\$ 461,460</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, 2021. 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,:	
2021	\$ 358,594
2022	564,525
2023	737,741
2024	596,173
2025	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, 2020, were as follows (dollars in thousands):

Employers' total pension liability	\$194,596,261
Fiduciary net position	<u>168,115,682</u>
Employers' net pension liability	<u>\$ 26,480,579</u>

Ratio of fiduciary net position to the employers' total pension liability	86.39%
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Actuarial Assumptions

The total pension liability as of the March 31, 2020, was determined by using an actuarial valuation as of April 1, 2019, with updated procedures used to roll forward the total pension liability to March 31, 2020. 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)	6.8%
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-2018. The previous actuarial valuation as of April 1, 2018, used the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2019, 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. The previous actuarial valuation as of April 1, 2018, used a long-term expected rate of return of 7.0%.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020, are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	36.0%	4.05%
International equity	14.0	6.15
Private equity	10.0	6.75
Real estate	10.0	4.95
Absolute return strategies	2.0	3.25
Opportunistic portfolio	3.0	4.65
Real assets	3.0	5.95
Bonds and mortgages	17.0	0.75
Cash	1.0	0.00
Inflation-indexed bonds	<u>4.0</u>	0.50
	<u>100.0%</u>	

#### Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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 determined. 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 6.8%, 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 (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
Town's proportionate share of the net pension liability (asset)	\$7,392,096	\$4,027,770	\$929,212

#### 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, 2020, represent the employer

contribution for the period of January 1, 2021, through March 31, 2021, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2020, amounted to \$153,802.

#### 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, 2019, measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	46
Inactive participants entitled to but not yet receiving benefit payments	82
Active participants	<u>78</u>
Total	<u>206</u>

##### Contributions

New York State General Municipal Law § 219(d) requires the Town Board to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Town Board.



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, 2019, measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2019, 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 3.26%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019. 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 12/31/18 measurement date	\$ 4,728,870
Service cost	53,714
Interest	171,863
Changes of assumptions or other inputs	288,797
Differences between expected and actual experience	27,712
Benefit payments	<u>(122,160)</u>
Net Changes	<u>419,926</u>
Balance as of 12/31/19 measurement date	<u>\$ 5,148,796</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, 2019, measurement date, calculated using the discount rate of 3.26%, 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 (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$6,038,555	\$5,148,796	\$4,437,447

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

For the year ended December 31, 2020, the Town recognized pension expense of \$239,708.

Components of Pension Expense

Service cost	\$ 53,714
Interest on total pension liability	171,863
Changes of assumptions or other inputs	954
Differences between expected and actual experience	3,381
Pension plan administrative expense	<u>9,796</u>
Total pension expense	<u>\$ 239,708</u>

At December 31, 2020, 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	\$ 51,317	\$ 26,494
Changes of assumptions or other inputs	511,755	481,253
Benefit payments & administrative expenses subsequent to the measurement date	<u>154,183</u>	<u>-</u>
Total	<u>\$ 717,255</u>	<u>\$ 507,747</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, 2021.

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,:	
2021	\$ 4,335
2022	4,335
2023	4,335
2024	4,335
2025	4,335
Thereafter	33,650

## 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, 2020:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
General obligation on debt:					
Serial bonds	\$ 9,595,000	\$ 5,000,000	\$ 40,000	\$ 14,555,000	\$ 525,000
Premium	26,322	196,253	5,166	217,409	10,981
Subtotal	9,621,322	5,196,253	45,166	14,772,409	535,981
Other Liabilities:					
Compensated absences	242,969	286,990	257,792	272,167	27,217
OPEB liability*	16,801,148	1,467,590	-	18,268,738	-
Workers' compensation	94,102	-	94,102	-	-
Net pension liability*	1,110,726	2,917,044	-	4,027,770	-
LOSAP pension liability*	4,728,870	419,926	-	5,148,796	-
Total government activities	\$ 32,599,137	\$ 10,287,803	\$ 397,060	\$ 42,489,880	\$ 563,198

\*Additions and reductions to OPEB, net pension liability and LOSAP pension 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	\$ 55,000
General Fund: Community Center	2019	9,500,000	2.684%	2049	9,500,000
General Fund: Community Center	2020	5,000,000	1.659%	2039	<u>5,000,000</u>
Grand Total					<u>\$ 14,555,000</u>

Maturity

The following table summarizes the Town's future debt service requirements related to serial bonds and premiums as of December 31, 2020:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortized Premiums</u>
2021	\$ 525,000	\$ 340,335	\$ 10,981
2022	470,000	329,315	10,981
2023	490,000	319,375	10,981
2024	485,000	309,162	10,981
2025	490,000	299,463	10,981
2026-2030	2,610,000	1,346,212	54,905
2031-2035	2,895,000	1,071,394	54,905
2036-2040	2,900,000	749,394	44,801
2041-2045	1,930,000	441,000	4,385
2046-2049	1,760,000	133,950	3,508
Total	<u>\$ 14,555,000</u>	<u>\$ 5,339,600</u>	<u>\$ 217,409</u>

Statutory Debt Limit

There is a statutory debt limit applicable to Towns within New York State. As of December 31, 2020, the Town has exhausted 12.38% 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 \$5,500,000 remains unissued as of December 31, 2020. A Bond Anticipation Notes in a total amount of \$3,000,000 were issued on January 26, 2021, against this unissued amount.

