

TOWN OF CHILI, NEW YORK

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

DECEMBER 31, 2021



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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 Audit of the Financial Statements

Opinions

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplemental 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.

Supplementary 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, 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. Such information 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. The 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.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the other schedules, as listed in the table of contents, but does include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Freed Maxick CPAs, P.C.

Batavia, New York
April 20, 2022



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, 2021. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- From a purely financial aspect, the Town fared better than anticipated throughout the COVID-19 pandemic. Bracing for continued financial impact seen initially, the Town prepared the 2021 budget expecting lower revenues and thus cut expenses across the board. Whereas some revenue streams were lower as expected, many performed well. Some revenue streams saw record highs. The Town will continue to remain vigilant in monitoring expenses and revenues, and will use fund balances against future budgets and one time projects.
- In May 2021, the Town opened its new community center, a 97,000 sq. ft. facility providing recreation, senior and library services to the residents.
- The assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources by \$35,013,219 (net position) at December 31, 2021, of which \$32,640,363 is invested in the Town's capital assets, including infrastructure. This was an increase of \$1,942,592, or 5.87%, over 2020.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,119,100, a decrease of \$524,391 from 2020. Of the total fund balance, \$19,198,705 is non-spendable, or has been restricted or assigned for a specific purpose.
- The Town's long-term debt had a decrease of \$525,000 during 2021. Principal of \$20,000 was paid against debt incurred for sewer and water projects in 2004, and \$505,000 was paid against initial bonds totaling \$14.5 million for the new community center. In January 2021 the Town took out a Bond Anticipation Note (BAN) in the amount of \$3 million. In January 2022, \$1 million of that was paid back and a renewal BAN was issued for \$2 million. The Town is authorized to take out \$20 million in borrowing for this project. No further new borrowing is expected. The remainder of this project was paid for using General Fund reserves and fund balances, including \$1.3 million in 2021.
- The Town's tax rate for 2021 decreased to a rate of \$3.95/thousand and there was a 5.50% increase in assessed value.
- The Town recognized over \$188,503 in grant revenue for special projects including recreation, senior and library programs, as well as a grant for the Archer Rd Park project.
- As of December 31, 2021, there was \$2,250,000 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, Archer Rd Park, court remodel, and a town hall roof.

OVERVIEW OF THE FINANCIAL STATEMENTS

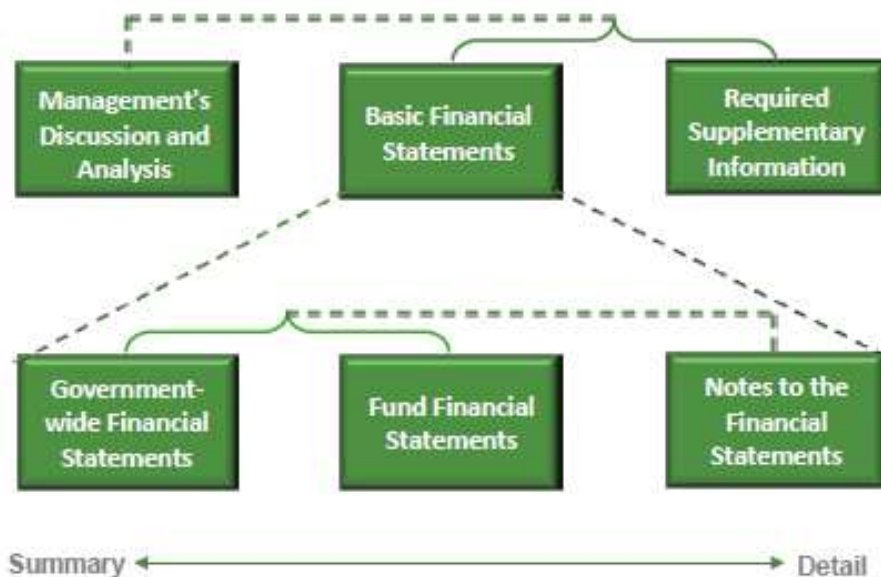
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

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

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

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

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



Major Features of the Government-Wide and Fund Financial Statements

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

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

Government-wide Statements

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

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

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

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

Reporting the Town as a Whole

The analysis of the Town as a whole begins on page 21. 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 23. 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 statements.

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 \$35,013,219 as of December 31, 2021. The Town's unrestricted net position deficit is -\$8,345,358. This negative fund balance is reflective of retirement benefit liabilities the Town has, including OPEB (\$11,922,294), state pension (\$14,853), and LOSAP pension (\$6,526,914).

The Town's net position reflects \$32,640,363 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, \$10,718,214, is restricted for future capital projects, debt reductions, retirement contributions, self-funded liability insurance, workers' compensation insurance, LOSAP and other restricted programs.

The Town's cash and cash equivalents increased by \$2,573,798, or 13.74%, from 2020. This increase was driven by ARPA funding received but not yet spent, as well as higher than expected revenues, particularly sales tax. Total cash and cash equivalents held at yearend was \$21,309,648. Restricted investments of \$3,315,129 are for the LOSAP program.

The Town's long-term liabilities decreased \$9,520,803 from 2020. The Town saw a significant reduction in its OPEB liability. There was a reduction in actual, current medical rates, which when carried forward for the OPEB liability, resulted in future savings as well (\$6,346,444). The State's pension fund has performed well, causing a substantial reduction in the Town's pension liability (\$4,012,917). The LOSAP liability increased from the prior year (\$1,378,118).

Net capital assets increased 3.54%, primarily due to \$3.9 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 \$832,449 of other capital spending and \$2,459,769 in depreciation expense.

Overall, there was a 5.87% increase in total net position in 2021. For the fund based financial statements, the Town saw a 2.55% increase in fund balance.

Table 1 reflects the Town's net position (dollars in thousands) as of December 31, 2021 and 2020.

Table 1

	Governmental Activities		
	2021	2020	% of Change
Current and other assets	\$ 26,211	\$ 23,183	13.06%
Capital assets not being depreciated	4,656	29,635	-84.29%
Capital assets, net of accumulated depreciation	45,735	19,035	140.27%
Total assets	76,602	71,853	6.61%
Deferred pension and OPEB outflows	12,188	7,854	55.18%
Total deferred outflows of resources	12,188	7,854	55.18%
Noncurrent liabilities	32,969	42,490	-22.41%
Other liabilities	5,499	3,507	56.80%
Total liabilities	38,468	45,997	-16.37%
Deferred pension and OPEB inflows	15,309	639	2295.77%
Total deferred inflows of resources	15,309	639	2295.77%
Net investments in capital assets	32,640	33,115	-1.43%
Restricted for:			
Workers' compensation	969	1,057	-8.33%
Retirement contribution	486	485	0.21%
Insurance	534	533	0.19%
Capital projects	4,115	4,479	-8.13%
Debt service	162	162	0.00%
Length of service award program	3,315	3,168	4.64%
Other restricted	1,137	958	18.68%
Unrestricted (deficit)	(8,345)	(10,886)	23.34%
Total net position	\$ 35,013	\$ 33,071	5.87%

The Town's government-wide net position increased \$1,942,592 in 2021.

Table 2 reflects the Town's changes in net position (dollars in thousands) for the years ended December 31, 2021 and 2020.

Table 2

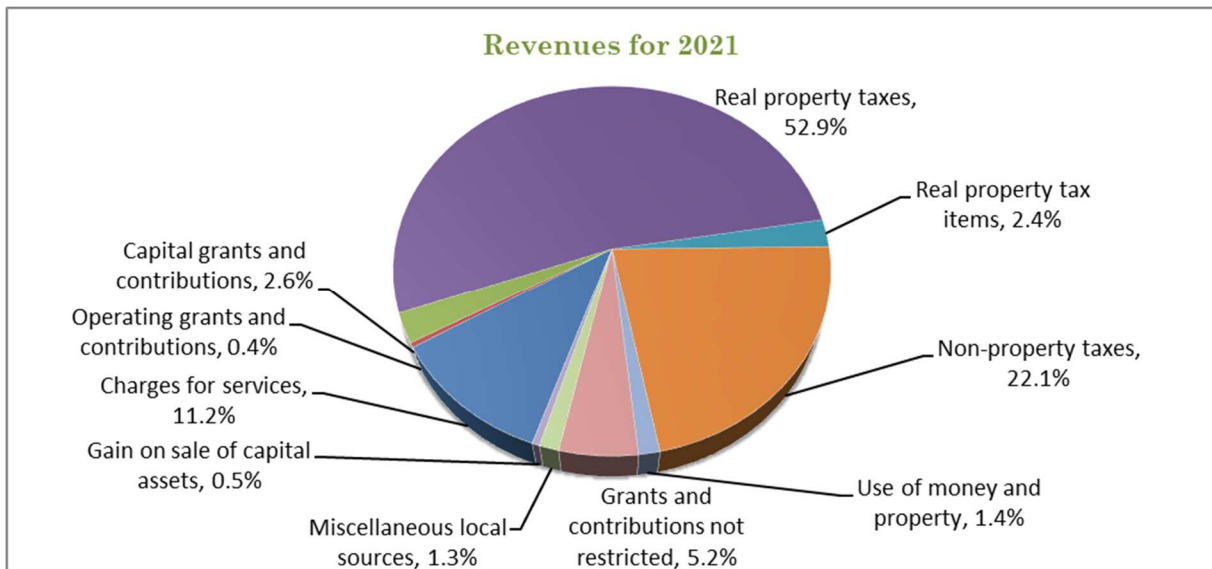
	Governmental Activities		% of Change
	2021	2020	
Program revenues:			
Charges for services	\$ 2,162	\$ 1,490	45.10%
Operating grants and contributions	70	125	-44.00%
Capital grants and contributions	494	1,722	-71.31%
General revenues:			
Real property taxes	10,243	10,170	0.72%
Real property tax items	457	389	17.48%
Non-property taxes	4,267	3,230	32.11%
Use of money and property	263	452	-41.81%
Grants and contributions not restricted	1,001	798	25.44%
Miscellaneous local sources	256	87	194.25%
Gain on sale of capital assets	89	5	1680.00%
Total revenues	19,302	18,468	4.52%
Program expenses:			
General government	3,305	3,568	-7.37%
Public safety	3,490	3,384	3.13%
Health	80	80	0.00%
Transportation	5,999	6,287	-4.58%
Economic assistance and opportunity	183	147	24.49%
Culture and recreation	2,945	2,792	5.48%
Home and community service	1,018	971	4.84%
Interest on debt	340	275	23.64%
Total expenses	17,360	17,504	-0.82%
Change in net position	1,942	964	101.45%
Net position - January 1	33,071	32,107	3.00%
Net position - December 31	\$ 35,013	\$ 33,071	5.87%

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

Charges for services saw an increase of 45.10%, as revenue streams began returning to normal levels from losses incurred at the peak of the pandemic. The Town recognized significant, onetime grants in 2020, thus creating a decrease in the current year. NYS also reimbursed additional roads capital grants that were short paid in 2020.

