

# **TOWN OF CHILI, NEW YORK**

**ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED**

**DECEMBER 31, 2022**



## TABLE OF CONTENTS

### Financial Section

Independent Auditor’s Report.....	2
Management’s Discussion and Analysis .....	5
Basic Financial Statements .....	
Statement of Net Position .....	21
Statement of Activities .....	22
Balance Sheet – Governmental Funds .....	23
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	24
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Governmental Funds .....	25
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities.....	27
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	28
Notes to Basic Financial Statements .....	29
Required Supplemental Information.....	
Budgetary Comparison Schedule – General Fund .....	62
Budgetary Comparison Schedule – Highway Townwide Fund and Fire Protection Districts Fund.....	63
Schedule of Changes in the Town’s Total OPEB Liability and Related Ratios.....	64
Schedule of the Town’s Proportionate Share of the Net Pension Liability - NYSERS Pension .....	65
Schedule of the Town’s Pension Contributions – NYSERS Pension Plan .....	66
Schedule of Changes in the Town’s Total Pension Liability - Volunteer Firefighter LOSAP .....	67
Notes to Required Supplemental Information.....	68

### Supplemental Schedules

Combining Balance Sheet – Non-Major Governmental Funds .....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds.....	73

### Other Schedules

Comparative Balance Sheet – General Fund .....	75
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances-General Fund.....	76
Schedule of Expenditures Compared with Authorizations – General Fund .....	77
Comparative Balance Sheet – Highway Townwide Fund and Fire Protection Districts Fund.....	79
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances – Highway Townwide Fund and Fire Protection Districts Fund .....	80
Schedule of Expenditures Compared with Authorizations – Highway Townwide Fund and Fire Protection Districts Fund.....	81

# FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

The Honorable Supervisor and Town Board  
Town of Chili, New York

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chili, New York (the Town), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' 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 the 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.

## Auditors' 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 auditors' 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 additional information as listed in the table of contents on pages 62 through 68 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 supplementary information in accordance with GAAS, 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 combining balance sheet - non-major governmental funds and the combining statement of revenues, expenditures and changes in fund balance - non-major governmental funds are presented for purposes 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 GAAS. In our opinion, the combining balance sheet - non-major governmental funds and the combining statement of revenues, expenditures and changes in fund balance - non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 28, 2023

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, 2022. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

## FINANCIAL HIGHLIGHTS

- The fiscal year 2022 represented a return to normalcy for the Town after the COVID-19 pandemic in regards to budgeting and financial expectations. The Town continues to be vigilant in monitoring expenses and revenues, and will continue to use financial gains from previous years against future budgets and one time projects.
- In August 2022, the Town's court moved from its old location on Chili Ave to the current Town Hall, in the location that the library used to be in. The Town is currently in the process of trying to sell the old court/senior center building as well as the old community center in North Chili. This was all part of the long term plans with the construction of the new community center, which opened May 2021.
- The assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources by \$37,390,295 (net position) at December 31, 2022, of which \$34,474,432 is invested in the Town's capital assets, including infrastructure. This was an increase of \$2,377,076, or 6.79%, over 2021.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$22,620,373, an increase of \$1,501,273 from 2021. Of the total fund balance, \$19,000,799 is non-spendable, or has been restricted or assigned for a specific purpose.
- The Town's long-term debt had a decrease of \$470,000 during 2022. Principal of \$20,000 was paid against debt incurred for sewer and water projects in 2004, and \$450,000 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. In January 2023, the \$2 million BAN was paid off in its entirety. The Town was authorized to take out \$20 million in borrowing for this project. The project is complete and no further new borrowing will be done. The remainder of this project was paid for using Town reserves and fund balance, as well as various grants received from the State.
- The Town's tax rate for 2022 decreased to a rate of \$3.31/thousand and there was a 14.06% increase in assessed value. This was a 16.09% decrease in the tax rate.
- The Town recognized over \$271,316 in grant revenue for special projects including recreation, senior and library programs, as well as a grants to upgrade ADA bathroom facilities in Memorial Park and for the Archer Rd Park project.

- The Town recognized \$621,594 for various one-time projects and purchases using funds from the American Rescue Plan Act (ARPA) and the Coronavirus State and Local Fiscal Recovery Funds (SLFRF).
- As of December 31, 2022, there was \$1,888,297 set aside in the General Fund assigned fund balance that is intended for use towards a series of ongoing projects as needed, including the Archer Rd Park, court remodel, and to pay off the Town's BAN.

## OVERVIEW OF THE FINANCIAL STATEMENTS

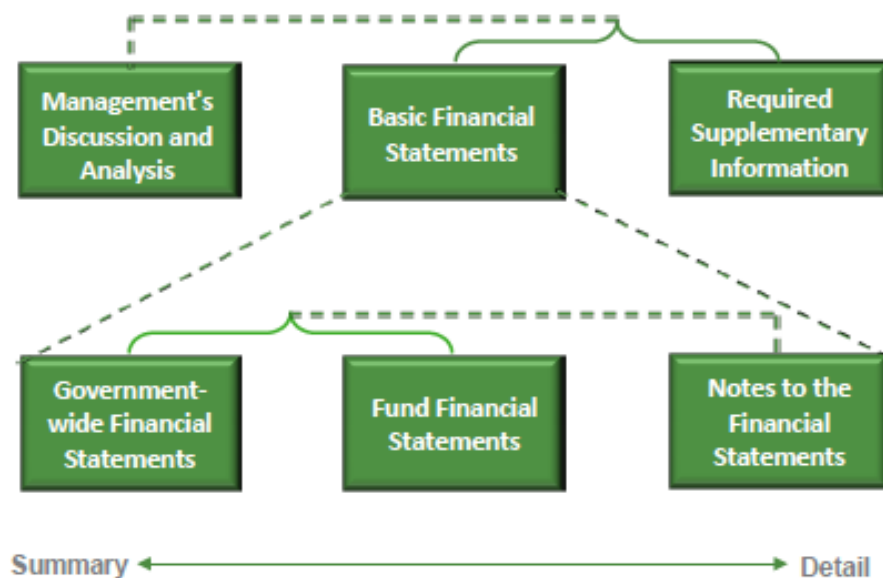
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- 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.

	Fund Financial Statements		
	Government-Wide Statements	Governmental Funds	Fiduciary Funds
Scope	Entire government (except Fiduciary Funds)	The activities of the Town that are not proprietary or fiduciary, such as public safety and transportation	Instances in which the Town administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Changes in Fiduciary Net Position – Fiduciary Funds</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources 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	All assets and deferred outflows of resources and liabilities and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
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	All additions and deductions during the year, regardless of when cash is received or paid

### 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.

### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's own programs. The Town is trustee and responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the Town's fiduciary activities are reported in a separate Statement of Changes in Fiduciary Net Position.

## 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 \$37,390,295 as of December 31, 2022. The Town's unrestricted net position deficit is -\$6,170,876. This negative net position is reflective of retirement benefit liabilities the Town has, including OPEB (\$9,417,178), state pension \$1,226,289, and LOSAP pension (\$6,110,256).

The Town's net position reflects \$34,474,432 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, \$9,086,739, 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 \$1,918,817, or 9.00%, from 2021. 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 year end was \$23,228,465. Restricted investments of \$2,749,540 are for the LOSAP program.

The Town's long-term liabilities decreased \$4,665,276 from 2021. The Town saw a significant reduction in its OPEB liability. There was a change in the discount rate which drove this reduction of \$2,505,116. The State's pension fund has performed well, causing a substantial reduction to the point of it creating a negative liability (asset) (\$1,241,142 reduction). The LOSAP liability decreased from the prior year (\$416,649).

Capital assets decreased 0.32%, primarily due the inclusion of the new depreciation of the recently completed community center. There was \$3,289,623 in additions, mainly due to the remodel of the old library to court space, and \$3,327,075 in depreciation expense.

Overall, there was a 6.79% increase in total net position in 2022. For the fund based financial statements, the Town saw a 7.11% increase in fund balance.

**Table 1** reflects the Town's net position (dollars in thousands) as of December 31, 2022 and 2021.

**Table 1**

	Governmental Activities		% of Change
	2022	2021	
Current and other assets	\$ 27,544	\$ 26,211	5.09%
Capital assets not being depreciated	4,579	4,656	-1.65%
Capital assets, net of accumulated depreciation	45,650	45,735	-0.19%
Total assets	77,773	76,602	1.53%
Deferred pension and OPEB outflows	10,262	12,188	-15.80%
Total deferred outflows of resources	10,262	12,188	-15.80%
Noncurrent liabilities	28,304	32,969	-14.15%
Other liabilities	4,923	5,499	-10.47%
Total liabilities	33,227	38,468	-13.62%
Deferred pension and OPEB inflows	17,418	15,309	13.78%
Total deferred inflows of resources	17,418	15,309	13.78%
Net investments in capital assets	34,474	32,640	5.62%
Restricted for:			
Workers' compensation	905	969	-6.60%
Retirement contribution	492	486	1.23%
Insurance	538	534	0.75%
Capital projects	3,034	4,115	-26.27%
Debt service	164	162	1.23%
Length of service award program	2,750	3,315	-17.04%
Other restricted	1,204	1,137	5.89%
Unrestricted (deficit)	(6,171)	(8,345)	26.05%
Total net position	\$ 37,390	\$ 35,013	6.79%

The Town's government-wide net position increased \$2,377,076 in 2022.