**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	\$ 48,669,681
Less: Serial bonds	(14,555,000)
Unamortized premiums	(217,409)
Retainage payable	(918,410)
Add: Unspent debt proceeds	<u>136,622</u>
Net investment in capital assets	<u>\$ 33,115,484</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, 2020, 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, 2020, 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, 2020, fund balances were classified as follows:

	General	Highway Townwide	Fire Protection Districts	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>						
Prepaid items	\$ 82,784	\$ 58,638	\$ -	\$ -	\$ 17,609	\$ 159,031
<b>Restricted</b>						
Workers' compensation	1,057,213	-	-	-	-	1,057,213
Retirement contribution	484,793	-	-	-	-	484,793
Insurance	532,739	-	-	-	-	532,739
Capital	4,021,344	457,921	-	-	-	4,479,265
Debt service	-	-	-	-	162,175	162,175
Length of service award pgm	-	-	3,167,607	-	-	3,167,607
Other restricted	-	-	-	-	957,551	957,551
<b>Assigned</b>						
Subsequent years' expenditures	850,000	1,000,000	54,000	-	150,954	2,054,954
Infrastructure projects	2,000,000	-	-	-	-	2,000,000
Encumbrances:						
Transportation	-	49,985	-	-	-	49,985
Highway Townwide	-	2,363,681	-	-	-	2,363,681
Library	-	-	-	-	233,984	233,984
Fire Protection Districts	-	-	131,410	-	-	131,410
Drainage Districts	-	-	-	-	143,420	143,420
Lighting Districts	-	-	-	-	29,083	29,083
Miscellaneous Districts	-	-	-	-	74,260	74,260
Park Districts	-	-	-	-	603	603
Sewer Districts	-	-	-	-	4,359	4,359
<b>Unassigned (deficit)</b>						
General fund	3,287,802	-	-	-	-	3,287,802
Capital Projects fund	-	-	-	(779,206)	-	(779,206)
<b>TOTAL</b>	<u>\$ 12,316,675</u>	<u>\$ 3,930,225</u>	<u>\$ 3,353,017</u>	<u>\$ (779,206)</u>	<u>\$ 1,773,998</u>	<u>\$ 20,594,709</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, 2020.

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	\$	624,653
Highway Facility		837,557
Townwide Drainage		57,466
Assessment		325,478
General Fleet/ Vehicle		166,306
Conservation/ Wetlands/ Drainage		107,584
Administrative Facility		1,521,686
Comprehensive Plan		31,328
Sidewalks		349,286
	\$	<u>4,021,344</u>

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

Highway Equipment	\$	410,664
General Repairs/ Maintenance		47,257
	\$	<u>457,921</u>

The Miscellaneous Special Revenue Fund restrictions for other restricted funds are established for the following purposes:

Parks and Recreation	\$	856,295
Landscaping		50,389
Brick Walk		3,021
Senior Center Fundraiser		31,780
Senior Initiative Programs		4,676
Maintenance - 241 Chili Scottsville Rd		8,834
Historical Property		2,556
	\$	<u>957,551</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 30<sup>th</sup> the Town Supervisor files a "tentative" budget with the Town Clerk for the following fiscal year to commence on January 1<sup>st</sup>. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5<sup>th</sup>.
- 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 20<sup>th</sup>.
- 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.

### B. DEFICIT FUND BALANCE

The Town reported a deficit fund balance at December 31, 2020, in the following funds:

<u>Fund</u>	<u>Deficit</u>	<u>Comment</u>
Capital Projects	\$ 779,206	To be eliminated with previously authorized future debt issuances.

## 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 Town has not recorded any additional accrual for workers' compensation expense due to the fact that the estimation for unpaid claims incurred but not reported is built into their annual premium payments to the Program. Historical experience has shown that the Program's calculation of premiums has been adequate to cover claims incurred but not reported.