Non-property taxes saw a substantial increase, driven by sales tax, which saw an over \$1 million increase from the previous year. Mortgage tax also saw big gains, which was up \$225,000 from 2020. Interest rates continued to decrease, resulting in losses of revenue.

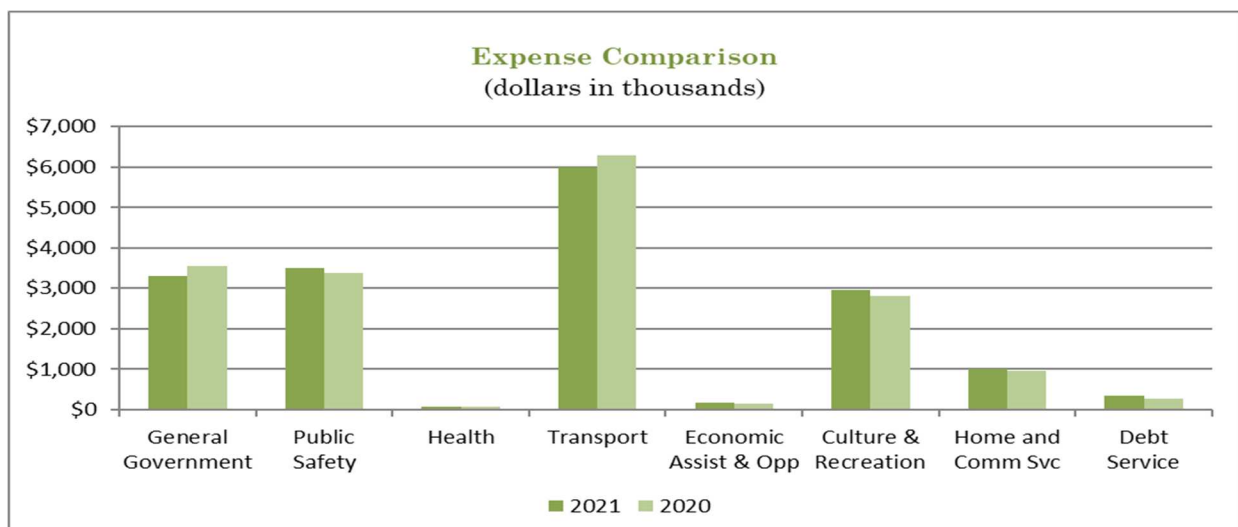
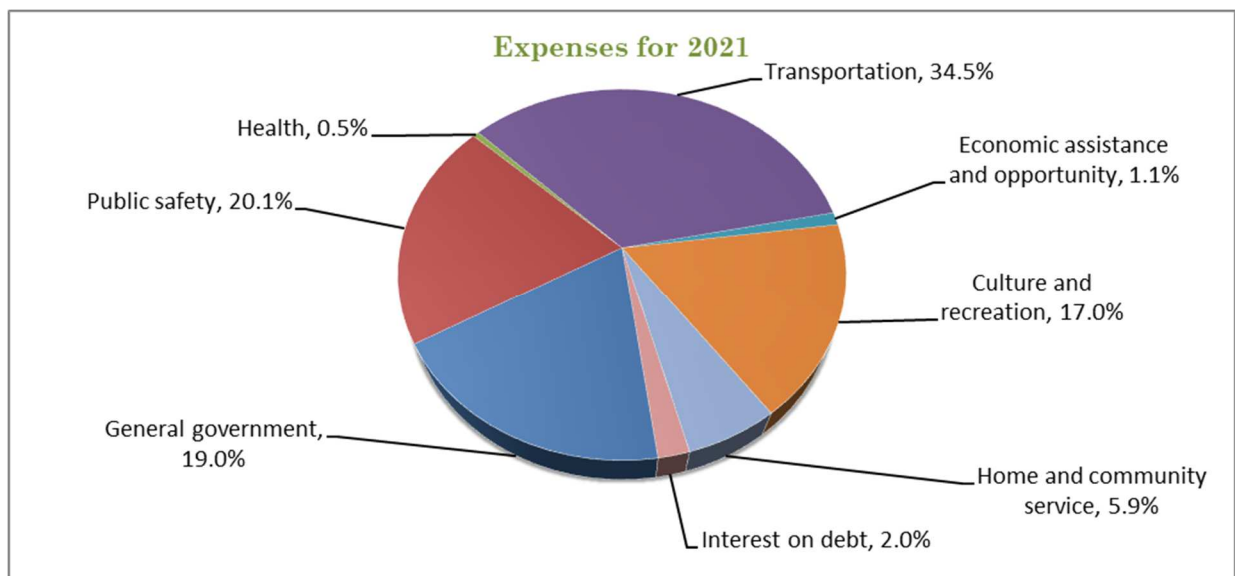
The Town continuously seeks out opportunities to obtain grants from the County, State and Federal governments that are used to help offset many of the Town's special projects. The Town recognized revenues of over \$564,000 of grant money for various projects in 2021.



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 down 0.67% in 2021. 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 down \$10,665,000 from 2020 (36.19%). Capital project spending was down \$12,637,000 (78.56%) as spending on the new community center wrapped up. Spending was up in most other areas, as cuts made during the peak of the pandemic began to be restored. Overall, departmental spending was up \$1,462,000, benefits were down \$40,000, and debt service was up \$550,000.



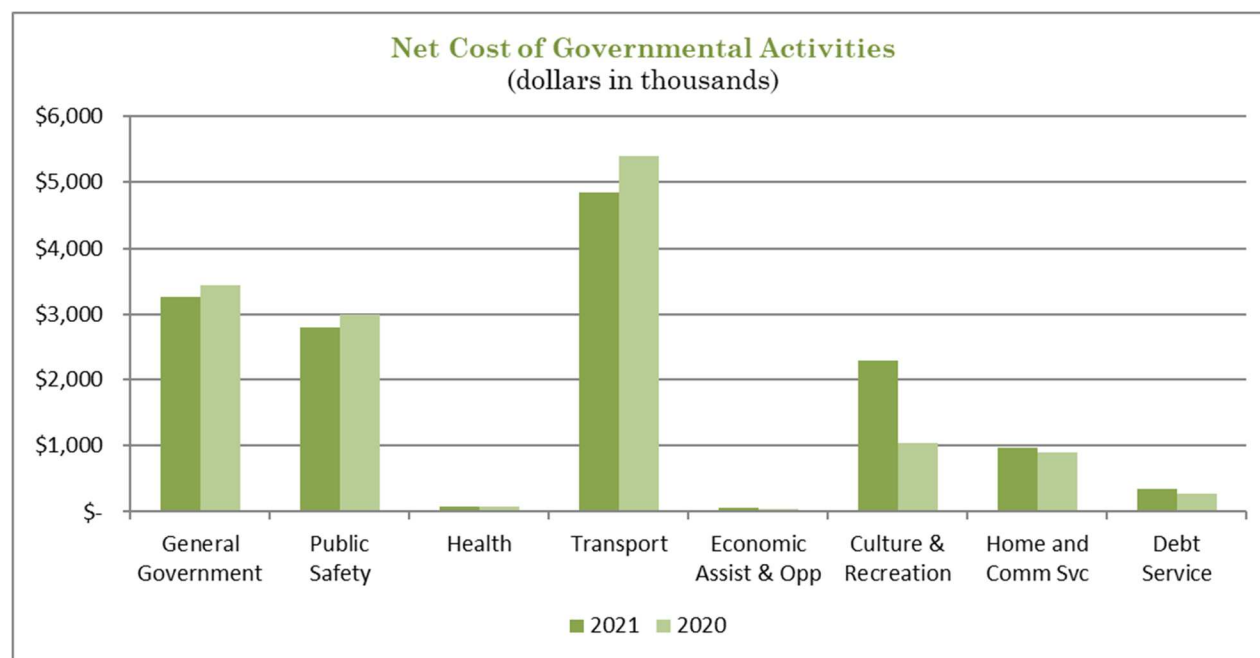
Net cost is the total cost of services less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the Town's taxpayers by each major governmental function (activity).

Decreases to the OPEB liability and net pension liability led to overall decreases across all sectors.

Table 3 reflects the Town's net cost of governmental activities (dollars in thousands) for the years ended December 31, 2021 and 2020.

Table 3

	Total Cost of Services		% of Change	Net Cost of Services		% of Change
	2021	2020		2021	2020	
General government	3,305	3,568	-7.37%	\$ 3,258	\$ 3,447	-5.48%
Public safety	3,490	3,384	3.13%	2,776	2,996	-7.34%
Health	80	80	0.00%	80	80	0.00%
Transportation	5,999	6,287	-4.58%	4,854	5,402	-10.14%
Economic assistance and opportunity	183	147	24.49%	62	39	58.97%
Culture and recreation	2,945	2,792	5.48%	2,292	1,034	121.66%
Home and community service	1,018	971	4.84%	972	895	8.60%
Debt service	340	275	23.64%	340	275	23.64%
Total	<u>\$ 17,360</u>	<u>\$ 17,504</u>	<u>-0.82%</u>	<u>\$ 14,634</u>	<u>\$ 14,168</u>	<u>3.29%</u>



FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS

The worst of the financial impact to the Town from the COVID-19 pandemic appears to be behind us. Revenue streams, although some not completely to pre-pandemic levels, began to return. Departmental fees were up 65% from 2020, but still down 25% from 2019. Included in this is recreation programming, which is up 150% from 2020, but still down 34% from 2019. Interest revenue was down 57%. Court fines were down 4%. Sales tax collection saw historic highs this year, seeing year over year increases of over \$1 million. Several one-time projects led to 112% increase in permit fees. Low interest rates which have driven the housing market have led to a 39% increase in mortgage tax. Overall, excluding property tax type revenues and transfers, revenues were up 32%. Personnel expense saw a 5% increase. Capital purchases increases \$369,000, as work on the court remodel began to ramp up. Contractual and discretionary spending was up 23% (\$312,000). The Town saw a reduction in medical rates and workers' compensation rates, resulting in 5% savings.