**Table 2** reflects the Town's changes in net position (dollars in thousands) for the years ended December 31, 2022 and 2021.

**Table 2**

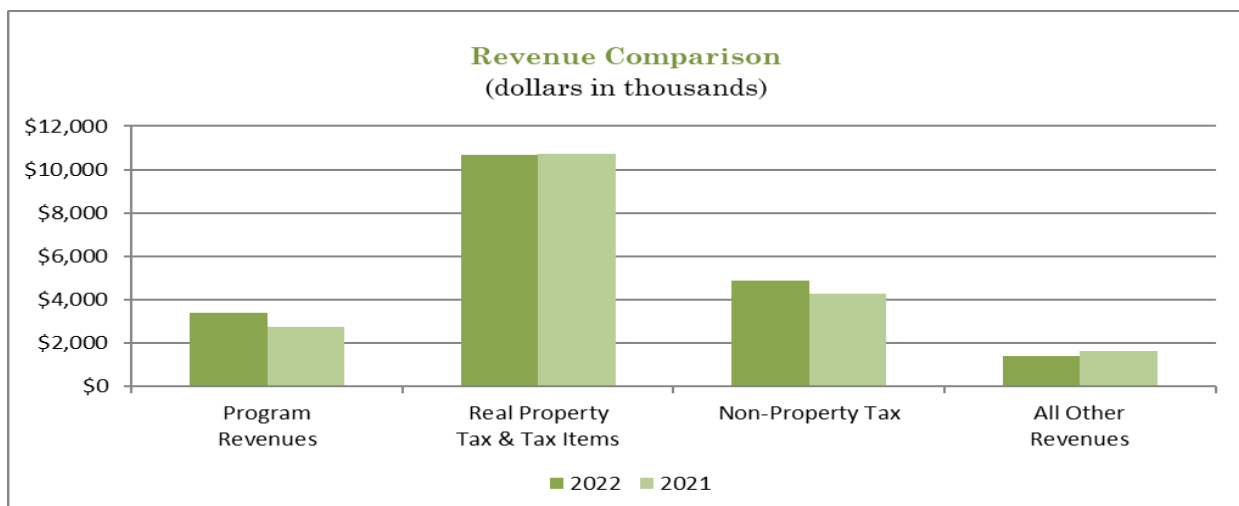
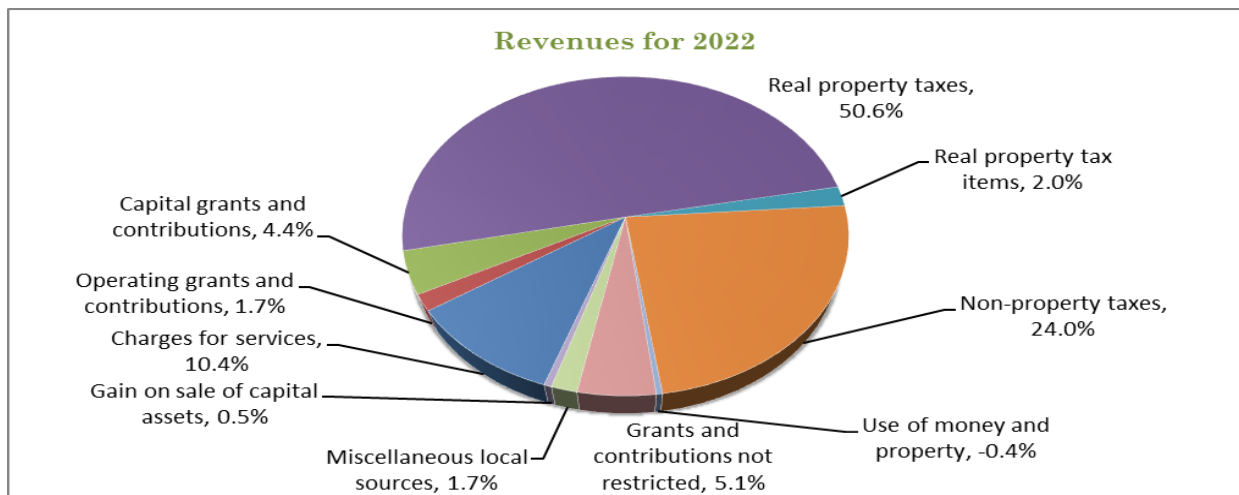
	Governmental Activities		% of Change
	2022	2021	
Program revenues:			
Charges for services	\$ 2,121	\$ 2,162	-1.90%
Operating grants and contributions	355	70	407.14%
Capital grants and contributions	904	494	83.00%
General revenues:			
Real property taxes	10,296	10,243	0.52%
Real property tax items	399	457	-12.69%
Non-property taxes	4,884	4,267	14.46%
Use of money and property	(90)	263	-134.22%
Grants and contributions not restricted	1,044	1,001	4.30%
Miscellaneous local sources	353	256	37.89%
Gain on sale of capital assets	94	89	5.62%
Total revenues	<u>20,360</u>	<u>19,302</u>	<u>5.48%</u>
Program expenses:			
General government	3,211	3,305	-2.84%
Public safety	3,465	3,490	-0.72%
Health	219	80	173.75%
Transportation	5,940	5,999	-0.98%
Economic assistance and opportunity	176	183	-3.83%
Culture and recreation	3,701	2,945	25.67%
Home and community service	918	1,018	-9.82%
Interest on debt	353	340	3.82%
Total expenses	<u>17,983</u>	<u>17,360</u>	<u>3.59%</u>
Change in net position	2,377	1,942	22.40%
Net position - January 1	<u>35,013</u>	<u>33,071</u>	<u>5.87%</u>
Net position - December 31	<u>\$ 37,390</u>	<u>\$ 35,013</u>	<u>6.79%</u>

Real property tax levy is the primary source of revenues to support taxpayer services and accounted for 50.5% of all revenues.

Non-property taxes again saw a substantial increase, driven by sales tax, which continues to soar to record highs year after year. Sales tax revenue was up 16% from 2021 (\$621,000). Mortgage tax increased 6% (\$50,000) from the previous year. The past two years have been two of the three highest years ever for mortgage tax revenue the Town has seen.

Use of money and property overall shows a loss of revenue of \$90,000. This is reflective of investment losses in the LOSAP investment of \$435,000. Governmental funds recognized \$288,000 in interest revenue, the second highest in the Town's history, as interest rates rose in conjunction with the Fed raising their interest rates.