## **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, 2020, the Town abated property taxes totaling \$101,236. Of this total, \$72,510 was from JobsPlus and LeasePlus tax abatements and \$28,726 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, 2020, the Town's LOSAP investments, and categorization with the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 457,997	\$ -	\$ -	\$ 457,997
Exchange traded funds and mutual funds:				
US large cap core equities	678,492	-	-	678,492
US mid cap core equities	127,556	-	-	127,556
International equities	380,560	-	-	380,560
US taxable fixed income	974,394	-	-	974,394
US high yield fixed income	331,492	-	-	331,492
International fixed income	217,116	-	-	217,116
	<u>\$ 3,167,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,167,607</u>

## NOTE 5 – CONTINGENCIES

### Community Center Commitments

Prior to December 31, 2020, 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, 2020	Open Commitment
Engineering and Architectural Services	\$ 1,154,500	\$ 1,089,325	\$ 65,175
Construction Management Services	729,625	617,386	112,239
Sitework	3,896,900	3,232,468	664,432
General Trades	10,798,815	9,713,357	1,085,458
HVAC	1,737,300	1,526,584	210,716
Electrical	3,230,589	2,559,195	671,394
Plumbing and Fire Protection	1,124,541	917,874	206,667
IT Infrastructure	69,562	37,066	32,496
	<u>\$ 22,741,832</u>	<u>\$ 19,693,255</u>	<u>\$ 3,048,577</u>

### COVID-19 Pandemic

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, 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. Throughout 2020, there was significant impact on the revenues of the Town, specifically sales tax, recreation fees, interest and court fines. The Town took immediate steps in an effort to reduce its expenses and mitigate these losses in revenue. The Town expects the financial effects of the pandemic to continue at least through 2021, and has created its budget in anticipation of this. The Town will continue to monitor the financial impact to revenues and make further adjustments to expenditures as necessary.

## NOTE 6 - SUBSEQUENT EVENTS

On January 26, 2021, the Town issued two new BANs (bond anticipation note) in a total amount of \$3,000,000 for the community center project. The total amount borrowed for this project is \$17,500,000. The Town has been authorized to borrow up to \$20,000,000 for this project.

Management has evaluated subsequent events through April 21, 2021, which is the date the financial statements are available for issuance, and have determined, with exception to the contingencies listed in Note 5 and the BANs 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, 2020

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Real property taxes	\$ 2,692,222	\$ 2,692,222	\$ 2,692,222	\$ -
Real property tax items	368,881	368,881	388,742	19,861
Non-property taxes	2,430,000	2,430,000	3,229,713	799,713
Departmental income	569,638	573,638	273,045	(300,593)
Intergovernmental charges	91,310	91,310	91,386	76
Use of money and property	92,048	92,048	98,333	6,285
Licenses and permits	173,300	173,300	345,339	172,039
Fines and forfeitures	110,000	110,000	43,753	(66,247)
Sales of property and compensation for loss	-	5,700	72,031	66,331
Miscellaneous local sources	-	239,968	204,225	(35,743)
State sources	570,000	451,973	616,285	164,312
Federal sources	-	48,700	45,906	(2,794)
Total revenues	7,097,399	7,277,740	8,100,980	823,240
<b>Expenditures</b>				
Current:				
General government	2,761,989	4,326,744	2,371,764	1,954,980
Public safety	449,816	442,916	399,500	43,416
Transportation	317,142	336,392	284,347	52,045
Economic assistance and opportunity	175,900	176,793	82,324	94,469
Culture and recreation	1,119,848	1,479,522	772,652	706,870
Home and community services	523,755	549,663	410,338	139,325
Employee benefits	1,204,116	1,375,852	1,188,899	186,953
Debt service:				
Interest	400,000	270,609	270,608	1
Total expenditures	6,952,566	8,958,491	5,780,432	3,178,059
Excess (deficit) of revenues over expenditures	144,833	(1,680,751)	2,320,548	4,001,299
<b>Other Financing Sources (Uses)</b>				
Interfund transfers in	-	122,147	172,148	50,001
Interfund transfers out	(1,244,833)	(1,552,071)	(1,372,038)	180,033
Total other financing sources (uses)	(1,244,833)	(1,429,924)	(1,199,890)	230,034
Net change in fund balance*	(1,100,000)	(3,110,675)	1,120,658	4,231,333
Fund balance - January 1	11,196,017	11,196,017	11,196,017	-
Fund balance - December 31	\$ 10,096,017	\$ 8,085,342	\$ 12,316,675	\$ 4,231,333