The Town has recorded \$2,250,000 to assigned unappropriated fund balance, which is intended to be used towards a series of ongoing and upcoming projects, including the completion of the community center and site and infrastructure improvements in the surrounding area, the reconstruction of the existing library to court space, projects on the Archer Road property, a new roof for the town hall and a dog kennel.

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 \$2,927,000. 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 is in the process of consolidating the remaining administrative functions (moving the court into the Town Hall), and portion of the cost of this project is expected to be paid from these reserve funds. The Town's liability and self-insured plans are protected by \$1,503,000 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 \$2,676,911, or 76% of current year expenditures (excluding disbursements from reserves and inter-fund transfers). This was an increase of 276,613 from the previous year. Excluding property taxes, revenues were up 34%. County projects (which are not guaranteed) were up 38%, state aid (CHIPS) was up 93% (\$181,000) due to the repayment of previously withheld funds from 2019. Personnel expense was down 4%, capital spending was up 110% (some purchases made were carryovers from the 2019 budget that were delayed), contractual and discretionary expenses were up 20% and benefits down 2%. Overall, operational expenses were up 15%, or \$508,000. It is expected use excess fund balance for balancing future budgets.

The Fire Protection Districts' assigned unappropriated fund balance, excluding appropriations for next year, was \$109,210, or 4% of current year expenditures. LOSAP investments had a net increase of \$148,000 from the prior year.

Thru 2020, the Town had bonded for \$14,500,000 for the new community center. In January 2021, the Town took out a Bond Anticipation Note (BAN) in the amount of \$3,000,000. Subsequent to yearend, \$1,000,000 of this was paid off and a renewal BAN was taken out for \$2,000,000. Through the budget process, and the allocation of assigned fund balance, the Town transferred \$1,310,000 to the community center and infrastructure project in 2021. The community center was opened in May 2021, and no new debt service is expected to be taken against the authorized amount of \$20 million.

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, 2021 and 2020. Other financing sources and uses are included.

Table 4

	2021			
	Revenues	Expenditures	Fund Balances	Changes in Fund Balances
General Fund	\$ 10,420	\$ 8,428	\$ 14,309	\$ 1,992
Highway Townwide Fund	4,146	3,872	4,204	274
Fire Protection Districts Fund	2,725	2,600	3,478	125
Capital Projects Fund	1,440	3,393	(2,732)	(1,953)

	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)

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.

Due to the pandemic, the Town took steps to curtail spending throughout 2020 and 2021 in anticipation of expected losses of revenues. As revenues returned in 2021, expenditures began to also return to necessary and normal levels. The Town began restoring services, catching up on projects and capital purchases that were delayed, and filled open positions. However, due to circumstances outside of the Town's control, such as delays with delivery of vehicle purchases, some expenditures will be rolled over to 2022.

The General Fund realized a fund balance at December 31, 2021, of \$14,308,509. Of this total fund balance, \$9,564,953 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:

Although the Town has a history of budgeting conservatively for sales tax and mortgage tax, additional steps were taken in 2021 fearing reductions to these revenue streams. Sales tax had a historic year, bringing in \$3,894,952, over \$1 million from the previous year. Mortgage tax was also up \$225,000 from 2020 due to the housing market boom. Whereas we expect to see future decreases in mortgage tax as interest rates begin to increase and supply goes down, it is yet to be seen where sales tax will normalize. Sales tax was \$1.7 million over budget, mortgage tax \$409,000 over budget.

Licenses and permits revenue were \$506,000 over budget. There were two, one-time substantial permits totaling \$276,000, 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 \$207,000, which is not budgeted for, as it is not expected. Fines and forfeitures continued to plummet, coming in at \$38,000 under budget.

The Town's General Fund expenditures (excluding other financing sources or uses) were approximately \$2,255,000 below modified budget amounts. It must be pointed out that of this amount, \$1,381,000 is accounted for in budget amendments that were done for spending from General Fund reserve accounts, majority of which is rolling over into 2022, and will be spent at that time. The operational accounts in the General Fund were \$874,000 under budget.

Although expenses were up from 2020, some were slower than others to return to pre-pandemic levels. Personnel services were \$247,000 under budget. Equipment was \$7,000 under budget. Contractual and discretionary expenditures were \$471,000 under budget. The largest savings were in the areas of general government (\$358,000) and culture and recreation (\$221,000). Reduction to medical insurance premiums of \$98,000 was the main driver behind \$149,00 in benefits being under budget.

Encumbrances of \$28,738 (including amounts taken from reserves) are being carried over to 2022. The Town has assigned an amount of \$1,353,000 to balance the 2022 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2021, amounts to \$32,640,363 (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, 2021 and 2020. Additional information on the Town's capital assets can be found in Note 2 to the financial statements.

Table 5

	Governmental Activities	
	2021	2020
Land	\$ 4,323	\$ 4,323
Construction work in progress	318	25,296
Historical collections	15	15
Buildings	36,645	9,388
Improvements	143	158
Machinery and equipment	4,256	3,658
Infrastructure	4,691	5,832
Total	<u>\$ 50,391</u>	<u>\$ 48,670</u>

Long-term obligations

At the end of the current year, the Town had total bonded debt outstanding of \$14,030,000. This entire amount is backed by the full faith and credit of the Town of Chili. As of December 31, 2021, 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, 2021 and 2020. Additional information on the Town's long-term obligations can be found in Note 2 to the financial statements.

Table 6

	Governmental Activities	
	2021	2020
General obligation on debt:		
Serial Bonds	\$ 14,030	\$ 14,555
Premium	206	217
Compensated absences	269	272
Post employment benefits	11,922	18,269
Net pension liability	15	4,028
LOSAP liability	6,527	5,149
Total	<u>\$ 32,969</u>	<u>\$ 42,490</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 \$14,030,000 will continue to be paid off through 2049. Of this total debt, \$470,000 is due to be paid in 2022.
- 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 had 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 August 2021. This contract is valid from January 1, 2022 to December 31, 2026.
- The 2022 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 Town did a town-wide reassessment, resulting in an increase of 19% of assessed value. This, coupled with the fact that the Town had \$22,000 decrease to the tax levy, caused the tax rate to be reduced to a rate of \$3.31 per \$1,000.
- The Town's conservative approach to budgeting and spending has allowed it to maintain the services its residents need and expect, and maintain a tax rate it feels is fair and stable. Some revenue sources such as sales and mortgage tax are extremely volatile and unpredictable, but the Town continuously reviews and makes adjustments as necessary. Any increases to fund balances are used towards future considerations and balancing the annual budget. They also are used to offset ongoing rising costs of certain necessary and contractual expenses, such as employee salaries and benefits, equipment, road salt and asphalt. Moreover, the Town contends with State actions and economic environments that are out of the Town's control, but have a direct effect on the Town, and threaten the Town's revenue and expense streams.

REQUESTS FOR INFORMATION

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

STATEMENT OF NET POSITION

December 31, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 21,309,648
Accounts receivable	6,387
State and federal receivables	136,488
Due from other governments	1,267,825
Prepaid items	175,781
Investments, restricted	3,315,129
Capital assets not being depreciated	4,656,263
Capital assets, net of accumulated depreciation	45,734,964
	<hr/>
Total assets	76,602,485
	<hr/>
Deferred Outflows of Resources	
Deferred outflows related to pensions and post-employment benefits	11,507,567
Deferred pension outflows, contributions subsequent to measurement date	680,241
	<hr/>
Total deferred outflows of resources	12,187,808
	<hr/>
Liabilities	
Accounts payable	397,323
Accrued liabilities	231,916
Retainage payable	406,662
Bond anticipation notes payable	3,000,000
Unearned revenue	1,462,919
Noncurrent liabilities:	
Due within one year	507,840
Due in more than one year	32,461,237
	<hr/>
Total liabilities	38,467,897
	<hr/>
Deferred Inflows of Resources	
Deferred inflows related to pensions and post-employment benefits	15,309,177
	<hr/>
Total deferred inflows of resources	15,309,177
	<hr/>
Net Position	
Net investment in capital assets	32,640,363
Restricted for:	
Workers' compensation	968,902
Retirement contribution	485,748
Insurance	533,749
Capital projects	4,115,390
Debt service	162,526
Length of service award program	3,315,129
Other restricted	1,136,770
Unrestricted	(8,345,358)
	<hr/>
Total net position	\$ 35,013,219
	<hr/>

See accompanying notes to basic financial statements

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

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	\$ 3,304,733	\$ 46,200	\$ 1,080	\$ -	\$ (3,257,453)
Public safety	3,490,069	714,145	-	-	(2,775,924)
Health	80,000	-	-	-	(80,000)
Transportation	5,999,314	769,558	-	375,698	(4,854,058)
Economic assistance and opportunity	183,090	70,516	50,973	-	(61,601)
Culture and recreation	2,944,487	516,125	18,472	117,978	(2,291,912)
Home and community services	1,017,926	45,547	-	-	(972,379)
Interest on debt	340,335	-	-	-	(340,335)
Total governmental activities	<u>\$ 17,359,954</u>	<u>\$ 2,162,091</u>	<u>\$ 70,525</u>	<u>\$ 493,676</u>	(14,633,662)
General revenues and gain on sale of capital assets:					
Real property taxes					10,243,094
Real property tax items					457,166
Non-property taxes					4,267,305
Use of money and property					262,954
Grants and contributions not restricted for a specific purpose					1,000,980
Miscellaneous local sources					255,755
Gain on sale of capital assets					89,000
Total general revenues and gain on sale of capital assets					<u>16,576,254</u>
Change in net position					1,942,592
Net position - January 1					<u>33,070,627</u>
Net position - December 31					<u>\$ 35,013,219</u>