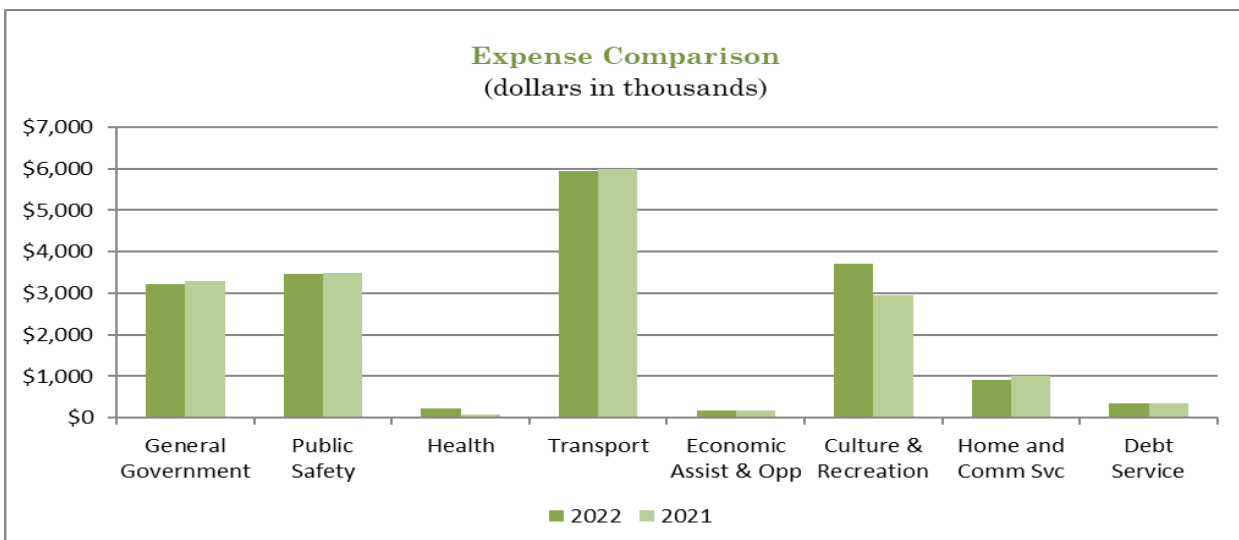
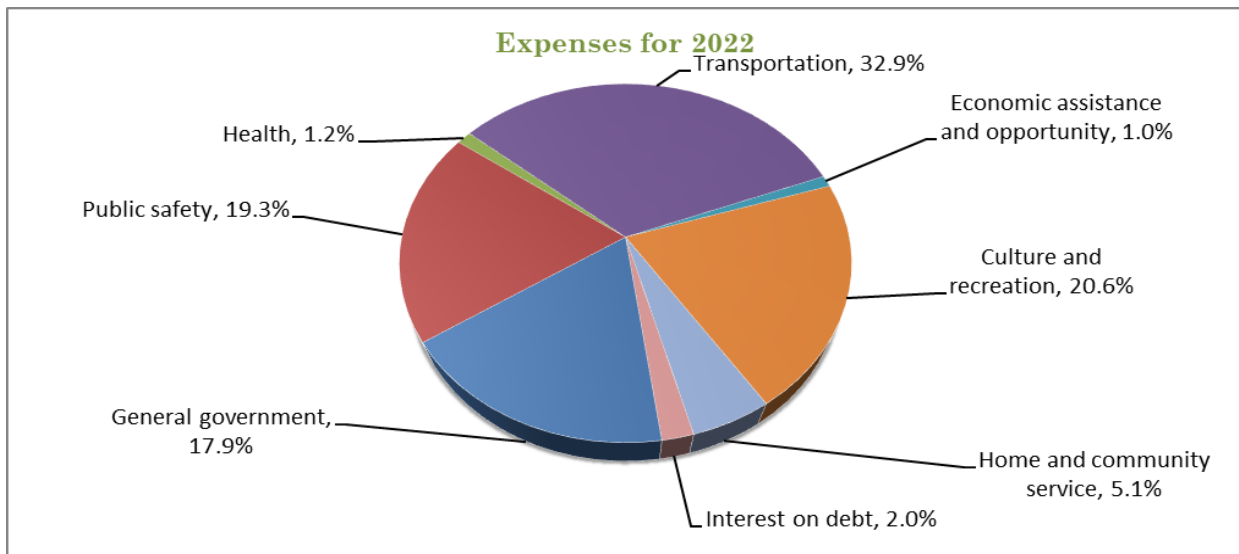
The Town continuously seeks out opportunities to obtain grants from the County, State and Federal governments that are used to help offset many of the Town's special projects. The Town recognized revenues of over \$1,259,000 of grant money for various projects in 2022. Majority of this was due to the usage of \$622,000 from the American Rescue Plan Act (ARPA) and the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The remainder of these funds, \$2.3 million, must be spent by December 31, 2026.



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

Program expenses were up 3.59% in 2022. These expenses include not only operational expenses (as reported in the fund financial statements), but also depreciation, long-term debt and post-employment benefits such as OPEB and pensions.

Operational expenses were up \$1,081,000 from 2021 (5.76%), as the Town spend funds on the old library to new court space remodel project as well as the spending of ARPA funds on one-time projects and purchases. Overall, departmental spending was up \$802,000, capital spending was down \$1,102,000, salary and benefits were up \$423,000, and debt service was up \$958,000. The Town also saw very substantial increases to utility expenses, going up 21% from 2021.



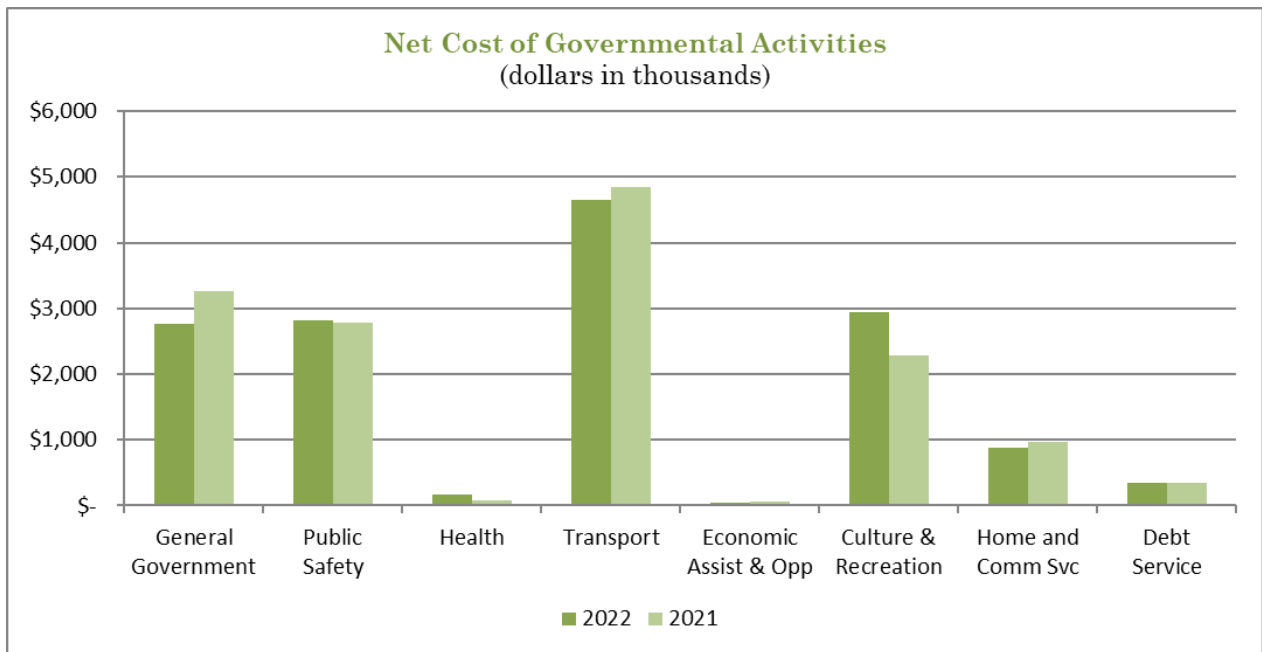
Net cost is the total cost of services less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the Town's taxpayers by each major governmental function (activity).

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, 2022 and 2021.

**Table 3**

	Total Cost of Services		% of Change	Net Cost of Services		% of Change
	2022	2021		2022	2021	
General government	\$ 3,211	\$ 3,305	-2.84%	\$ 2,758	\$ 3,258	-15.35%
Public safety	3,465	3,490	-0.72%	2,814	2,776	1.37%
Health	219	80	173.75%	175	80	118.75%
Transportation	5,940	5,999	-0.98%	4,645	4,854	-4.31%
Economic assistance and opportunity	176	183	-3.83%	39	62	-37.10%
Culture and recreation	3,701	2,945	25.67%	2,938	2,292	28.18%
Home and community service	918	1,018	-9.82%	881	972	-9.36%
Debt service	353	340	3.82%	353	340	3.82%
<b>Total</b>	<b>\$ 17,983</b>	<b>\$ 17,360</b>	<b>3.59%</b>	<b>\$ 14,603</b>	<b>\$ 14,634</b>	<b>-0.21%</b>





## FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS

The Town continues to make gains in this post-pandemic era. Most revenue streams continue to increase across the board. The Town has also benefited from one-time revenues, mainly in the form of ARPA funds, which will continue to be spent over the next few years. Other revenues, such as sales tax and mortgage tax are seeing record highs. The Town is trying to understand the long term effect of these changes, to see if they are short term highs that will return to levels we are accustomed to seeing or will be sustained. This understanding will impact future budget cycles. These current gains though are being, and will continue to be, spent on balancing the budget and one-time projects to benefit the Town and its residents.

Departmental fees were up 7% from 2021, and Intergovernmental charges were up 20%. These are fees that the Town has more control over than others, such as licenses and permits, which was down 35% due to the receipt of several very large one-time permits received in 2021. Revenue streams are back to or exceeding pre-pandemic levels. As mentioned earlier, sales tax once again saw a historic high this year, coming in almost double of what was received just six years ago. Mortgage taxes were up again in 2022, but it is yet to be determined if this level will be maintained with interest rates going up the last half of 2022 and into 2023. Overall, excluding property tax type revenues and transfers, revenues were up 12%. Personnel expense saw a 9% increase. Contractual and discretionary spending was up 14%. The Town saw a reductions in state pension, workers' compensation and medical insurance, offsetting increases in other areas, leading to an overall 1% decrease in benefits.

The Town has recorded \$1,888,297 to assigned unappropriated fund balance, which is intended to be used towards a series of ongoing and upcoming projects, including the completion of the reconstruction of the existing library to court space, projects on the Archer Road property, and to pay off the Town's BAN. The Town spent \$481,702 of these funds in 2022 against the completion of the community center, the court remodel project, and the replacement of part of the Town Hall roof.

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.