\*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, 2020

	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
<b>Revenues</b>								
Real property taxes	\$ 3,301,825	\$ 3,301,825	\$ 3,301,825	\$ -	\$ 2,566,290	\$ 2,566,290	\$ 2,566,290	\$ -
Intergovernmental charges	482,250	532,250	674,466	142,216	-	-	-	-
Use of money and property	25,000	25,000	18,488	(6,512)	1,250	1,250	291,853	290,603
Sales of property and compensation for loss	1,500	2,700	16,265	13,565	-	-	-	-
State sources	140,000	243,159	194,528	(48,631)	-	-	-	-
Total revenues	<u>3,950,575</u>	<u>4,104,934</u>	<u>4,205,572</u>	<u>100,638</u>	<u>2,567,540</u>	<u>2,567,540</u>	<u>2,858,143</u>	<u>290,603</u>
<b>Expenditures</b>								
Current:								
Public safety	-	-	-	-	2,320,078	2,320,078	2,318,472	1,606
Transportation	3,607,159	3,902,884	2,464,737	1,438,147	-	-	-	-
Employee benefits	1,143,416	1,143,416	899,750	243,666	290,962	290,962	271,392	19,570
Total expenditures	<u>4,750,575</u>	<u>5,046,300</u>	<u>3,364,487</u>	<u>1,681,813</u>	<u>2,611,040</u>	<u>2,611,040</u>	<u>2,589,864</u>	<u>21,176</u>
Excess (deficit) of revenues over expenditures	(800,000)	(941,366)	841,085	1,782,451	(43,500)	(43,500)	268,279	311,779
<b>Other Financing Sources (Uses)</b>								
Interfund transfers in	-	-	20,000	20,000	-	-	-	-
Interfund transfers out	-	(51,200)	(50,000)	1,200	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(51,200)</u>	<u>(30,000)</u>	<u>21,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(800,000)	(992,566)	811,085	1,803,651	(43,500)	(43,500)	268,279	311,779
Fund balances - January 1	<u>3,119,140</u>	<u>3,119,140</u>	<u>3,119,140</u>	<u>-</u>	<u>3,084,738</u>	<u>3,084,738</u>	<u>3,084,738</u>	<u>-</u>
Fund balances - December 31	<u>\$ 2,319,140</u>	<u>\$ 2,126,574</u>	<u>\$ 3,930,225</u>	<u>\$ 1,803,651</u>	<u>\$ 3,041,238</u>	<u>\$ 3,041,238</u>	<u>\$ 3,353,017</u>	<u>\$ 311,779</u>

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>	<u>2020</u>
Measurement date	12/31/17	12/31/18	12/31/19	12/31/20
Service cost	\$ 380,116	\$ 532,780	800,634	978,621
Interest	393,827	442,761	406,511	351,900
Differences between expected and actual experience	-	3,879,801	(1,441,511)	(1,232,925)
Change in assumptions	-	(1,099,937)	3,202,143	1,677,511
Benefit payments	<u>(300,300)</u>	<u>(339,098)</u>	<u>(328,658)</u>	<u>(307,517)</u>
Net change in total OPEB liability	473,643	3,416,307	2,639,119	1,467,590
Total OPEB liability - beginning	<u>10,272,079</u>	<u>10,745,722</u>	<u>14,162,029</u>	<u>16,801,148</u>
Total OPEB liability - ending	<u>\$ 10,745,722</u>	<u>\$ 14,162,029</u>	<u>\$ 16,801,148</u>	<u>\$ 18,268,738</u>
Covered-employee payroll	\$ 3,911,720	\$ 3,942,196	\$ 3,818,947	\$ 3,937,570
Total OPEB liability as a percentage of covered-employee payroll	274.71%	359.24%	439.94%	463.96%

\* 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>	<u>2020</u>
Measurement Date	3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20
Town's proportion of the net pension liability (asset)	0.0165612%	0.0165612%	0.0164897%	0.0162376%	0.0159230%	0.0156765%	0.0152103%
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	\$ 4,027,770
Town's covered payroll	\$ 4,034,579	\$ 3,914,474	\$ 4,000,436	\$ 4,232,767	\$ 4,375,384	\$ 4,377,169	\$ 4,415,575
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%	91.22%
Plan fiduciary net position as a percentage of the total pension liability	97.20%	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%