See accompanying notes to basic financial statements

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

		Special Revenue				
	General	Highway Townwide	Fire Protection Districts	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 14,833,121	\$ 4,081,303	\$ 163,535	\$ 292,280	\$ 1,939,409	\$ 21,309,648
Accounts receivable	6,387	-	-	-	-	6,387
State and federal receivables	11,250	83,993	-	41,245	-	136,488
Due from other funds	-	38,908	-	-	-	38,908
Due from other governments	1,194,227	68,407	-	-	5,191	1,267,825
Prepaid items	91,433	65,593	-	-	18,755	175,781
Investments, restricted	-	-	3,315,129	-	-	3,315,129
Total assets	<u>\$ 16,136,418</u>	<u>\$ 4,338,204</u>	<u>\$ 3,478,664</u>	<u>\$ 333,525</u>	<u>\$ 1,963,355</u>	<u>\$ 26,250,166</u>
Liabilities						
Accounts payable	\$ 197,051	\$ 91,447	\$ 325	\$ 65,253	\$ 43,247	\$ 397,323
Accrued liabilities	160,667	42,919	-	-	28,330	231,916
Bond anticipation notes payable	-	-	-	3,000,000	-	3,000,000
Due to other funds	7,272	-	-	-	31,636	38,908
Unearned revenues	1,462,919	-	-	-	-	1,462,919
Total liabilities	<u>1,827,909</u>	<u>134,366</u>	<u>325</u>	<u>3,065,253</u>	<u>103,213</u>	<u>5,131,066</u>
Fund Balances (Deficit)						
Non-spendable	91,433	65,593	-	-	18,755	175,781
Restricted	5,939,955	163,834	3,315,129	-	1,299,296	10,718,214
Assigned	3,624,998	3,974,411	163,210	-	542,091	8,304,710
Unassigned (deficit)	4,652,123	-	-	(2,731,728)	-	1,920,395
Total fund balances (deficit)	<u>14,308,509</u>	<u>4,203,838</u>	<u>3,478,339</u>	<u>(2,731,728)</u>	<u>1,860,142</u>	<u>21,119,100</u>
Total liabilities and fund balances (deficit)	<u>\$ 16,136,418</u>	<u>\$ 4,338,204</u>	<u>\$ 3,478,664</u>	<u>\$ 333,525</u>	<u>\$ 1,963,355</u>	<u>\$ 26,250,166</u>

See accompanying notes to basic financial statements

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

December 31, 2021

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

Total fund balance - governmental funds (page 23)	\$ 21,119,100
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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	99,185,211	
Accumulated depreciation	(48,793,984)	
		50,391,227
Capital assets, net of depreciation		

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

Retainage payable	(406,662)	
Serial bonds payable	(14,030,000)	
Premium liability	(206,428)	
Compensated absences	(268,588)	
Post-employment benefits liability (OPEB)	(11,922,294)	
ERS net pension liability	(14,853)	
LOSAP pension liability	(6,526,914)	
		(33,375,739)
Total long-term liabilities		

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

OPEB deferred outflows and inflows	(3,534,851)	
ERS pension deferred outflows and inflows	(940,187)	
LOSAP pension deferred outflows and inflows	1,353,669	
		(3,121,369)
Total deferred outflows and inflows		

Net position of governmental activities	\$ <u>35,013,219</u>
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See accompanying notes to basic financial statements

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

For the Year Ended December 31, 2021

		Special Revenue				
	General	Highway Townwide	Fire Protection Districts	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Real property taxes	\$ 3,128,432	\$ 2,931,505	\$ 2,545,878	\$ -	\$ 1,637,279	\$ 10,243,094
Real property tax items	457,166	-	-	-	-	457,166
Non-property taxes	4,267,305	-	-	-	-	4,267,305
Departmental income	451,039	-	-	-	198,093	649,132
Intergovernmental charges	74,434	741,943	-	-	-	816,377
Use of money and property	72,561	6,519	179,559	657	3,658	262,954
Licenses and permits	675,057	-	-	-	-	675,057
Fines and forfeitures	41,860	-	-	-	-	41,860
Sales of property and compensation for loss	233,649	90,115	-	-	8,249	332,013
Miscellaneous local sources	199,407	-	-	11,580	33,982	244,969
State sources	818,943	375,698	-	117,978	-	1,312,619
Total revenues	10,419,853	4,145,780	2,725,437	130,215	1,881,261	19,302,546
Expenditures						
Current:						
General government	2,543,390	-	-	-	16,750	2,560,140
Public safety	409,715	-	2,319,815	-	-	2,729,530
Health	-	-	-	-	80,000	80,000
Transportation	301,022	2,990,262	-	-	180,417	3,471,701
Economic assistance and opportunity	127,635	-	-	-	-	127,635
Culture and recreation	1,313,726	-	-	-	973,443	2,287,169
Home and community services	455,620	-	-	-	157,473	613,093
Employee benefits	1,124,149	881,905	280,300	-	308,351	2,594,705
Capital outlay:						
Culture and recreation	-	-	-	3,392,737	56,110	3,448,847
Debt service:						
Principal	505,000	-	-	-	20,000	525,000
Interest	337,762	-	-	-	2,573	340,335
Total expenditures	7,118,019	3,872,167	2,600,115	3,392,737	1,795,117	18,778,155

See accompanying notes to basic financial statements

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

For the Year Ended December 31, 2021

		<u>Special Revenue</u>				
	<u>General</u>	<u>Highway Townwide</u>	<u>Fire Protection Districts</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficit) of revenues over expenditures	3,301,834	273,613	125,322	(3,262,522)	86,144	524,391
Other Financing Sources (Uses)						
Interfund transfers in	-	-	-	1,310,000	-	1,310,000
Interfund transfers out	<u>(1,310,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,310,000)</u>
Total other financing sources (uses)	<u>(1,310,000)</u>	<u>-</u>	<u>-</u>	<u>1,310,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,991,834	273,613	125,322	(1,952,522)	86,144	524,391
Fund balances (deficit) - January 1	<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>
Fund balances (deficit) - December 31	<u><u>\$ 14,308,509</u></u>	<u><u>\$ 4,203,838</u></u>	<u><u>\$ 3,478,339</u></u>	<u><u>\$ (2,731,728)</u></u>	<u><u>\$ 1,860,142</u></u>	<u><u>\$ 21,119,100</u></u>

See accompanying notes to basic financial statements

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICIT)- GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended December 31, 2021

Amounts reported for governmental activities in the Statement of Activities (page 22) are different because:

Net change in fund balances - total governmental funds (page 26) \$ 524,391

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	31,800,997	
Current year depreciation	(2,459,769)	
Construction work in progress place in service	<u>(27,618,328)</u>	
		1,722,900

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.

(1,354)

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 debit and the related items is as follows:

Principal payments of bonds	525,000	
Amortization of bond premiums	<u>10,981</u>	
		535,981

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	511,748	
Change in compensated absences liability	3,579	
Change in OPEB obligation	6,346,444	
Change in ERS net pension liability	4,012,917	
Change in LOSAP pension liability	(1,378,118)	
Change in deferred outflows and inflows related to OPEB	(7,821,377)	
Change in deferred outflows and inflows related to ERS pensions	(3,658,680)	
Change in deferred outflows and inflows related to LOSAP pensions	<u>1,144,161</u>	
		<u>(839,326)</u>

Change in net position of governmental activities \$ 1,942,592

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 1st based on assessed property values as of that date. Tax payments are due and collected during the period January 1st to May 31st.

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

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

E. CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

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

F. RESTRICTED ASSETS

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 \$3,315,129 of restricted investments as of December 31, 2021, 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 are recorded 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 and statement of net position. 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.

In 2021, the Federal Government passed the American Rescue Plan Act (ARPA), which included the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program, to deliver funds to state, local and tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. A total of \$2,925,837 has been allocated to the Town for this program. As of December 31, 2021, the Town had received \$1,462,919 of these funds, but had not yet met the necessary requirements to recognize it as revenue, therefore, it was reported as unearned revenue at yearend.

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 liability, 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 \$268,588.

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

O. OTHER POST-EMPLOYMENT BENEFITS

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

P. NET POSITION AND FUND BALANCE

Government-wide statements

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

Fund statements

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

Net position flow assumptions

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

Fund balance flow assumptions

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

Q. REVENUESRevenue restrictions

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

Program revenues

Amounts reported as program revenues include:

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

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

R. INTERFUND TRANSFERS

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

S. INSURANCE

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

T. LABOR RELATIONS

Some Town employees are represented by a collective bargaining unit with the balance of employees governed by Town Board rules and regulations. The current contract with AFSCME expired December 31, 2021. A new contract has been settled through December 31, 2026.

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, 2021, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and Statement No. 98, *The Annual Comprehensive Financial Report*.

The primary objectives of Statement No. 89 are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs.

The primary objective of Statement No. 98 is to address references in authoritative literature to the term comprehensive annual financial report.

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. 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;
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for the year ending December 31, 2022;

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, 2021.

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.