Over the past three years, the Town has spent \$1,500,000 in reserve funds for the court remodel project. The Town has also spent \$143,853 from other reserves to help reduce the fiscal burden on the 2022 budget. There still remains \$3,034,506 in various capital reserves, which are held to offset future significant, unexpected needs for the Town, and to balance the budget in fiscally stressed times. The Town's liability and self-insured plans are protected by \$1,443,253 in reserves. These funds are continuously used to offset claim deficits as well as higher premiums, stabilizing ongoing budgeted expenses. For 2023, \$337,600 of reserve funds has already been authorized for spending.

The Highway Townwide assigned unappropriated fund balance is \$2,782,942, or 68% of current year expenditures (excluding disbursements from reserves and inter-fund transfers). This was a slight increase of 106,031 from the previous year. Excluding property taxes, revenues were up 24%. County projects (which are not guaranteed) were up 70% (\$111,243), snow removal services were up 12% (\$70,699), and interest was up 781% (\$50,937). Personnel expense was up 6%, capital spending was up 9%, contractual and discretionary expenses were up 15% and benefits down 7%. Overall,

operational expenses were up 6%, or \$236,000. It is expected to use excess fund balance for balancing future budgets.

The Fire Protection Districts' assigned unappropriated fund balance, excluding appropriations for next year, was \$90,299, or 4% of current year expenditures. LOSAP investments had a net decrease of \$566,000 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. In 2022, \$1,000,000 was paid off and a renewal BAN was taken out for \$2,000,000. Subsequent to yearend, the entire renewal BAN was paid off. A final allocation of \$91,373 of assigned fund balance was made to wrap up the community center and infrastructure project in 2022. The community center was opened in May 2021, and no new debt service will 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, 2022 and 2021. Other financing sources and uses are included.

**Table 4**

	<b>2022</b>			
	Revenues	Expenditures	Fund Balances	Changes in Fund Balances
General Fund	\$ 11,705	\$ 10,851	\$ 15,163	\$ 854
Highway Townwide Fund	4,551	4,108	4,647	443
Fire Protection Districts Fund	2,258	2,843	2,893	(585)
Capital Projects Fund	1,247	515	(2,000)	732
	<b>2021</b>			
	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)

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

The General Fund realized a fund balance at December 31, 2022, of \$15,163,080. Of this total fund balance, \$9,466,707 has been restricted or assigned for specific purposes. Fund balances are maintained in accordance with the Town's Fund Balance & Reserve Policy. Unexpected increases in fund balance are always used towards funding subsequent years' budgets, ensuring reserves are at adequate levels, and funding one-time projects that arise.

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

The Town's General Fund 2022 final budget for non-property tax revenue was \$2,930,000, but actually recognized revenues of \$4,884,342. Mortgage tax has seen two of its three highest years in 2021 and 2022, due to the housing market boom in our area. The Town expects to see future decreases in this revenue stream, back to historically average levels, as interest rates continue to increase and supply goes down. Sales tax has always been conservatively budgeted for by the Town. Over the past several years as this revenue stream has increased, so has the Town's budget for it. But with extraordinary increases each year, it's difficult to determine at what point this revenue may begin to plateau. Sales tax revenue was 16% from 2021 (and 2021 was up 36% from 2020) and was \$1,916,000 over budget.

Licenses and permits revenue was \$267,000 over budget. This revenue stream is budgeted based upon realistic, dependable, historical averages. There were a few one-time substantial permits which drove this revenue over what was budgeted for. The Town also benefited from self-insurance recoveries in the amount of \$307,000, which is not budgeted for, as it is not expected.

The Town's General Fund expenditures (excluding other financing sources or uses) were approximately \$2,521,000 below modified budget amounts. It must be pointed out that of this amount, \$1,380,000 is accounted for in a budget amendment for a new roof for the Town Hall, paid for from assigned fund balance, and was encumbered and is expected to be completed spring 2023.

Personnel services were \$265,000 under budget. Contractual and discretionary expenditures were \$371,000 under budget. The largest savings were in the areas of general government, where the aforementioned roof was encumbered into 2023. There was also savings with some court remodel expenses coming in less than expected and some still to rollover into 2023. Culture and recreation also performed well, coming in at \$147,000 under budget. Favorable rates in the State Retirement System and medical insurance led to less than expected expenses in both of those areas, with total benefits coming \$202,000 under budget.

Total encumbrances of \$1,395,416 are being carried over to 2023. The Town has assigned an amount of \$1,510,000 to balance the 2023 budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2022, amounts to \$34,474,432 (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, 2022 and 2021. Additional information on the Town's capital assets can be found in Note 2 to the financial statements.

**Table 5**

	Governmental Activities	
	2022	2021
Land	\$ 4,323	\$ 4,323
Construction work in progress	241	318
Historical collections	15	15
Buildings	35,680	36,645
Improvements	2,406	143
Machinery and equipment	4,061	4,256
Infrastructure	3,504	4,691
Total	<u>\$ 50,230</u>	<u>\$ 50,391</u>

### Long-term obligations

At the end of the current year, the Town had total bonded debt outstanding of \$13,560,000. This entire amount is backed by the full faith and credit of the Town of Chili. As of December 31, 2022, 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, 2022 and 2021. Additional information on the Town's long-term obligations can be found in Note 2 to the financial statements.

**Table 6**

	Governmental Activities	
	2022	2021
General obligation on debt:		
Serial Bonds	\$ 13,560	\$ 14,030
Premium	196	206
Compensated absences	247	269
Post employment benefits	9,417	11,922
Net pension liability	(1,226)	15
LOSAP liability	6,110	6,527
Total	<u>\$ 28,304</u>	<u>\$ 32,969</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 \$13,560,000 will continue to be paid off through 2049. Of this total debt, \$490,000 is due to be paid in 2023.
- On June 19, 2018, a public referendum was held and passed, giving the Town approval to construct a new community center. The project was to 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. This project has been completed and there will be no further borrowing of that final amount.

- 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 2023 adopted budget was once again under the NYS Property Tax Cap guidelines. The ability to continue to stay under the cap will be evaluated on an annual basis, and any allowable unused limit is carried over to the next budget year.
- The tax rate for 2023 decreased to a rated of \$3.26 per \$1,000 of assessed value (1.42% decrease) while reflecting equalized taxable assessment base growth of 12.43%.
- 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, 2022

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 23,228,465
Accounts receivable	5,788
State and federal receivables	83,992
Due from other governments	1,344,779
Prepaid items	131,238
Investments, restricted	2,749,540
Capital assets not being depreciated	4,579,100
Capital assets, net of accumulated depreciation	<u>45,650,779</u>
 Total assets	 <u>77,773,681</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows related to pensions and post-employment benefits	9,627,668
Deferred pension outflows, contributions subsequent to measurement date	<u>634,272</u>
 Total deferred outflows of resources	 <u>10,261,940</u>
<b>Liabilities</b>	
Accounts payable	372,975
Accrued liabilities	246,211
Bond anticipation notes payable	2,000,000
Unearned revenue	2,304,243
Noncurrent liabilities:	
Due within one year	525,701
Due in more than one year	<u>27,778,100</u>
 Total liabilities	 <u>33,227,230</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows related to pensions and post-employment benefits	<u>17,418,096</u>
 Total deferred inflows of resources	 <u>17,418,096</u>
<b>Net Position</b>	
Net investment in capital assets	34,474,432
Restricted for:	
Workers' compensation	904,981
Retirement contribution	491,603
Insurance	538,272
Capital projects	3,034,506
Debt service	164,000
Length of service award program	2,749,540
Other restricted	1,203,837
Unrestricted	<u>(6,170,876)</u>
 Total net position	 <u>\$ 37,390,295</u>

See accompanying notes to basic financial statements

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2022

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	\$ 3,211,273	\$ 37,936	\$ 23,882	\$ 391,877	\$ (2,757,578)
Public safety	3,465,418	480,348	171,530	-	(2,813,540)
Health	219,000	-	44,000	-	(175,000)
Transportation	5,939,722	927,982	-	366,389	(4,645,351)
Economic assistance and opportunity	175,647	86,242	50,258	-	(39,147)
Culture and recreation	3,701,353	551,765	65,002	146,361	(2,938,225)
Home and community services	917,684	36,406	-	-	(881,278)
Interest on debt	353,215	-	-	-	(353,215)
Total governmental activities	\$ 17,983,312	\$ 2,120,679	\$ 354,672	\$ 904,627	(14,603,334)
General revenues and gain on sale of capital assets:					
Real property taxes					10,295,816
Real property tax items					398,623
Non-property taxes					4,884,342
Use of money and property					(89,708)
Grants and contributions not restricted for a specific purpose					1,043,987
Miscellaneous local sources					353,100
Gain on sale of capital assets					94,250
Total general revenues and gain on sale of capital assets					16,980,410
Change in net position					2,377,076
Net position - January 1					35,013,219
Net position - December 31					\$ 37,390,295