\* 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>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>	<u>2020</u>
Contractually required contribution	\$ 602,039	\$ 691,408	\$ 744,080	\$ 725,142	\$ 656,093	\$ 581,437	\$ 606,054	\$ 608,937	\$ 603,477	\$ 615,262
Contributions in relation to the contractually required contribution	<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>	<u>615,262</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	\$ 3,940,792	\$ 3,900,281	\$ 3,986,662	\$ 3,957,535	\$ 4,203,905	\$ 4,157,681	\$ 4,323,707	\$ 4,368,672	\$ 4,403,053	\$ 4,437,660
Contributions as a percentage of covered payroll	15%	18%	19%	18%	16%	14%	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>	<u>2020</u>
Measurement Date	12/31/16	12/31/17	12/31/18	12/31/19
Total Pension Liability				
Service Cost	\$ 80,343	\$ 64,788	\$ 70,137	\$ 53,714
Interest	151,201	163,964	156,685	171,863
Changes of assumptions or other inputs	(369,839)	405,710	(364,489)	288,797
Differences between expected and actual experience	(46,875)	4,440	32,844	27,712
Benefit payments	<u>(107,910)</u>	<u>(101,669)</u>	<u>(109,100)</u>	<u>(122,160)</u>
Net change in total pension liability	(293,080)	537,233	(213,923)	419,926
Total pension liability - beginning	<u>\$ 4,698,640</u>	<u>\$ 4,405,560</u>	<u>\$ 4,942,793</u>	<u>\$ 4,728,870</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>	<u><u>\$ 5,148,796</u></u>
Covered employee payroll	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered employee payroll	N/A	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, 2020, 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:			
2020	2.00%	3.00%	2.00%
2019	2.75%	3.00%	2.00%
2018	4.00%	4.00%	3.00%
2017	3.75%	4.00%	

### 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%
December 31, 2019:	3.26%

#### 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 THE RETIREMENT SYSTEM PENSION

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. The discount factor used in effect at each measurement date is as follows:

	ERS Discount Rate
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%

# **SUPPLEMENTAL SCHEDULES**

## COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Special Revenue									Total
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Water Districts	
<b>Assets</b>										
Cash and cash equivalents	\$ 162,175	\$ 244,759	\$ 273,983	\$ 69,974	\$ 85,260	\$ 954,551	\$ 903	\$ 4,359	\$ -	\$ 1,795,964
Accounts receivable	-	-	70,260	-	-	-	-	-	-	70,260
Due from other governments	-	-	-	-	-	3,000	-	-	-	3,000
Prepaid items	-	-	17,609	-	-	-	-	-	-	17,609
<b>Total assets</b>	<b>\$ 162,175</b>	<b>\$ 244,759</b>	<b>\$ 361,852</b>	<b>\$ 69,974</b>	<b>\$ 85,260</b>	<b>\$ 957,551</b>	<b>\$ 903</b>	<b>\$ 4,359</b>	<b>\$ -</b>	<b>\$ 1,886,833</b>
<b>Liabilities</b>										
Accounts payable	\$ -	\$ 1,667	\$ 8,481	\$ 27,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,289
Accrued liabilities	-	415	25,874	-	-	-	-	-	-	26,289
Due to other funds	-	49,257	-	-	-	-	-	-	-	49,257
<b>Total liabilities</b>	<b>-</b>	<b>51,339</b>	<b>34,355</b>	<b>27,141</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>112,835</b>
<b>Fund Balances</b>										
Non-spendable	-	-	17,609	-	-	-	-	-	-	17,609
Restricted	162,175	-	-	-	-	957,551	-	-	-	1,119,726
Assigned	-	193,420	309,888	42,833	85,260	-	903	4,359	-	636,663
<b>Total fund balances</b>	<b>162,175</b>	<b>193,420</b>	<b>327,497</b>	<b>42,833</b>	<b>85,260</b>	<b>957,551</b>	<b>903</b>	<b>4,359</b>	<b>-</b>	<b>1,773,998</b>
<b>Total liabilities and fund balances</b>	<b>\$ 162,175</b>	<b>\$ 244,759</b>	<b>\$ 361,852</b>	<b>\$ 69,974</b>	<b>\$ 85,260</b>	<b>\$ 957,551</b>	<b>\$ 903</b>	<b>\$ 4,359</b>	<b>\$ -</b>	<b>\$ 1,886,833</b>