2. RECEIVABLES

Major revenues accrued by the Town at December 31, 2021 include the following:

General Fund:	
Sales tax	\$ 1,114,227
Miscellaneous receivables	97,637
Total General	<u>\$ 1,211,864</u>
Highway Townwide Fund:	
Monroe County snow & ice	\$ 68,407
New York State snow & ice	83,993
Total Highway	<u>\$ 152,400</u>
Capital Projects Fund:	
New York State grants	\$ 41,245
Total Capital Projects	<u>\$ 41,245</u>
Library Fund:	
Miscellaneous receivables	\$ 2,441
Total Library	<u>\$ 2,441</u>
Miscellaneous Special Revenue:	
Miscellaneous receivables	\$ 2,750
Total Misc Special Rev	<u>\$ 2,750</u>

3. INTERFUND ACTIVITIES

Interfund activities at December 31, 2021 were as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General Fund	\$ -	\$ 7,272	\$ -	\$ 1,310,000
Highway Townwide Fund	38,908	-	-	-
Capital Projects Fund	-	-	1,310,000	-
Drainage Fund	-	31,636	-	-
Total	<u>\$ 38,908</u>	<u>\$ 38,908</u>	<u>\$ 1,310,000</u>	<u>\$ 1,310,000</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 \$1,310,000 from the General Fund to the Capital Projects Fund was for the community center and site infrastructure project. Of this amount, \$560,000 was budgeted for in 2021, and the remaining \$750,000 was a reallocation of Assigned Unappropriated Fund Balance.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 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	25,295,987	2,640,160	27,618,328	317,819
Historical artwork/ collections	15,475	-	-	15,475
Total capital assets, not being depreciated	29,634,431	2,640,160	27,618,328	4,656,263
Capital assets, being depreciated				
Buildings	14,060,308	27,600,374	-	41,660,682
Improvements	358,462	-	-	358,462
Machinery & equipment	9,065,904	1,184,765	290,654	9,960,015
Infrastructure	42,174,091	375,698	-	42,549,789
Total capital assets, being depreciated	65,658,765	29,160,837	290,654	94,528,948
Less: accumulated depreciation				
Buildings	4,672,568	343,252	-	5,015,820
Improvements	200,572	15,094	-	215,666
Machinery & equipment	5,408,067	584,887	289,300	5,703,654
Infrastructure	36,342,308	1,516,536	-	37,858,844
Total accumulated depreciation	46,623,515	2,459,769	289,300	48,793,984
Total capital assets, being depreciated, net	19,035,250	26,701,068	1,354	45,734,964
Governmental activities capital assets, net	\$ 48,669,681	\$ 29,341,228	\$ 27,619,682	\$ 50,391,227

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 129,783
Public safety	14,192
Transportation	2,117,036
Economic assistance and opportunity	8,060
Culture and recreation	131,202
Home and community	59,496
Total depreciation expense	\$ 2,459,769

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, 2021, the Town recognized an accrued liability of \$231,916.

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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	47
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>75</u>
	<u>122</u>

The Town's total OPEB liability of \$11,922,294 was measured as of December 31, 2021, and was determined by an actuarial valuation date of January 1, 2021, rolled forward to the measurement date using update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2021, 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-2021.

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, 2021	\$ 18,268,738
Changes for the year:	
Service cost	936,638
Interest	380,155
Differences between expected and actual experience	(7,433,760)
Change in assumptions	80,752
Benefit payments	<u>(310,229)</u>
Net changes	<u>(6,346,444)</u>
Balance at December 31, 2021	<u>\$ 11,922,294</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	\$13,679,811	\$11,922,294	\$10,464,727

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	\$9,999,682	\$11,922,294	\$14,437,661

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

Through December 31, 2021, the Town has recognized OPEB expense of \$1,785,162. At December 31, 2021, the Town's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 2,746,461	\$ 9,738,496
Changes of assumptions	<u>4,235,815</u>	<u>778,631</u>
Total	<u>\$ 6,982,276</u>	<u>\$ 10,517,127</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,:	
2022	\$ (224,657)
2023	(224,657)
2024	(224,657)
2025	(224,657)
2026	(224,657)
Thereafter	(2,411,566)

Net OPEB Obligation: Implicit Subsidy

Actuarial Standard of Practice (ASOP) No. 6, "Measuring Retiree 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 employee plans and pay the active employee premiums. Retirees are

not paying the true cost of their benefits because they have higher utilization rates than active employees 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, 2021	
Cash subsidy	\$ 9,627,696
Implicit subsidy	<u>2,294,598</u>
Total OPEB liability	<u>\$ 11,922,294</u>

3. NYSERS DEFINED BENEFIT PENSION OBLIGATION

Plan Description

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

Funding Policy

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

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

At December 31, 2021, the Town reported a liability of \$14,853 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020. 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, 2020	0.0152103%
December 31, 2021	0.0149163%
Change in Town's proportionate share since the previous measurement date	-0.0002940

Through December 31, 2021, the Town has recognized pension expense of \$310,886. At December 31, 2021, 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	\$ 181,392	\$ -
Changes of assumptions	2,730,942	51,506
Net difference between projected and actual earnings on pension plan investments	-	4,266,585
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>11,892</u>	<u>57,645</u>
Total	<u>\$ 2,924,226</u>	<u>\$ 4,375,736</u>
Town's contributions subsequent to the measurement date	<u>\$ 511,323</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, 2022. 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,:	
2022	\$ (274,866)
2023	(104,842)
2024	(243,618)
2025	(828,184)
2026	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, 2021, were as follows (dollars in thousands):

Employers' total pension liability	\$220,680,157
Fiduciary net position	<u>220,580,583</u>
Employers' net pension liability	<u>\$ 99,574</u>

Ratio of fiduciary net position to the employers' total pension liability	99.95%
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Actuarial Assumptions

The total pension liability as of the March 31, 2021, was determined by using an actuarial valuation as of April 1, 2020, with updated procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions:

Inflation	2.7%
Salary increases	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost of living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2019, used April 1, 2010 – March 31, 2015, System experience, mortality improvements based on the Society of Actuaries' Scale MP-2018, inflation of 2.5%, cost of living adjustments of 1.3%, salary increases of 4.5%, and investment rate of return of 6.8%.

The actuarial assumptions used in the April 1, 2020, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2021, are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	32.0%	4.05%
International equity	15.0	6.30
Private equity	10.0	6.75
Real estate	9.0	4.95
Opportunistic/ARS portfolio	3.0	4.50
Credit	4.0	3.63
Real assets	3.0	5.95
Fixed income	23.0	0.00
Cash	<u>1.0</u>	0.50
	<u>100.0%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 5.9%, 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 (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
Town's proportionate share of the net pension liability (asset)	\$4,122,550	\$14,853	(\$3,773,405)

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, 2021, represent the employer contribution for the period of January 1, 2022, through March 31, 2022, based on paid ERS

wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2021, amounted to \$170,344.

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, 2020, measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	53
Inactive participants entitled to but not yet receiving benefit payments	82
Active participants	<u>67</u>
Total	<u>202</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, 2020, measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020, 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 1.93%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. 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 12/31/19 measurement date	\$ 5,148,796
Service cost	45,215
Interest	166,721
Changes of assumptions or other inputs	1,253,770
Differences between expected and actual experience	72,154
Benefit payments	<u>(159,742)</u>
Net Changes	<u>1,378,118</u>
Balance as of 12/31/20 measurement date	<u>\$ 6,526,914</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, 2020, measurement date, calculated using the discount rate of 1.93%, 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 (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$7,779,115	\$6,526,914	\$5,548,591

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

For the year ended December 31, 2021, the Town recognized pension expense of \$418,263.

Components of Pension Expense

Service cost	\$ 45,215
Interest on total pension liability	166,721
Changes of assumptions or other inputs	182,660
Differences between expected and actual experience	13,838
Pension plan administrative expense	<u>9,829</u>
Total pension expense	<u>\$ 418,263</u>

At December 31, 2021, 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	\$ 104,538	\$ 21,399
Changes of assumptions or other inputs	1,496,527	394,915
Benefit payments & administrative expenses subsequent to the measurement date	<u>168,918</u>	<u>-</u>
Total	<u>\$ 1,769,983</u>	<u>\$ 416,314</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, 2022.

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,:	
2022	\$196,498
2023	196,498
2024	196,498
2025	196,498
2026	212,806
Thereafter	185,953

5. SHORT-TERM DEBT

The purpose of all of the short-term borrowings is to provide resources for various capital construction or improvement projects. The form of financing used in all cases was bond anticipation notes (BANs). The amounts issued for governmental activities are accounted for in the capital projects fund.

State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2021:

	Original Issue Date	Interest Rate	Balance 1/1/2021	Issues	Redemptions	Balance 12/31/2021
BAN - Community Center	1/26/21	0.39%	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
BAN - Community Center	1/26/21	0.42%	-	2,000,000	-	2,000,000
			<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>

6. 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 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, 2021:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
General obligation on debt:					
Serial bonds	\$ 14,555,000	\$ -	\$ 525,000	\$ 14,030,000	\$ 470,000
Premium	217,409	-	10,981	206,428	10,981
Subtotal	14,772,409	-	535,981	14,236,428	480,981
Other Liabilities:					
Compensated absences	272,167	286,201	289,780	268,588	26,859
OPEB liability*	18,268,738	-	6,346,444	11,922,294	-
Net pension liability*	4,027,770	-	4,012,917	14,853	-
LOSAP pension liability*	5,148,796	1,378,118	-	6,526,914	-
Total government activities	\$ 42,489,880	\$ 1,664,319	\$ 11,185,122	\$ 32,969,077	\$ 507,840

*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:

	Year of Issue	Amount of Original Issue	Interest Rate	Year of Final Maturity	Principal Outstanding Balance
Sewer Fund:					
Public Improvements	2004	\$ 375,000	4.296%	2023	\$ 35,000
General Fund:					
Community Center	2019	9,500,000	2.684%	2049	9,215,000
General Fund:					
Community Center	2020	5,000,000	1.641%	2039	<u>4,780,000</u>
Grand Total					<u>\$ 14,030,000</u>

Maturity

The following table summarizes the Town's future debt service requirements related to serial bonds and premiums as of December 31, 2021:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortized Premiums</u>
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	500,000	289,662	10,981
2027-2031	2,665,000	1,294,013	54,905
2032-2036	2,955,000	1,011,200	54,905
2037-2041	2,650,000	682,825	34,697
2042-2046	1,985,000	383,100	4,385
2047-2049	1,340,000	81,150	2,631
Total	<u>\$ 14,030,000</u>	<u>\$ 4,999,265</u>	<u>\$ 206,428</u>

Statutory Debt Limit

There is a statutory debt limit applicable to Towns within New York State. As of December 31, 2021, the Town has exhausted 14.25% 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 \$2,500,000 remains unissued as of December 31, 2021. Bond Anticipation Notes (BAN) in a total amount of \$3,000,000 were issued on January 26, 2021. On January 26, 2022, \$1,000,000 of the initial \$3,000,000 BAN was paid off and a renewal BAN in the amount of \$2,000,000 was issued.