See accompanying notes to basic financial statements



BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2022

	General	Special Revenue			Non-Major Governmental Funds	Total Governmental Funds
		Highway Townwide	Fire Protection Districts	Capital Projects		
<b>Assets</b>						
Cash and cash equivalents	\$ 16,470,537	\$ 4,644,792	\$ 143,679	\$ -	\$ 1,969,457	\$ 23,228,465
Accounts receivable	5,788	-	-	-	-	5,788
State and federal receivables	-	83,992	-	-	-	83,992
Due from other governments	1,262,052	77,813	-	-	4,914	1,344,779
Prepaid items	70,402	46,736	-	-	14,100	131,238
Investments, restricted	-	-	2,749,540	-	-	2,749,540
Total assets	<u>\$ 17,808,779</u>	<u>\$ 4,853,333</u>	<u>\$ 2,893,219</u>	<u>\$ -</u>	<u>\$ 1,988,471</u>	<u>\$ 27,543,802</u>
<b>Liabilities</b>						
Accounts payable	\$ 200,847	\$ 129,915	\$ 380	\$ -	\$ 41,833	\$ 372,975
Accrued liabilities	140,609	76,672	-	-	28,930	246,211
Bond anticipation notes payable	-	-	-	2,000,000	-	2,000,000
Unearned revenues	2,304,243	-	-	-	-	2,304,243
Total liabilities	<u>2,645,699</u>	<u>206,587</u>	<u>380</u>	<u>2,000,000</u>	<u>70,763</u>	<u>4,923,429</u>
<b>Fund Balances (Deficit)</b>						
Non-spendable	70,402	46,736	-	-	14,100	131,238
Restricted	4,672,994	296,368	2,749,540	-	1,367,837	9,086,739
Assigned	4,793,713	4,303,642	143,299	-	542,168	9,782,822
Unassigned (deficit)	5,625,971	-	-	(2,000,000)	(6,397)	3,619,574
Total fund balances (deficit)	<u>15,163,080</u>	<u>4,646,746</u>	<u>2,892,839</u>	<u>(2,000,000)</u>	<u>1,917,708</u>	<u>22,620,373</u>
Total liabilities and fund balances (deficit)	<u>\$ 17,808,779</u>	<u>\$ 4,853,333</u>	<u>\$ 2,893,219</u>	<u>\$ -</u>	<u>\$ 1,988,471</u>	<u>\$ 27,543,802</u>

See accompanying notes to basic financial statements

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

December 31, 2022

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

Total fund balance - governmental funds (page 23)		\$ 22,620,373
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	101,490,924	
Accumulated depreciation	<u>(51,261,045)</u>	
Capital assets, net of depreciation		50,229,879
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Serial bonds payable	(13,560,000)	
Premium liability	(195,447)	
Compensated absences	(247,200)	
Post-employment benefits liability (OPEB)	(9,417,178)	
ERS net pension liability (asset)	1,226,289	
LOSAP pension liability	<u>(6,110,265)</u>	
Total long-term liabilities		(28,303,801)
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	(6,384,619)	
ERS pension deferred outflows and inflows	(1,671,742)	
LOSAP pension deferred outflows and inflows	<u>900,205</u>	
Total deferred outflows and inflows		<u>(7,156,156)</u>
Net position of governmental activities		<u>\$ 37,390,295</u>

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, 2022

	Special Revenue				Non-Major Governmental Funds	Total Governmental Funds
	General	Highway Townwide	Fire Protection Districts	Capital Projects		
<b>Revenues</b>						
Real property taxes	\$ 2,945,530	\$ 3,048,070	\$ 2,580,584	\$ -	\$ 1,721,632	\$ 10,295,816
Real property tax items	398,623	-	-	-	-	398,623
Non-property taxes	4,884,342	-	-	-	-	4,884,342
Departmental income	625,087	-	-	-	72,310	697,397
Intergovernmental charges	55,973	923,885	-	-	-	979,858
Use of money and property	259,048	57,456	(433,258)	-	27,046	(89,708)
Licenses and permits	438,177	-	-	-	-	438,177
Fines and forfeitures	44,561	-	-	-	-	44,561
Sales of property and compensation for loss	325,670	80,347	-	-	12,073	418,090
Miscellaneous local sources	52,480	-	-	9,540	42,294	104,314
State sources	1,054,574	366,389	-	146,361	-	1,567,324
Federal sources	621,594	-	-	-	-	621,594
Total revenues	11,705,659	4,476,147	2,147,326	155,901	1,875,355	20,360,388
<b>Expenditures</b>						
Current:						
General government	4,858,611	-	-	-	17,600	4,876,211
Public safety	450,548	-	2,463,161	-	-	2,913,709
Health	44,000	-	-	-	175,000	219,000
Transportation	336,559	3,286,616	-	-	196,755	3,819,930
Economic assistance and opportunity	144,529	-	-	-	300	144,829
Culture and recreation	1,269,877	-	-	-	993,663	2,263,540
Home and community services	501,375	-	-	-	206,354	707,729
Employee benefits	1,112,653	821,623	379,665	-	261,465	2,575,406
Capital outlay:						
Culture and recreation	-	-	-	515,546	-	515,546
Debt service:						
Principal	1,450,000	-	-	-	20,000	1,470,000
Interest	351,563	-	-	-	1,652	353,215
Total expenditures	10,519,715	4,108,239	2,842,826	515,546	1,872,789	19,859,115

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, 2022

	Special Revenue				Non-Major Governmental Funds	Total Governmental Funds
	General	Highway Townwide	Fire Protection Districts	Capital Projects		
Excess (deficit) of revenues over expenditures	1,185,944	367,908	(695,500)	(359,645)	2,566	501,273
<b>Other Financing Sources (Uses)</b>						
BANS redeemed from appropriations	-	-	-	1,000,000	-	1,000,000
Interfund transfers in	-	75,000	110,000	91,373	55,000	331,373
Interfund transfers out	(331,373)	-	-	-	-	(331,373)
Total other financing sources (uses)	(331,373)	75,000	110,000	1,091,373	55,000	1,000,000
Net change in fund balances	854,571	442,908	(585,500)	731,728	57,566	1,501,273
Fund balances (deficit) - January 1	14,308,509	4,203,838	3,478,339	(2,731,728)	1,860,142	21,119,100
Fund balances (deficit) - December 31	<u>\$ 15,163,080</u>	<u>\$ 4,646,746</u>	<u>\$ 2,892,839</u>	<u>\$ (2,000,000)</u>	<u>\$ 1,917,708</u>	<u>\$ 22,620,373</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, 2022

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) \$ 1,501,273

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	3,289,623	
Current year depreciation	(3,327,075)	
Construction work in progress place in service	<u>(118,390)</u>	
		(155,842)

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.

(5,506)

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	470,000	
Amortization of bond premiums	<u>10,981</u>	
		480,981

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	406,662	
Change in compensated absences liability	21,388	
Change in OPEB obligation	2,505,116	
Change in ERS net pension liability (asset)	1,241,142	
Change in LOSAP pension liability	416,649	
Change in deferred outflows and inflows related to OPEB	(2,849,768)	
Change in deferred outflows and inflows related to ERS pensions	(731,555)	
Change in deferred outflows and inflows related to LOSAP pensions	<u>(453,464)</u>	
		<u>556,170</u>

Change in net position of governmental activities \$ 2,377,076

See accompanying notes to basic financial statements

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

For the Year Ended December 31, 2022

	Custodial Funds
<b>Additions</b>	
Property tax collected for other governments	61,051,394
Total additions	61,051,394
<b>Deductions</b>	
Property tax remitted to other governments	61,051,394
Total deductions	61,051,394
Net increase (decrease) in fiduciary net position	-
Net position - beginning	-
Net position - ending	-

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.

### Non-Major Governmental Funds

The other funds which do not meet the major fund criteria are aggregated and reported as non-major other governmental funds.

### Fiduciary Fund

Fiduciary funds are used to account for assets held by the local government in a trustee or custodial capacity.

Custodial funds are custodial in nature and have an economic resources measurement focus. This fund is used to account for assets that the government collects for others in a custodial capacity. The Town collects property taxes on behalf of school districts and a fire district operating within its boundaries as well as the County of Monroe.



### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

### D. PROPERTY TAXES

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

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

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

### E. CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

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

### F. RESTRICTED ASSETS

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 \$2,749,540 of restricted investments as of December 31, 2022, 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, 2022, the Town had received all of these funds and has

recognized \$621,594 as revenue. However, the Town had not yet met the necessary requirements to recognize the remaining \$2,304,243 as revenue, therefore, it was reported as unearned revenue at year end.

#### **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 \$247,200.

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

#### **O. OTHER POST-EMPLOYMENT BENEFITS**

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

#### **P. NET POSITION AND FUND BALANCE**

##### Government-wide statements

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

### Fund statements

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

### Net position flow assumptions

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

### Fund balance flow assumptions

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

## **Q. REVENUES**

### Revenue restrictions

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

### Program revenues

Amounts reported as program revenues include:

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

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

## **R. INTERFUND TRANSFERS**

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

## **S. INSURANCE**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial

insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage for the past three fiscal years.

#### **T. LABOR RELATIONS**

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

During the fiscal year ended December 31, 2021, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*; Statement No. 91, *Conduit Debt Obligations*; Statement No. 92, *Omnibus 2020*; and Statement No. 93, *Replacement of Interbank Offered Rates*.