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, 2020

	Special Revenue									Total
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Water Districts	
<b>Revenues</b>										
Real property taxes	\$ -	\$ 216,714	\$ 1,117,537	\$ 152,750	\$ 83,000	\$ -	\$ 1,392	\$ 23,474	\$ 14,700	\$ 1,609,567
Departmental income	-	-	12,727	-	-	78,000	-	-	-	90,727
Use of money and property	315	1,294	4,463	511	375	3,840	7	64	101	10,970
Sales of property and comp. for loss	-	-	4,703	-	-	-	-	-	-	4,703
Miscellaneous local sources	-	-	24,491	-	-	2,139	-	-	-	26,630
State sources	-	-	1,400	-	-	-	-	-	-	1,400
Total revenues	315	218,008	1,165,321	153,261	83,375	83,979	1,399	23,538	14,801	1,743,997
<b>Expenditures</b>										
Current:										
General government	-	-	13,100	-	-	-	-	-	-	13,100
Health	-	-	-	-	80,000	-	-	-	-	80,000
Transportation	-	-	-	155,694	4,118	-	-	-	-	159,812
Economic assistance and opportunity	-	-	-	-	-	500	-	-	-	500
Culture and recreation	-	-	883,832	-	-	13,397	1,700	-	-	898,929
Home and community services	-	150,969	-	-	-	-	-	-	-	150,969
Employee benefits	-	58,398	242,133	-	-	-	92	-	-	300,623
Debt service:										
Principal	-	-	-	-	-	-	-	20,000	20,000	40,000
Interest	-	-	-	-	-	-	-	3,473	900	4,373
Total expenditures	-	209,367	1,139,065	155,694	84,118	13,897	1,792	23,473	20,900	1,648,306
Excess (deficit) of revenues over expenditures	315	8,641	26,256	(2,433)	(743)	70,082	(393)	65	(6,099)	95,691
<b>Other Financing Sources (Uses)</b>										
Premium on obligations	196,253	-	-	-	-	-	-	-	-	196,253
Interfund transfers in	-	-	-	-	-	500	-	-	-	500
Interfund transfers out	(122,148)	-	-	-	-	-	-	-	-	(122,148)
Total other financing sources (uses)	74,105	-	-	-	-	500	-	-	-	74,605
Net change in fund balances	74,420	8,641	26,256	(2,433)	(743)	70,582	(393)	65	(6,099)	170,296
Fund balances - January 1	87,755	184,779	301,241	45,266	86,003	886,969	1,296	4,294	6,099	1,603,702
Fund balances - December 31	\$ 162,175	\$ 193,420	\$ 327,497	\$ 42,833	\$ 85,260	\$ 957,551	\$ 903	\$ 4,359	\$ -	\$ 1,773,998

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,		
	2020	2019	% Change
<b>Assets</b>			
Cash and cash equivalents	\$ 11,621,711	\$ 10,475,344	10.94%
Accounts receivable	6,234	5,265	18.40%
State and federal receivables	10,170	10,170	0.00%
Due from other governments	831,667	933,348	-10.89%
Prepaid items	82,784	79,771	3.78%
Total assets	<u>\$ 12,552,566</u>	<u>\$ 11,503,898</u>	<u>9.12%</u>
<b>Liabilities</b>			
Accounts payable	\$ 126,533	\$ 213,016	-40.60%
Accrued liabilities	106,628	90,737	17.51%
Due to other funds	2,730	4,128	-33.87%
Total liabilities	<u>235,891</u>	<u>307,881</u>	<u>-23.38%</u>
<b>Fund Balances</b>			
Non-spendable	82,784	79,771	3.78%
Restricted	6,096,089	6,012,749	1.39%
Assigned	2,850,000	2,535,674	12.40%
Unassigned	3,287,802	2,567,823	28.04%
Total fund balances	<u>12,316,675</u>	<u>11,196,017</u>	<u>10.01%</u>
Total liabilities and fund balances	<u>\$ 12,552,566</u>	<u>\$ 11,503,898</u>	<u>9.12%</u>



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

For the Years Ended

	December 31,		
	2020	2019	% Change
<b>Revenues</b>			
Real property taxes	\$ 2,692,222	\$ 1,972,113	36.51%
Real property tax items	388,742	388,118	0.16%
Non-property taxes	3,229,713	3,345,038	-3.45%
Departmental income	273,045	602,901	-54.71%
Intergovernmental charges	91,386	88,541	3.21%
Use of money and property	98,333	298,476	-67.05%
Licenses and permits	345,339	356,426	-3.11%
Fines and forfeitures	43,753	107,429	-59.27%
Sales of property and compensation for loss	72,031	128,927	-44.13%
Miscellaneous local sources	204,225	276,872	-26.24%
State sources	616,285	573,793	7.41%
Federal sources	45,906	-	
Total revenues	8,100,980	8,138,634	-0.46%
<b>Expenditures</b>			
General government	2,371,764	2,379,143	-0.31%
Public safety	399,500	425,538	-6.12%
Transportation	284,347	333,816	-14.82%
Economic assistance and opportunity	82,324	156,724	-47.47%
Culture and recreation	772,652	941,401	-17.93%
Home and community services	410,338	544,210	-24.60%
Employee benefits	1,188,899	1,153,155	3.10%
Debt service:			
Interest	270,608	-	
Total expenditures	5,780,432	5,933,987	-2.59%
Excess of revenues over expenditures	2,320,548	2,204,647	5.26%
<b>Other Financing Sources (Uses)</b>			
Interfund transfers in	172,148	25,000	588.59%
Interfund transfers out	(1,372,038)	(4,620,500)	70.31%
Total other financing sources (uses)	(1,199,890)	(4,595,500)	73.89%
Net change in fund balances	1,120,658	(2,390,853)	146.87%
Fund balances - January 1	11,196,017	13,586,870	-17.60%
Fund balances - December 31	\$ 12,316,675	\$ 11,196,017	10.01%