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	\$ 50,391,227
Less: Serial bonds	(14,030,000)
Bond anticipation notes	(3,000,000)
Unamortized premiums	(206,428)
Accounts payable	(107,774)
Retainage payable	<u>(406,662)</u>
Net investment in capital assets	<u>\$ 32,640,363</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, 2021, 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, 2021, 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, 2021, fund balances were classified as follows:

	General	Highway Townwide	Fire Protection Districts	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Prepaid items	\$ 91,433	\$ 65,593	\$ -	\$ -	\$ 18,755	\$ 175,781
Restricted						
Workers' compensation	968,902	-	-	-	-	968,902
Retirement contribution	485,748	-	-	-	-	485,748
Insurance	533,749	-	-	-	-	533,749
Capital	3,951,556	163,834	-	-	-	4,115,390
Debt service	-	-	-	-	162,526	162,526
Length of service award pgm	-	-	3,315,129	-	-	3,315,129
Other restricted	-	-	-	-	1,136,770	1,136,770
Assigned						
Subsequent years' expenditures	1,353,000	1,000,000	54,000	-	107,429	2,514,429
Infrastructure projects	2,250,000	-	-	-	-	2,250,000
Encumbrances:						
General government	21,998	-	-	-	-	21,998
Transportation	-	297,500	-	-	-	297,500
Home and community serv.	-	-	-	-	50,000	50,000
Highway Townwide	-	2,676,911	-	-	-	2,676,911
Library	-	-	-	-	166,655	166,655
Fire Protection Districts	-	-	109,210	-	-	109,210
Drainage Districts	-	-	-	-	132,604	132,604
Lighting Districts	-	-	-	-	13,886	13,886
Miscellaneous Districts	-	-	-	-	66,226	66,226
Park Districts	-	-	-	-	904	904
Sewer Districts	-	-	-	-	4,387	4,387
Unassigned (deficit)						
General fund	4,652,123	-	-	-	-	4,652,123
Capital Projects fund	-	-	-	(2,731,728)	-	(2,731,728)
TOTAL	<u>\$ 14,308,509</u>	<u>\$ 4,203,838</u>	<u>\$ 3,478,339</u>	<u>\$ (2,731,728)</u>	<u>\$ 1,860,142</u>	<u>\$ 21,119,100</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. As of December 31, 2021, the following were considered significant encumbrances:

Highway Fund– truck cab, chassis and plow	\$ 265,000
Consolidated Drainage Fund – truck	<u>50,000</u>
Total	<u>\$ 315,000</u>

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	\$	330,027
Highway Facility		839,055
Townwide Drainage		32,547
Assessment		326,050
General Fleet/ Vehicle		135,035
Conservation/ Wetlands/ Drainage		107,805
Administrative Facility		1,757,820
Comprehensive Plan		22,176
Sidewalks		401,041
	\$	<u>3,951,556</u>

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

Highway Equipment	\$	141,521
General Repairs/ Maintenance		22,313
	\$	<u>163,834</u>

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

Parks and Recreation	\$	1,035,303
Landscaping		50,479
Brick Walk		3,027
Senior Center Fundraiser		31,869
Senior Initiative Programs		4,682
Maintenance - 241 Chili Scottsville Rd		8,850
Historical Property		2,560
	\$	<u>1,136,770</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

B. DEFICIT FUND BALANCE

The Town reported a deficit fund balance at December 31, 2021, in the following funds:

<u>Fund</u>	<u>Deficit</u>	<u>Comment</u>
Capital Projects	\$2,731,728	To be eliminated with permanent financing of bond anticipation notes.

C. VIOLATIONS OF LEGAL OR CONTRACTUAL PROVISIONS

The notes to required supplementary information, excess of expenditures over appropriations, describes a budgetary violation that occurred for the year ended December 31, 2021.

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, 2021, the Town abated property taxes totaling \$190,524. Of this total, \$163,631 was from JobsPlus tax abatements and \$26,893 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, 2021, the Town's LOSAP investments, and categorization with the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 80,686	\$ -	\$ -	\$ 80,686
Exchange traded funds and mutual funds:				
US large cap core equities	461,361	-	-	461,361
US mid cap core equities	208,630	-	-	208,630
International equities	532,556	-	-	532,556
US taxable fixed income	1,268,718	-	-	1,268,718
US high yield fixed income	278,869	-	-	278,869
International fixed income	311,232	-	-	311,232
Other	173,077	-	-	173,077
	<u>\$ 3,315,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,315,129</u>

NOTE 5 – CONTINGENCIES

Community Center Commitments

Prior to December 31, 2021, 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, 2021	Open Commitment
Sitework	4,051,900	3,937,479	114,421
General Trades	10,813,323	10,783,323	30,000
HVAC	1,706,215	1,620,904	85,311
Electrical	3,230,589	3,042,958	187,631
Plumbing and Fire Protection	1,124,541	1,068,314	56,227
IT Infrastructure	175,865	150,913	24,952
	<u>\$ 21,102,433</u>	<u>\$ 20,603,891</u>	<u>\$ 498,542</u>

Court Remodel Commitments

Prior to December 31, 2021, the Town has authorized the following services in regards to the court remodel project:

	Authorized Not To Exceed Amount	Expensed Thru December 31, 2021	Open Commitment
Engineering and Architectural Services	\$ 145,499	\$ -	\$ 145,499
Construction Management Services	75,000	-	75,000
General Trades	1,053,939	-	1,053,939
Plumbing and Fire Protection	128,000	-	128,000
Mechanical	387,000	-	387,000
Electrical	341,030	-	341,030
	<u>\$ 2,130,468</u>	<u>\$ -</u>	<u>\$ 2,130,468</u>

NOTE 6 - SUBSEQUENT EVENTS

On January 26, 2022, the Town issued a new BAN (bond anticipation note) in the amount of \$2,000,000 for the community center project. This is a renewal BAN against \$3,000,000 borrowed on January 26, 2021. Of the initial amount, \$1,000,000 was paid off on January 26, 2022. 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.

Subsequent to yearend and through the date of these financial statements, the Town has approved spending of \$459,663 in Federal ARPA funding for general government services under the revenue loss provision previously received during the 2021 fiscal year.

Management has evaluated subsequent events through April 20, 2022, 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, 2021

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Real property taxes	\$ 3,128,432	\$ 3,128,432	\$ 3,128,432	\$ -
Real property tax items	386,393	386,393	457,166	70,773
Non-property taxes	2,230,000	2,530,000	4,267,305	1,737,305
Departmental income	428,174	428,174	451,039	22,865
Intergovernmental charges	80,550	80,550	74,434	(6,116)
Use of money and property	53,000	53,000	72,561	19,561
Licenses and permits	169,000	169,000	675,057	506,057
Fines and forfeitures	80,000	80,000	41,860	(38,140)
Sales of property and compensation for loss	-	26,500	233,649	207,149
Miscellaneous local sources	180,000	230,000	199,407	(30,593)
State sources	400,000	401,080	818,943	417,863
Total revenues	7,135,549	7,513,129	10,419,853	2,906,724
Expenditures				
Current:				
General government	2,776,920	4,282,357	2,543,390	1,738,967
Public safety	441,920	441,920	409,715	32,205
Transportation	316,216	316,716	301,022	15,694
Economic assistance and opportunity	169,131	169,881	127,635	42,246
Culture and recreation	1,129,454	1,534,267	1,313,726	220,541
Home and community services	480,922	511,862	455,620	56,242
Employee benefits	1,183,204	1,273,204	1,124,149	149,055
Debt service:				
Principal	505,000	505,000	505,000	-
Interest	337,763	337,763	337,762	1
Total expenditures	7,340,530	9,372,970	7,118,019	2,254,951
Excess (deficit) of revenues over expenditures	(204,981)	(1,859,841)	3,301,834	5,161,675
Other Financing Uses				
Interfund transfers out	(645,019)	(1,721,519)	(1,310,000)	411,519
Total other financing uses	(645,019)	(1,721,519)	(1,310,000)	411,519
Net change in fund balance*	(850,000)	(3,581,360)	1,991,834	5,573,194
Fund balance - January 1	12,316,675	12,316,675	12,316,675	-
Fund balance - December 31	\$ 11,466,675	\$ 8,735,315	\$ 14,308,509	\$ 5,573,194

*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, 2021

	Highway Townwide Fund				Fire Protection Districts Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues								
Real property taxes	\$ 2,931,505	\$ 2,931,505	\$ 2,931,505	\$ -	\$ 2,545,878	\$ 2,545,878	\$ 2,545,878	\$ -
Intergovernmental charges	485,250	485,250	741,943	256,693	-	-	-	-
Use of money and property	4,000	4,000	6,519	2,519	-	-	179,559	179,559
Sales of property and compensation for loss	1,500	64,150	90,115	25,965	-	-	-	-
State sources	140,000	339,224	375,698	36,474	-	-	-	-
Total revenues	<u>3,562,255</u>	<u>3,824,129</u>	<u>4,145,780</u>	<u>321,651</u>	<u>2,545,878</u>	<u>2,545,878</u>	<u>2,725,437</u>	<u>179,559</u>
Expenditures								
Current:								
Public safety	-	-	-	-	2,320,578	2,320,578	2,319,815	763
Transportation	3,465,152	4,079,361	2,990,262	1,089,099	-	-	-	-
Employee benefits	1,097,103	1,097,103	881,905	215,198	279,300	279,300	280,300	(1,000)
Total expenditures	<u>4,562,255</u>	<u>5,176,464</u>	<u>3,872,167</u>	<u>1,304,297</u>	<u>2,599,878</u>	<u>2,599,878</u>	<u>2,600,115</u>	<u>(237)</u>
Excess (deficit) of revenues over expenditures	(1,000,000)	(1,352,335)	273,613	1,625,948	(54,000)	(54,000)	125,322	179,322
Other Financing Uses								
Interfund transfers out	-	(62,650)	-	62,650	-	-	-	-
Total other financing uses	<u>-</u>	<u>(62,650)</u>	<u>-</u>	<u>62,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,000,000)	(1,414,985)	273,613	1,688,598	(54,000)	(54,000)	125,322	179,322
Fund balances - January 1	<u>3,930,225</u>	<u>3,930,225</u>	<u>3,930,225</u>	<u>-</u>	<u>3,353,017</u>	<u>3,353,017</u>	<u>3,353,017</u>	<u>-</u>
Fund balances - December 31	<u>\$ 2,930,225</u>	<u>\$ 2,515,240</u>	<u>\$ 4,203,838</u>	<u>\$ 1,688,598</u>	<u>\$ 3,299,017</u>	<u>\$ 3,299,017</u>	<u>\$ 3,478,339</u>	<u>\$ 179,322</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,