The primary objective of Statement No. 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

The primary objectives of Statement No. 91 are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The primary objectives of Statement No. 92 are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

The primary objective of Statement No. 93 is to address accounting and financial reporting implications that result from the replacement of an IBOR.

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. 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. 99, *Omnibus 2022*, which will be effective for the year ending December 31, 2023;
- Statement No. 100, *Accounting Changes and Error Corrections*, which will be effective for the year ending December 31, 2024;
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending December 31, 2024;

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, 2022.

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, 2022 include the following:

General Fund:	
Sales tax	\$ 1,191,053
Miscellaneous receivables	<u>76,787</u>
Total General	<u>\$ 1,267,840</u>
Highway Townwide Fund:	
Monroe County snow & ice	\$ 76,315
New York State snow & ice	83,993
Miscellaneous receivables	<u>1,497</u>
Total Highway	<u>\$ 161,805</u>
Library Fund:	
Miscellaneous receivables	<u>\$ 2,164</u>
Total Library	<u>\$ 2,164</u>
Miscellaneous Special Revenue:	
Miscellaneous receivables	<u>\$ 2,750</u>
Total Misc Special Rev	<u>\$ 2,750</u>

## 3. INTERFUND ACTIVITIES

Interfund activities at December 31, 2022 were as follows:

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ -	\$ 331,373
Highway Townwide Fund	75,000	-
Capital Projects Fund	91,373	-
Fire Protection Fund	110,000	-
Miscellaneous Special Revenue Fund	<u>55,000</u>	<u>-</u>
Total	<u>\$ 331,373</u>	<u>\$ 331,373</u>

Transfers among funds are provided for as part of the annual budget process. They can account for transfers to fund reserves and transfers to create and close various capital projects. The transfer of \$91,373 from the General Fund to the Capital Projects Fund was for the community center and site infrastructure project, and was a reallocation of Assigned Unappropriated Fund Balance. Amounts transferred to the Fire Protection Fund and Miscellaneous Special Revenue Fund were for expenditures related to the usage of ARPA funding.

## 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 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	317,819	41,227	118,390	240,656
Historical artwork/ collections	15,475	-	-	15,475
Total capital assets, not being depreciated	<u>4,656,263</u>	<u>41,227</u>	<u>118,390</u>	<u>4,579,100</u>
Capital assets, being depreciated				
Buildings	41,660,682	67,656	-	41,728,338
Improvements	358,462	2,278,547	-	2,637,009
Machinery & equipment	9,960,015	535,804	865,520	9,630,299
Infrastructure	42,549,789	366,389	-	42,916,178
Total capital assets, being depreciated	<u>94,528,948</u>	<u>3,248,396</u>	<u>865,520</u>	<u>96,911,824</u>
Less: accumulated depreciation				
Buildings	5,015,820	1,032,959	-	6,048,779
Improvements	215,666	15,094	-	230,760
Machinery & equipment	5,703,654	726,000	860,014	5,569,640
Infrastructure	37,858,844	1,553,022	-	39,411,866
Total accumulated depreciation	<u>48,793,984</u>	<u>3,327,075</u>	<u>860,014</u>	<u>51,261,045</u>
Total capital assets, being depreciated, net	<u>45,734,964</u>	<u>(78,679)</u>	<u>5,506</u>	<u>45,650,779</u>
Governmental activities capital assets, net	<u>\$ 50,391,227</u>	<u>\$ (37,452)</u>	<u>\$ 123,896</u>	<u>\$ 50,229,879</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 128,057
Public safety	5,531
Transportation	2,172,205
Economic assistance and opportunity	6,291
Culture and recreation	955,495
Home and community	59,496
Total depreciation expense	<u>\$ 3,327,075</u>

**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, 2022, the Town recognized an accrued liability of \$246,211.

## 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, 2022, 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 \$9,417,178 was measured as of December 31, 2022, 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	3.75%
Salary scale	3.00%
Inflation rate	2.00%

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

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

Rate of inflation	2.00%
Rate of growth in real income/GDP	1.50%
Excess medical cost growth	1.20%
Health care cost trend rate*	6.50%

\*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, 2022	\$ 11,922,294
Changes for the year:	
Service cost	392,642
Interest	455,259
Differences between expected and actual experience	(699,379)
Change in assumptions	(2,375,046)
Benefit payments	<u>(278,592)</u>
Net changes	<u>(2,505,116)</u>
Balance at December 31, 2022	<u>\$ 9,417,178</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>(2.75%)</u>	Current Assumption <u>(3.75%)</u>	1% Increase <u>(4.75%)</u>
Total OPEB liability	\$10,682,105	\$9,417,178	\$8,354,104

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 (5.50% decreasing to 3.30%)	Current Assumption (6.50% decreasing to 4.30%)	1% Increase (7.50% decreasing to 5.30%)
Total OPEB liability	\$8,040,882	\$9,417,178	\$11,184,476

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

Through December 31, 2022, the Town has recognized OPEB expense of \$623,244. At December 31, 2022, the Town's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 2,368,681	\$ 9,496,244
Changes of assumptions	<u>3,789,519</u>	<u>3,046,575</u>
Total	<u>\$ 6,158,200</u>	<u>\$ 12,542,819</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,:	
2023	\$ (515,796)
2024	(515,796)
2025	(515,796)
2026	(515,796)
2027	(515,796)
Thereafter	<u>(3,805,639)</u>
	<u><u>\$(6,384,619)</u></u>

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, 2022	
Cash subsidy	\$ 7,849,920
Implicit subsidy	<u>1,567,258</u>
Total OPEB liability	<u>\$ 9,417,178</u>

### 3. NYSERS DEFINED BENEFIT PENSION OBLIGATION

#### Plan Description

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

#### Funding Policy

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

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

At December 31, 2022, the Town reported a liability (asset) of \$(1,226,289) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of March 31, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of April 1, 2021. The Town's proportion of the net pension liability (asset) 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 (asset):

December 31, 2021	0.0149163%
December 31, 2022	0.0150012%
Change in Town's proportionate share since the previous measurement date	0.0000849

Through December 31, 2022, the Town has recognized pension expense of \$37,581. At December 31, 2022, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 92,869	\$ 120,456
Changes of assumptions	2,046,539	34,533
Net difference between projected and actual earnings on pension plan investments	-	4,015,583
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>16,922</u>	<u>34,321</u>
Total	<u>\$ 2,156,330</u>	<u>\$ 4,204,893</u>
Town's contributions subsequent to the measurement date	<u>\$ 376,821</u>	

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2023. 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,:	
2023	\$ (321,712)
2024	(461,294)
2025	(1,049,215)
2026	(216,342)
2027	0
Thereafter	<u>0</u>
	<u>\$ (2,048,563)</u>

#### Net Pension Liability (Asset) of Participating Employers

The components of the net pension liability (asset) of the employers participating in the system as of March 31, 2022, were as follows (dollars in thousands):

Employers' total pension liability (asset)	\$223,874,888
Fiduciary net position	<u>232,049,473</u>
Employers' net pension liability (asset)	<u>\$ (8,174,585)</u>

Ratio of fiduciary net position to the employers' total pension liability (asset)	103.65%
-----------------------------------------------------------------------------------	---------

#### Actuarial Assumptions

The total pension liability (asset) as of the March 31, 2022, was determined by using an actuarial valuation as of April 1, 2021, with updated procedures used to roll forward the total pension liability (asset) to March 31, 2022. 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, 2020, used the same assumptions for the measure of total pension liability.

The actuarial assumptions used in the April 1, 2021, 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, 2022, are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic equity	32.0%	3.30%
International equity	15.0	5.85
Private equity	10.0	6.50
Real estate	9.0	5.00
Opportunistic/ARS portfolio	3.0	4.10
Credit	4.0	3.78
Real assets	3.0	5.58
Fixed income	23.0	0.00
Cash	<u>1.0</u>	-1.00
	<u>100.0%</u>	

#### Discount Rate

The discount rate used to calculate the total pension liability (asset) 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 (Asset) to the Discount Rate Assumption

The following presents the Town's proportionate share of the current period net pension liability (asset) 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)	\$3,156,455	\$(1,226,289)	\$(4,892,243)

#### 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, 2022, represent the employer contribution for the period of January 1, 2023, through March 31, 2023, based on paid ERS

wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2022, amounted to \$125,581.

#### 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, 2021, 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>70</u>
Total	<u>205</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, 2021, measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021, 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 2.24%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021. 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 12/31/20 measurement date	\$ 6,526,914
Service cost	70,312
Interest	125,431
Changes of assumptions or other inputs	(318,791)
Differences between expected and actual experience	(97,222)
Benefit payments	<u>(196,379)</u>
Net Changes	<u>(416,649)</u>
Balance as of 12/31/21 measurement date	<u>\$ 6,110,265</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, 2021, measurement date, calculated using the discount rate of 2.24%, 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 <u>(1.24%)</u>	Current Discount Rate <u>(2.24%)</u>	1% Increase <u>(3.24%)</u>
Total pension liability	\$7,232,430	\$6,110,265	\$5,227,916

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

For the year ended December 31, 2022, the Town recognized pension expense of \$328,708.