**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS - GENERAL FUND**

For the Year Ended December 31, 2020

	Authorized Budget	Expenditures	Balance
<b>General Government</b>			
Town Board	\$ 81,514	\$ 80,396	\$ 1,118
Justices	263,817	206,051	57,766
Supervisor	177,610	174,336	3,274
Director of Finance	133,504	128,378	5,126
Independent Auditing & Accounting	20,800	15,009	5,791
Tax Collector	85,689	84,571	1,118
Assessor	236,343	218,263	18,080
Credit Card Fees	8,000	4,147	3,853
Town Clerk	143,966	139,887	4,079
Attorney	245,065	154,434	90,631
Personnel	56,379	48,061	8,318
Town Engineer	56,500	56,007	493
Elections	56,060	40,395	15,665
Records Management	6,250	5,933	317
Department of Public Works	134,404	117,832	16,572
Buildings	1,958,216	374,627	1,583,589
Central Garage	158,100	95,757	62,343
Central Communications	22,235	17,912	4,323
Central Storeroom	6,500	4,708	1,792
Central Print & Mail	28,000	20,732	7,268
Information Technology	235,992	215,399	20,593
Unallocated Insurance	170,250	153,593	16,657
Municipal Association Dues	4,700	4,064	636
Taxes & Assessments on Municipal Properties	11,000	9,494	1,506
Other General Government Support	8,000	1,778	6,222
Contingency	17,850	-	17,850
Total General Government	4,326,744	2,371,764	1,954,980
<b>Public Safety</b>			
Traffic & Safety Committee	3,840	2,105	1,735
Police & Constable	14,148	11,443	2,705
Traffic Control	72,921	65,075	7,846
Fire Marshall	61,374	60,300	1,074
Dog Control	47,820	33,841	13,979
Other Dog Control	350	-	350
Safety Inspection	241,613	226,049	15,564
Other Public Safety	850	687	163
Total Public Safety	442,916	399,500	43,416