	2017	2018	2019	2020	2021
Measurement date	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
Service cost	\$ 380,116	\$ 532,780	\$ 800,634	\$ 978,621	\$ 936,638
Interest	393,827	442,761	406,511	351,900	380,155
Differences between expected and actual experience	-	3,879,801	(1,441,511)	(1,232,925)	(7,433,760)
Change in assumptions	-	(1,099,937)	3,202,143	1,677,511	80,752
Benefit payments	<u>(300,300)</u>	<u>(339,098)</u>	<u>(328,658)</u>	<u>(307,517)</u>	<u>(310,229)</u>
Net change in total OPEB liability	473,643	3,416,307	2,639,119	1,467,590	(6,346,444)
Total OPEB liability - beginning	<u>10,272,079</u>	<u>10,745,722</u>	<u>14,162,029</u>	<u>16,801,148</u>	<u>18,268,738</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>	<u>\$ 11,922,294</u>
Covered-employee payroll	\$ 3,911,720	\$ 3,942,196	\$ 3,818,947	\$ 3,937,570	\$ 3,920,297
Total OPEB liability as a percentage of covered-employee payroll	274.71%	359.24%	439.94%	463.96%	304.12%

* 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,

	2014	2015	2016	2017	2018	2019	2020	2021
Measurement Date	3/31/14	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20	3/31/21
Town's proportion of the net pension liability (asset)	0.0165612%	0.0165612%	0.0164897%	0.0162376%	0.0159230%	0.0156765%	0.0152103%	0.0149163%
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	\$ 14,853
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	\$ 4,397,703
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%	0.34%
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%	99.95%

* 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>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>	<u>2021</u>
Contractually required contribution	\$ 691,408	\$ 744,080	\$ 725,142	\$ 656,093	\$ 581,437	\$ 606,054	\$ 608,937	\$ 603,477	\$ 615,262	\$ 681,667
Contributions in relation to the contractually required contribution	<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>	<u>681,667</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	\$ 3,900,281	\$ 3,986,662	\$ 3,957,535	\$ 4,203,905	\$ 4,157,681	\$ 4,323,707	\$ 4,368,672	\$ 4,403,053	\$ 4,437,660	\$ 4,423,558
Contributions as a percentage of covered payroll	18%	19%	18%	16%	14%	14%	14%	14%	14%	15%

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>	<u>2021</u>
Measurement Date	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20
Total Pension Liability					
Service Cost	\$ 80,343	\$ 64,788	\$ 70,137	\$ 53,714	\$ 45,215
Interest	151,201	163,964	156,685	171,863	166,721
Changes of assumptions or other inputs	(369,839)	405,710	(364,489)	288,797	1,253,770
Differences between expected and actual experience	(46,875)	4,440	32,844	27,712	72,154
Benefit payments	<u>(107,910)</u>	<u>(101,669)</u>	<u>(109,100)</u>	<u>(122,160)</u>	<u>(159,742)</u>
Net change in total pension liability	(293,080)	537,233	(213,923)	419,926	1,378,118
Total pension liability - beginning	<u>\$ 4,698,640</u>	<u>\$ 4,405,560</u>	<u>\$ 4,942,793</u>	<u>\$ 4,728,870</u>	<u>\$ 5,148,796</u>
Total pension liability - ending	<u>\$ 4,405,560</u>	<u>\$ 4,942,793</u>	<u>\$ 4,728,870</u>	<u>\$ 5,148,796</u>	<u>\$ 6,526,914</u>
Covered employee payroll	N/A	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	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, 2021, the following were considered significant encumbrances:

Highway Fund– truck cab, chassis and plow	\$ 265,000
Consolidated Drainage Fund – truck	<u>50,000</u>
Total	<u>\$ 315,000</u>

Excess of Expenditures Over Appropriations

For the year ended December 31, 2021, expenditures exceeded appropriations in the employee benefits function (the legal level of budgetary control) within the Fire Protection Districts Fund by \$1,000.

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:

Year Ended December 31:	Discount Rate	Salary Scale	Inflation Rate
2021	2.00%	3.00%	2.00%
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, 2020:	1.93%
December 31, 2019:	3.26%
December 31, 2018:	3.64%
December 31, 2017:	3.16%
December 31, 2016:	3.71%
December 31, 2015:	3.20%

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:

<u>Year Ended December 31,</u>	<u>ERS Discount Rate</u>
2021	5.90%
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, 2021

		Special Revenue							
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Total
Assets									
Cash and cash equivalents	\$ 162,526	\$ 265,240	\$ 242,042	\$ 52,314	\$ 77,776	\$ 1,134,020	\$ 1,104	\$ 4,387	\$ 1,939,409
Due from other governments	-	-	2,441	-	-	2,750	-	-	5,191
Prepaid items	-	-	18,755	-	-	-	-	-	18,755
Total assets	<u>\$ 162,526</u>	<u>\$ 265,240</u>	<u>\$ 263,238</u>	<u>\$ 52,314</u>	<u>\$ 77,776</u>	<u>\$ 1,136,770</u>	<u>\$ 1,104</u>	<u>\$ 4,387</u>	<u>\$ 1,963,355</u>
Liabilities									
Accounts payable	\$ -	\$ 1,000	\$ 12,069	\$ 30,178	\$ -	\$ -	\$ -	\$ -	\$ 43,247
Accrued liabilities	-	-	28,330	-	-	-	-	-	28,330
Due to other funds	-	31,636	-	-	-	-	-	-	31,636
Total liabilities	<u>-</u>	<u>32,636</u>	<u>40,399</u>	<u>30,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,213</u>
Fund Balances									
Non-spendable	-	-	18,755	-	-	-	-	-	18,755
Restricted	162,526	-	-	-	-	1,136,770	-	-	1,299,296
Assigned	-	232,604	204,084	22,136	77,776	-	1,104	4,387	542,091
Total fund balances	<u>162,526</u>	<u>232,604</u>	<u>222,839</u>	<u>22,136</u>	<u>77,776</u>	<u>1,136,770</u>	<u>1,104</u>	<u>4,387</u>	<u>1,860,142</u>
Total liabilities and fund balances	<u>\$ 162,526</u>	<u>\$ 265,240</u>	<u>\$ 263,238</u>	<u>\$ 52,314</u>	<u>\$ 77,776</u>	<u>\$ 1,136,770</u>	<u>\$ 1,104</u>	<u>\$ 4,387</u>	<u>\$ 1,963,355</u>

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, 2021

		Special Revenue							
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Total
Revenues									
Real property taxes	\$ -	\$ 251,676	\$ 1,129,537	\$ 150,250	\$ 81,750	\$ -	\$ 1,492	\$ 22,574	\$ 1,637,279
Departmental income	-	-	20,843	-	-	177,250	-	-	198,093
Use of money and property	351	472	632	110	126	1,939	1	27	3,658
Sales of property and comp. for loss	-	-	8,249	-	-	-	-	-	8,249
Miscellaneous local sources	-	-	33,952	-	-	30	-	-	33,982
Total revenues	351	252,148	1,193,213	150,360	81,876	179,219	1,493	22,601	1,881,261
Expenditures									
Current:									
General government	-	-	16,750	-	-	-	-	-	16,750
Health	-	-	-	-	80,000	-	-	-	80,000
Transportation	-	-	-	171,057	9,360	-	-	-	180,417
Culture and recreation	-	-	972,243	-	-	-	1,200	-	973,443
Home and community services	-	157,473	-	-	-	-	-	-	157,473
Employee benefits	-	55,491	252,768	-	-	-	92	-	308,351
Capital outlay:									
Culture and recreation	-	-	56,110	-	-	-	-	-	56,110
Debt service:									
Principal	-	-	-	-	-	-	-	20,000	20,000
Interest	-	-	-	-	-	-	-	2,573	2,573
Total expenditures	-	212,964	1,297,871	171,057	89,360	-	1,292	22,573	1,795,117
Net change in fund balances	351	39,184	(104,658)	(20,697)	(7,484)	179,219	201	28	86,144
Fund balances - January 1	162,175	193,420	327,497	42,833	85,260	957,551	903	4,359	1,773,998
Fund balances - December 31	\$ 162,526	\$ 232,604	\$ 222,839	\$ 22,136	\$ 77,776	\$ 1,136,770	\$ 1,104	\$ 4,387	\$ 1,860,142

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,		
	2021	2020	% Change
Assets			
Cash and cash equivalents	\$ 14,833,121	\$ 11,621,711	27.63%
Accounts receivable	6,387	6,234	2.45%
State and federal receivables	11,250	10,170	10.62%
Due from other governments	1,194,227	831,667	43.59%
Prepaid items	91,433	82,784	10.45%
Total assets	<u>\$ 16,136,418</u>	<u>\$ 12,552,566</u>	<u>28.55%</u>
Liabilities			
Accounts payable	\$ 197,051	\$ 126,533	55.73%
Accrued liabilities	160,667	106,628	50.68%
Due to other funds	7,272	2,730	166.37%
Unearned revenues	1,462,919	-	-
Total liabilities	<u>1,827,909</u>	<u>235,891</u>	<u>674.90%</u>
Fund Balances			
Non-spendable	91,433	82,784	10.45%
Restricted	5,939,955	6,096,089	-2.56%
Assigned	3,624,998	2,850,000	27.19%
Unassigned	4,652,123	3,287,802	41.50%
Total fund balances	<u>14,308,509</u>	<u>12,316,675</u>	<u>16.17%</u>
Total liabilities and fund balances	<u>\$ 16,136,418</u>	<u>\$ 12,552,566</u>	<u>28.55%</u>