## Components of Pension Expense

Service cost	\$ 70,312
Interest on total pension liability	125,431
Changes of assumptions or other inputs	128,628
Differences between expected and actual experience	(2,641)
Pension plan administrative expense	<u>6,978</u>
Total pension expense	<u>\$ 328,708</u>

At December 31, 2022, 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	\$ 85,610	\$ 97,049
Changes of assumptions or other inputs	1,227,528	573,335
Benefit payments & administrative expenses subsequent to the measurement date	<u>257,451</u>	<u>-</u>
Total	<u>\$ 1,570,589</u>	<u>\$ 670,384</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, 2023.

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,:	
2023	\$125,987
2024	125,987
2025	125,987
2026	142,299
2027	122,494
Thereafter	<u>0</u>
	<u>\$642,754</u>

## 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, 2022:

	Original Issue Date	Interest Rate	Balance 1/1/2022	Issues	Redemptions	Balance 12/31/2022
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	-
BAN - Community Center	1/26/22	1.00%*	-	2,000,000	-	2,000,000
			<u>\$ 3,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ 2,000,000</u>

\*The interest owed on the 2022 BAN, net of premium, is \$10,460, resulting in a yield rate of 0.52%

## 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 (asset) 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, 2022:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
General obligation on debt:					
Serial bonds	\$ 14,030,000	\$ -	\$ 470,000	\$ 13,560,000	\$ 490,000
Premium	206,428	-	10,981	195,447	10,981
Subtotal	14,236,428	-	480,981	13,755,447	500,981
Other Liabilities*:					
Compensated absences	268,588	-	21,388	247,200	24,720
OPEB liability	11,922,294	-	2,505,116	9,417,178	-
Net pension liability (asset)	14,853	-	1,241,142	(1,226,289)	-
LOSAP pension liability	6,526,914	-	416,649	6,110,265	-
Total government activities	<u>\$ 32,969,077</u>	<u>\$ -</u>	<u>\$ 4,665,276</u>	<u>\$ 28,303,801</u>	<u>\$ 525,701</u>

\*Additions and reductions to all Other Liabilities 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	4.10% - 4.75%	2023	\$ 15,000
General Fund:					
Community Center	2019	9,500,000	2.00% - 3.00%	2049	8,990,000
General Fund:					
Community Center	2020	5,000,000	2.00%	2039	4,555,000
Grand Total					<u>\$ 13,560,000</u>

Maturity

The following table summarizes the Town's future debt service requirements related to serial bonds and premiums as of December 31, 2022:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortized Premiums</u>
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	510,000	279,663	10,981
2028-2032	2,720,000	1,240,713	54,905
2033-2037	3,020,000	949,006	54,905
2038-2042	2,395,000	618,406	24,593
2043-2047	2,045,000	323,550	4,385
2048-2049	905,000	40,950	1,754
Total	<u>\$ 13,560,000</u>	<u>\$ 4,669,950</u>	<u>\$ 195,447</u>

Statutory Debt Limit

There is a statutory debt limit applicable to Towns within New York State. As of December 31, 2022, the Town has exhausted 12.07% 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 went unused. 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 \$2,000,000 was renewed. On January 26, 2023 the final \$2,000,000 was paid off.

**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	\$ 50,229,879
Less: Serial bonds	(13,560,000)
Bond anticipation notes	(2,000,000)
Unamortized premiums	<u>(195,447)</u>
Net investment in capital assets	<u>\$ 34,474,432</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, 2022, 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, 2022, 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, 2022, fund balances were classified as follows:

	General	Highway Townwide	Fire Protection Districts	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>						
Prepaid items	\$ 70,402	\$ 46,736	\$ -	\$ -	\$ 14,100	\$ 131,238
<b>Restricted</b>						
Workers' compensation	904,981	-	-	-	-	904,981
Retirement contribution	491,603	-	-	-	-	491,603
Insurance	538,272	-	-	-	-	538,272
Capital	2,738,138	296,368	-	-	-	3,034,506
Debt service	-	-	-	-	164,000	164,000
Length of service award pgm	-	-	2,749,540	-	-	2,749,540
Other restricted	-	-	-	-	1,203,837	1,203,837
<b>Assigned</b>						
Subsequent years' expenditures	1,510,000	1,200,000	53,000	-	113,890	2,876,890
Infrastructure projects	1,888,297	-	-	-	-	1,888,297
Encumbrances:						
General government	1,390,416	-	-	-	-	1,390,416
Transportation	5,000	320,700	-	-	-	325,700
Home and community serv:	-	-	-	-	69,700	69,700
Highway Townwide	-	2,782,942	-	-	-	2,782,942
Library	-	-	-	-	186,872	186,872
Fire Protection Districts	-	-	90,299	-	-	90,299
Drainage Districts	-	-	-	-	111,026	111,026
Miscellaneous Districts	-	-	-	-	59,452	59,452
Park Districts	-	-	-	-	1,228	1,228
<b>Unassigned (deficit)</b>						
General fund	5,625,971	-	-	-	-	5,625,971
Capital Projects fund	-	-	-	(2,000,000)	-	(2,000,000)
Lighting Districts	-	-	-	-	(6,397)	(6,397)
<b>TOTAL</b>	<u>\$ 15,163,080</u>	<u>\$ 4,646,746</u>	<u>\$ 2,892,839</u>	<u>\$ (2,000,000)</u>	<u>\$ 1,917,708</u>	<u>\$ 22,620,373</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, 2022, the following were considered significant encumbrances:

General Fund– roof for Town Hall	\$1,380,000
Highway Fund– truck cab, chassis and plow	251,000
Highway Fund– truck	69,700
Consolidated Drainage Fund – truck	<u>69,700</u>
Total	<u>\$1,770,400</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	\$	334,040
Highway Facility		849,396
Townwide Drainage		22,600
Assessment		330,055
General Fleet/ Vehicle		187,066
Conservation/ Wetlands/ Drainage		109,074
Administrative Facility		433,070
Comprehensive Plan		20,704
Sidewalks		452,133
	\$	<u>2,738,138</u>

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

Highway Equipment	\$	296,368
	\$	<u>296,368</u>

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

Parks and Recreation	\$	1,096,916
Landscaping		53,624
Brick Walk		3,062
Senior Center Fundraiser		33,955
Senior Initiative Programs		4,737
Maintenance - 241 Chili Scottsville Rd		8,953
Historical Property		2,590
	\$	<u>1,203,837</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

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

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

**B. DEFICIT FUND BALANCE**

The Town reported a deficit fund balance at December 31, 2022, in the following funds:

<u>Fund</u>	<u>Deficit</u>	<u>Comment</u>
Capital Projects	\$2,000,000	Represents balance of bond anticipation note as of December 31, 2022. This amount was paid off in its entirety on January 26, 2023.
Lighting Districts	\$6,397	Utility expenses unexpectedly rose significantly in 2022. Fund balances were not sufficient to cover expenses. Deficit to be eliminated with tax revenues in 2023.

## 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, 2022, the Town abated property taxes totaling \$170,307. Of this total, \$149,808 was from JobsPlus tax abatements and \$20,499 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, 2022, the Town's LOSAP investments, and categorization with the fair value measurement hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 119,911	\$ -	\$ -	\$ 119,911
Exchange traded funds and mutual funds:				
International equities	217,992	-	-	217,992
US large cap equities	355,942	-	-	355,942
US mid cap equities	87,090	-	-	87,090
Alternative and other fixed income	84,425	-	-	84,425
Emerging markets fixed income	87,381	-	-	87,381
US corporate high yield fixed income	204,009	-	-	204,009
US corporate investment grade fixed	325,644	-	-	325,644
US government fixed income	1,052,929	-	-	1,052,929
Other mixed assets	214,217	-	-	214,217
	<u>\$ 2,749,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,749,540</u>

## NOTE 5 - SUBSEQUENT EVENTS

For the new community center project, the Town has been authorized to borrow up to \$20,000,000. The project is now complete, and the Town only ended up borrowing a total of \$17,500,000. Of this amount, \$3,000,000 was in the form of a BAN (bond anticipation note), on January 26, 2021. On January 26, 2022, \$1,000,000 was paid off and a renewal note for \$2,000,000 was taken out. This entire \$2,000,000 renewal BAN was paid off on January 26, 2023.

Subsequent to year end and through the date of these financial statements, the Town has approved spending of \$56,286 in Federal ARPA funding previously received and shown as unearned revenue at December 31, 2022, for general government services under the revenue loss provision.