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

For the Year Ended December 31, 2020

	Authorized Budget	Expenditures	Balance
<b>Transportation</b>			
Superintendent of Highway	157,381	155,552	1,829
Machinery	18,500	7,149	11,351
Garage	22,457	14,668	7,789
Street Lighting	107,500	89,319	18,181
Sidewalks	30,554	17,659	12,895
Total Transportation	<u>336,392</u>	<u>284,347</u>	<u>52,045</u>
<b>Economic Assistance and Opportunity</b>			
Veterans Service	2,000	-	2,000
Programs for Aging	174,793	82,324	92,469
Total Economic Assistance and Opportunity	<u>176,793</u>	<u>82,324</u>	<u>94,469</u>
<b>Culture and Recreation</b>			
Recreation Administration	313,945	269,633	44,312
Parks	603,540	399,437	204,103
Special Rec Facility	200,000	4,557	195,443
Youth Programming	247,700	57,097	190,603
Historian	14,137	10,199	3,938
Celebrations	48,200	6,685	41,515
Adult Recreation	52,000	25,044	26,956
Total Culture and Recreation	<u>1,479,522</u>	<u>772,652</u>	<u>706,870</u>
<b>Home and Community Services</b>			
Zoning	16,144	9,815	6,329
Planning	29,609	15,335	14,274
Environmental/ Conservation	24,648	2,600	22,048
Refuse/ Garbage	335,205	273,401	61,804
Drainage	117,057	93,759	23,298
Cemeteries	1,500	1,500	-
Special Reserves	25,500	13,928	11,572
Total Home and Community Services	<u>549,663</u>	<u>410,338</u>	<u>139,325</u>
<b>Other Expenditures</b>			
Employee Benefits	1,375,852	1,188,899	186,953
Debt Interest	270,609	270,608	1
Total Other Expenditures	<u>1,646,461</u>	<u>1,459,507</u>	<u>186,954</u>
<b>Total</b>	<u><u>\$ 8,958,491</u></u>	<u><u>\$ 5,780,432</u></u>	<u><u>\$ 3,178,059</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
	2020	2019		2020	2019	
<b>Assets</b>						
Cash and cash equivalents	\$ 3,926,003	\$ 3,203,303	22.56%	\$ 185,668	\$ 180,219	3.02%
Certificates of deposit	-	-	-	3,167,607	2,904,519	-
State and federal receivables	56,025	-	-	-	-	-
Due from other funds	51,987	53,528	-2.88%	-	-	-
Due from other governments	69,090	66,085	4.55%	-	-	-
Prepaid items	58,638	57,508	1.96%	-	-	-
Total assets	<u>\$ 4,161,743</u>	<u>\$ 3,380,424</u>	<u>23.11%</u>	<u>\$ 3,353,275</u>	<u>\$ 3,084,738</u>	<u>8.71%</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 164,809	\$ 79,747	106.66%	\$ 258	\$ -	-
Accrued liabilities	66,709	50,810	31.29%	-	-	-
Unearned revenues	-	130,727	-	-	-	-
Total liabilities	<u>231,518</u>	<u>261,284</u>	<u>-11.39%</u>	<u>258</u>	<u>-</u>	
<b>Fund Balances</b>						
Non-spendable	58,638	57,508	1.96%	-	-	-
Restricted	457,921	434,777	5.32%	3,167,607	2,904,519	-
Assigned	3,413,666	2,626,855	29.95%	185,410	180,219	2.88%
Total fund balances	<u>3,930,225</u>	<u>3,119,140</u>	<u>26.00%</u>	<u>3,353,017</u>	<u>3,084,738</u>	<u>8.70%</u>
Total liabilities and fund balances	<u>\$ 4,161,743</u>	<u>\$ 3,380,424</u>	<u>23.11%</u>	<u>\$ 3,353,275</u>	<u>\$ 3,084,738</u>	<u>8.71%</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,		
	2020	2019	% Change	2020	2019	% Change
<b>Revenues</b>						
Real property taxes	\$ 3,301,825	\$ 3,442,762	-4.09%	\$ 2,566,290	\$ 1,932,768	32.78%
Intergovernmental charges	674,466	740,371	-8.90%	-	-	-
Use of money and property	18,488	78,865	-76.56%	291,853	348,007	-16.14%
Sales of property and compensation for loss	16,265	112,398	-85.53%	-	-	-
Miscellaneous local sources	-	18,692	-100.00%	-	-	-
State sources	194,528	243,193	-20.01%	-	-	-
Total revenues	<u>4,205,572</u>	<u>4,636,281</u>	<u>-9.29%</u>	<u>2,858,143</u>	<u>2,280,775</u>	<u>25.31%</u>
<b>Expenditures</b>						
Public safety	-	-	-	2,318,472	1,633,411	-
Transportation	2,464,737	3,719,950	-33.74%	-	-	-
Employee benefits	899,750	959,966	-6.27%	271,392	288,373	-5.89%
Total expenditures	<u>3,364,487</u>	<u>4,679,916</u>	<u>-28.11%</u>	<u>2,589,864</u>	<u>1,921,784</u>	<u>34.76%</u>
Excess (deficit) of revenues over expenditures	841,085	(43,635)	-2027.55%	268,279	358,991	-25.27%
<b>Other Financing Sources (Uses)</b>						
Interfund transfers in	20,000	20,000	0.00%	-	-	-
Interfund transfers out	(50,000)	(25,000)	100.00%	-	-	-
Total other financing sources (uses)	<u>(30,000)</u>	<u>(5,000)</u>	<u>500.00%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	811,085	(48,635)	-1767.70%	268,279	358,991	-25.27%
Fund balances - January 1	<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>
Fund balances - December 31	<u>\$ 3,930,225</u>	<u>\$ 3,119,140</u>	<u>26.00%</u>	<u>\$ 3,353,017</u>	<u>\$ 3,084,738</u>	<u>8.70%</u>

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

For the Year Ended December 31, 2020

	Highway Townwide Fund			Fire Protection Districts Fund		
	Authorized Budget	Expenditures	Balance	Authorized Budget	Expenditures	Balance
<b>Public Safety</b>						
Fire Protection	\$ -	\$ -	\$ -	\$ 2,320,078	\$ 2,318,472	\$ 1,606
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,320,078</u>	<u>2,318,472</u>	<u>1,606</u>
<b>Transportation</b>						
Maintenance of Streets	992,433	844,184	148,249	-	-	-
Permanent Improvements Highway	243,159	243,159	-	-	-	-
Machinery	889,520	496,282	393,238	-	-	-
Brush and Weeds	320,512	83,900	236,612	-	-	-
Snow Removal	1,097,518	562,638	534,880	-	-	-
Services to Other Governments	359,742	234,574	125,168	-	-	-
Total Transportation	<u>3,902,884</u>	<u>2,464,737</u>	<u>1,438,147</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Expenditures</b>						
Employee Benefits	1,143,416	899,750	243,666	290,962	271,392	19,570
Total Other Expenditures	<u>1,143,416</u>	<u>899,750</u>	<u>243,666</u>	<u>290,962</u>	<u>271,392</u>	<u>19,570</u>
<b>Total</b>	<u>\$ 5,046,300</u>	<u>\$ 3,364,487</u>	<u>\$ 1,681,813</u>	<u>\$ 2,611,040</u>	<u>\$ 2,589,864</u>	<u>\$ 21,176</u>