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

For the Years Ended

	December 31,		
	2021	2020	% Change
Revenues			
Real property taxes	\$ 3,128,432	\$ 2,692,222	16.20%
Real property tax items	457,166	388,742	17.60%
Non-property taxes	4,267,305	3,229,713	32.13%
Departmental income	451,039	273,045	65.19%
Intergovernmental charges	74,434	91,386	-18.55%
Use of money and property	72,561	98,333	-26.21%
Licenses and permits	675,057	345,339	95.48%
Fines and forfeitures	41,860	43,753	-4.33%
Sales of property and compensation for loss	233,649	72,031	224.37%
Miscellaneous local sources	199,407	204,225	-2.36%
State sources	818,943	616,285	32.88%
Federal sources	-	45,906	-100.00%
Total revenues	10,419,853	8,100,980	28.62%
Expenditures			
Current:			
General government	2,543,390	2,371,764	7.24%
Public safety	409,715	399,500	2.56%
Transportation	301,022	284,347	5.86%
Economic assistance and opportunity	127,635	82,324	55.04%
Culture and recreation	1,313,726	772,652	70.03%
Home and community services	455,620	410,338	11.04%
Employee benefits	1,124,149	1,188,899	-5.45%
Debt service:			
Principal	505,000	-	-
Interest	337,762	270,608	24.82%
Total expenditures	7,118,019	5,780,432	23.14%
Excess of revenues over expenditures	3,301,834	2,320,548	42.29%
Other Financing Sources (Uses)			
Interfund transfers in	-	172,148	-100.00%
Interfund transfers out	(1,310,000)	(1,372,038)	4.52%
Total other financing sources (uses)	(1,310,000)	(1,199,890)	-9.18%
Net change in fund balances	1,991,834	1,120,658	-77.74%
Fund balances - January 1	12,316,675	11,196,017	10.01%
Fund balances - December 31	\$ 14,308,509	\$ 12,316,675	16.17%

SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS - GENERAL FUND

For the Year Ended December 31, 2021

	Authorized Budget	Expenditures	Balance
General Government			
Town Board	\$ 82,816	\$ 81,701	\$ 1,115
Justices	264,662	214,930	49,732
Supervisor	181,670	180,278	1,392
Director of Finance	132,080	131,104	976
Independent Auditing & Accounting	16,220	15,516	704
Tax Collector	86,623	86,479	144
Assessor	230,088	207,340	22,748
Credit Card Fees	8,000	5,827	2,173
Town Clerk	153,958	148,115	5,843
Attorney	234,726	115,638	119,088
Personnel	50,600	50,533	67
Town Engineer	57,000	55,521	1,479
Elections	45,550	17,980	27,570
Records Management	7,405	7,337	68
Department of Public Works	81,585	53,965	27,620
Buildings	2,110,424	679,671	1,430,753
Central Garage	149,000	128,940	20,060
Central Communications	19,440	17,040	2,400
Central Storeroom	5,000	4,995	5
Central Print & Mail	26,100	26,054	46
Information Technology	147,460	144,766	2,694
Unallocated Insurance	173,500	157,744	15,756
Municipal Association Dues	1,500	1,500	-
Taxes & Assessments on Municipal Properties	11,000	8,107	2,893
Other General Government Support	4,200	2,309	1,891
Contingency	1,750	-	1,750
Total General Government	4,282,357	2,543,390	1,738,967
Public Safety			
Traffic & Safety Committee	3,840	2,960	880
Police & Constable	21,048	17,732	3,316
Traffic Control	72,266	70,101	2,165
Fire Marshall	61,780	61,095	685
Dog Control	42,946	33,390	9,556
Other Dog Control	300	228	72
Safety Inspection	236,740	223,615	13,125
Other Public Safety	3,000	594	2,406
Total Public Safety	441,920	409,715	32,205

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

For the Year Ended December 31, 2021

	Authorized Budget	Expenditures	Balance
Transportation			
Superintendent of Highway	160,931	160,119	812
Garage	22,380	16,930	5,450
Street Lighting	104,500	100,216	4,284
Sidewalks	28,905	23,757	5,148
Total Transportation	<u>316,716</u>	<u>301,022</u>	<u>15,694</u>
Economic Assistance and Opportunity			
Veterans Service	2,750	2,745	5
Programs for Aging	167,131	124,890	42,241
Total Economic Assistance and Opportunity	<u>169,881</u>	<u>127,635</u>	<u>42,246</u>
Culture and Recreation			
Recreation Administration	374,076	362,622	11,454
Parks	539,710	457,857	81,853
Special Rec Facility	295,444	295,444	-
Youth Programming	232,300	128,621	103,679
Historian	15,037	12,345	2,692
Celebrations	52,700	32,199	20,501
Adult Recreation	25,000	24,638	362
Total Culture and Recreation	<u>1,534,267</u>	<u>1,313,726</u>	<u>220,541</u>
Home and Community Services			
Zoning	15,944	12,501	3,443
Planning	29,609	24,819	4,790
Environmental/ Conservation	4,680	3,540	1,140
Refuse/ Garbage	328,510	307,414	21,096
Drainage	106,119	96,779	9,340
Cemeteries	1,500	1,500	-
Special Reserves	25,500	9,067	16,433
Total Home and Community Services	<u>511,862</u>	<u>455,620</u>	<u>56,242</u>
Other Expenditures			
Employee Benefits	1,273,204	1,124,149	149,055
Debt Principal	505,000	505,000	-
Debt Interest	337,763	337,762	1
Total Other Expenditures	<u>2,115,967</u>	<u>1,966,911</u>	<u>149,056</u>
Total	<u><u>\$ 9,372,970</u></u>	<u><u>\$ 7,118,019</u></u>	<u><u>\$ 2,254,951</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
	2021	2020		2021	2020	
Investments, restricted						
Assets						
Cash and cash equivalents	\$ 4,081,303	\$ 3,926,003	3.96%	\$ 163,535	\$ 185,668	-11.92%
Investments, restricted	-	-	-	3,315,129	3,167,607	4.66%
State and federal receivables	83,993	56,025	49.92%	-	-	-
Due from other funds	38,908	51,987	-25.16%	-	-	-
Due from other governments	68,407	69,090	-0.99%	-	-	-
Prepaid items	65,593	58,638	11.86%	-	-	-
Total assets	<u>\$ 4,338,204</u>	<u>\$ 4,161,743</u>	<u>4.24%</u>	<u>\$ 3,478,664</u>	<u>\$ 3,353,275</u>	<u>3.74%</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 91,447	\$ 164,809	-44.51%	\$ 325	\$ 258	25.97%
Accrued liabilities	42,919	66,709	-35.66%	-	-	-
Total liabilities	<u>134,366</u>	<u>231,518</u>	<u>-41.96%</u>	<u>325</u>	<u>258</u>	<u>25.97%</u>
Fund Balances						
Non-spendable	65,593	58,638	11.86%	-	-	-
Restricted	163,834	457,921	-64.22%	3,315,129	3,167,607	4.66%
Assigned	3,974,411	3,413,666	16.43%	163,210	185,410	-11.97%
Total fund balances	<u>4,203,838</u>	<u>3,930,225</u>	<u>6.96%</u>	<u>3,478,339</u>	<u>3,353,017</u>	<u>3.74%</u>
Total liabilities and fund balances	<u>\$ 4,338,204</u>	<u>\$ 4,161,743</u>	<u>4.24%</u>	<u>\$ 3,478,664</u>	<u>\$ 3,353,275</u>	<u>3.74%</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,		% Change	December 31,		% Change
	2021	2020		2021	2020	
Revenues						
Real property taxes	\$ 2,931,505	\$ 3,301,825	-11.22%	\$ 2,545,878	\$ 2,566,290	-0.80%
Intergovernmental charges	741,943	674,466	10.00%	-	-	-
Use of money and property	6,519	18,488	-64.74%	179,559	291,853	-38.48%
Sales of property and compensation for loss	90,115	16,265	454.04%	-	-	-
State sources	375,698	194,528	93.13%	-	-	-
Total revenues	<u>4,145,780</u>	<u>4,205,572</u>	<u>-1.42%</u>	<u>2,725,437</u>	<u>2,858,143</u>	<u>-4.64%</u>
Expenditures						
Public safety	-	-	-	2,319,815	2,318,472	0.06%
Transportation	2,990,262	2,464,737	21.32%	-	-	-
Employee benefits	881,905	899,750	-1.98%	280,300	271,392	3.28%
Total expenditures	<u>3,872,167</u>	<u>3,364,487</u>	<u>15.09%</u>	<u>2,600,115</u>	<u>2,589,864</u>	<u>0.40%</u>
Excess of revenues over expenditures	273,613	841,085	-67.47%	125,322	268,279	-53.29%
Other Financing Sources (Uses)						
Interfund transfers in	-	20,000	-100.00%	-	-	-
Interfund transfers out	-	(50,000)	-100.00%	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>-100.00%</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	273,613	811,085	-66.27%	125,322	268,279	-53.29%
Fund balances - January 1	<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>
Fund balances - December 31	<u>\$ 4,203,838</u>	<u>\$ 3,930,225</u>	<u>6.96%</u>	<u>\$ 3,478,339</u>	<u>\$ 3,353,017</u>	<u>3.74%</u>

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

For the Year Ended December 31, 2021

	Highway Townwide Fund			Fire Protection Districts Fund		
	Authorized Budget	Expenditures	Balance	Authorized Budget	Expenditures	Balance
Public Safety						
Fire Protection	\$ -	\$ -	\$ -	\$ 2,320,578	\$ 2,319,815	\$ 763
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,320,578</u>	<u>2,319,815</u>	<u>763</u>
Transportation						
Maintenance of Streets	961,245	922,152	39,093	-	-	-
Permanent Improvements Highway	339,224	339,224	-	-	-	-
Machinery	1,027,296	603,845	423,451	-	-	-
Brush and Weeds	319,147	318,050	1,097	-	-	-
Snow Removal	1,077,139	582,322	494,817	-	-	-
Services to Other Governments	355,310	224,669	130,641	-	-	-
Total Transportation	<u>4,079,361</u>	<u>2,990,262</u>	<u>1,089,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Expenditures						
Employee Benefits	1,097,103	881,905	215,198	279,300	280,300	(1,000)
Total Other Expenditures	<u>1,097,103</u>	<u>881,905</u>	<u>215,198</u>	<u>279,300</u>	<u>280,300</u>	<u>(1,000)</u>
Total	<u>\$ 5,176,464</u>	<u>\$ 3,872,167</u>	<u>\$ 1,304,297</u>	<u>\$ 2,599,878</u>	<u>\$ 2,600,115</u>	<u>\$ (237)</u>