Management has evaluated subsequent events through March 28, 2023, which is the date the financial statements are available for issuance, and have determined, with exception to 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, 2022

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
<b>Revenues</b>				
Real property taxes	\$ 2,945,530	\$ 2,945,530	\$ 2,945,530	\$ -
Real property tax items	372,742	372,742	398,623	25,881
Non-property taxes	2,830,000	2,930,000	4,884,342	1,954,342
Departmental income	541,600	556,600	625,087	68,487
Intergovernmental charges	43,060	43,060	55,973	12,913
Use of money and property	52,000	52,000	259,048	207,048
Licenses and permits	171,000	171,000	438,177	267,177
Fines and forfeitures	40,000	40,000	44,561	4,561
Sales of property and compensation for loss	-	18,000	325,670	307,670
Miscellaneous local sources	180,000	101,521	52,480	(49,041)
State sources	425,000	615,891	1,054,574	438,683
Federal sources	-	662,373	621,594	(40,779)
Total revenues	<u>7,600,932</u>	<u>8,508,717</u>	<u>11,705,659</u>	<u>3,196,942</u>
<b>Expenditures</b>				
Current:				
General government	2,978,713	6,852,434	4,858,611	1,993,823
Public safety	464,620	473,150	450,548	22,602
Health	-	60,000	44,000	16,000
Transportation	326,718	412,239	336,559	75,680
Economic assistance and opportunity	171,713	171,713	144,529	27,184
Culture and recreation	1,332,896	1,416,896	1,269,877	147,019
Home and community services	515,283	537,643	501,375	36,268
Employee benefits	1,236,706	1,314,706	1,112,653	202,053
Debt service:				
Principal	1,450,000	1,450,000	1,450,000	-
Interest	351,563	351,563	351,563	-
Total expenditures	<u>8,828,212</u>	<u>13,040,344</u>	<u>10,519,715</u>	<u>2,520,629</u>
Excess (deficit) of revenues over expenditures	(1,227,280)	(4,531,627)	1,185,944	5,717,571
<b>Other Financing Uses</b>				
Interfund transfers out	<u>(125,720)</u>	<u>(658,720)</u>	<u>(331,373)</u>	<u>327,347</u>
Total other financing uses	<u>(125,720)</u>	<u>(658,720)</u>	<u>(331,373)</u>	<u>327,347</u>
Net change in fund balance*	(1,353,000)	(5,190,347)	854,571	6,044,918
Fund balance - January 1	<u>14,308,509</u>	<u>14,308,509</u>	<u>14,308,509</u>	<u>-</u>
Fund balance - December 31	<u>\$ 12,955,509</u>	<u>\$ 9,118,162</u>	<u>\$ 15,163,080</u>	<u>\$ 6,044,918</u>

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

See accompanying notes to required supplemental information



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

For the Year Ended December 31, 2022

	Highway Townwide Fund				Fire Protection Districts Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues</b>								
Real property taxes	\$ 3,048,070	\$ 3,048,070	\$ 3,048,070	\$ -	\$ 2,580,584	\$ 2,580,584	\$ 2,580,584	\$ -
Intergovernmental charges	526,250	526,250	923,885	397,635	-	-	-	-
Use of money and property	3,500	3,500	57,456	53,956	-	-	(433,258)	(433,258)
Sales of property and compensation for loss	1,500	78,700	80,347	1,647	-	-	-	-
State sources	175,000	366,389	366,389	-	-	-	-	-
<b>Total revenues</b>	<u>3,754,320</u>	<u>4,022,909</u>	<u>4,476,147</u>	<u>453,238</u>	<u>2,580,584</u>	<u>2,580,584</u>	<u>2,147,326</u>	<u>(433,258)</u>
<b>Expenditures</b>								
Current:								
Public safety	-	-	-	-	2,354,840	2,464,840	2,463,161	1,679
Transportation	3,684,558	4,189,596	3,286,616	902,980	-	-	-	-
Employee benefits	1,069,732	1,069,732	821,623	248,109	279,744	410,744	379,665	31,079
<b>Total expenditures</b>	<u>4,754,290</u>	<u>5,259,328</u>	<u>4,108,239</u>	<u>1,151,089</u>	<u>2,634,584</u>	<u>2,875,584</u>	<u>2,842,826</u>	<u>32,758</u>
Excess (deficit) of revenues over expenditures	(999,970)	(1,236,419)	367,908	1,604,327	(54,000)	(295,000)	(695,500)	(400,500)
<b>Other Financing Sources (Uses)</b>								
Interfund transfers in	-	-	75,000	75,000	-	110,000	110,000	-
Interfund transfers out	-	(77,200)	-	77,200	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(77,200)</u>	<u>75,000</u>	<u>152,200</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>	<u>-</u>
Net change in fund balances	(999,970)	(1,313,619)	442,908	1,756,527	(54,000)	(185,000)	(585,500)	(400,500)
Fund balances - January 1	4,203,838	4,203,838	4,203,838	-	3,478,339	3,478,339	3,478,339	-
Fund balances - December 31	<u>\$ 3,203,868</u>	<u>\$ 2,890,219</u>	<u>\$ 4,646,746</u>	<u>\$ 1,756,527</u>	<u>\$ 3,424,339</u>	<u>\$ 3,293,339</u>	<u>\$ 2,892,839</u>	<u>\$ (400,500)</u>

See accompanying notes to required supplemental information

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

For the Years Ended December 31,

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Measurement date	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22
Service cost	\$ 380,116	\$ 532,780	\$ 800,634	\$ 978,621	\$ 936,638	\$ 392,642
Interest	393,827	442,761	406,511	351,900	380,155	455,259
Differences between expected and actual experience	-	3,879,801	(1,441,511)	(1,232,925)	(7,433,760)	(699,379)
Change in assumptions	-	(1,099,937)	3,202,143	1,677,511	80,752	(2,375,046)
Benefit payments	<u>(300,300)</u>	<u>(339,098)</u>	<u>(328,658)</u>	<u>(307,517)</u>	<u>(310,229)</u>	<u>(278,592)</u>
Net change in total OPEB liability	473,643	3,416,307	2,639,119	1,467,590	(6,346,444)	(2,505,116)
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>	<u>11,922,294</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>	<u>\$ 9,417,178</u>
Covered-employee payroll	\$ 3,911,720	\$ 3,942,196	\$ 3,818,947	\$ 3,937,570	\$ 3,920,297	\$ 4,352,018
Total OPEB liability as a percentage of covered-employee payroll	274.71%	359.24%	439.94%	463.96%	304.12%	216.39%

\* 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 (ASSET)  
 NYSERS PENSION PLAN  
 For the Years Ended December 31,**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
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	3/31/22
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%	0.0150012%
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	\$(1,226,289)
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	\$ 4,515,897
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%	27.15%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.20%	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%	99.95%	103.65%

\* 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>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>	<u>2022</u>
Contractually required contribution	\$ 744,080	\$ 725,142	\$ 656,093	\$ 581,437	\$ 606,054	\$ 608,937	\$ 603,477	\$ 615,262	\$ 681,667	\$ 502,402
Contributions in relation to the contractually required contribution	<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>	<u>502,402</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	\$ 3,986,662	\$ 3,957,535	\$ 4,203,905	\$ 4,157,681	\$ 4,323,707	\$ 4,368,672	\$ 4,403,053	\$ 4,437,660	\$ 4,423,558	\$ 4,515,897
Contributions as a percentage of covered payroll	19%	18%	16%	14%	14%	14%	14%	14%	15%	11%

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>	<u>2022</u>
Measurement Date	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
Total Pension Liability						
Service Cost	\$ 80,343	\$ 64,788	\$ 70,137	\$ 53,714	\$ 45,215	\$ 70,312
Interest	151,201	163,964	156,685	171,863	166,721	125,431
Changes of assumptions or other inputs	(369,839)	405,710	(364,489)	288,797	1,253,770	(318,791)
Differences between expected and actual experience	(46,875)	4,440	32,844	27,712	72,154	(97,222)
Benefit payments	<u>(107,910)</u>	<u>(101,669)</u>	<u>(109,100)</u>	<u>(122,160)</u>	<u>(159,742)</u>	<u>(196,379)</u>
Net change in total pension liability	<u>(293,080)</u>	<u>537,233</u>	<u>(213,923)</u>	<u>419,926</u>	<u>1,378,118</u>	<u>(416,649)</u>
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>	<u>\$ 6,526,914</u>
Total pension liability - ending	<u><u>\$ 4,405,560</u></u>	<u><u>\$ 4,942,793</u></u>	<u><u>\$ 4,728,870</u></u>	<u><u>\$ 5,148,796</u></u>	<u><u>\$ 6,526,914</u></u>	<u><u>\$ 6,110,265</u></u>
Covered employee payroll	N/A	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	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, 2022, the following were considered significant encumbrances:

General Fund– roof for Town Hall	\$1,380,000
Highway Fund– truck cab, chassis and plow	251,000
Highway Fund– truck	69,700
Consolidated Drainage Fund – truck	<u>69,700</u>
Total	<u>\$1,770,400</u>

## 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
2022	3.75%	3.00%	2.00%
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%	*

\*Information not available for this year

### 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, 2021:	2.24%
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>
2022	5.90%
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, 2022

	Special Revenue								Total
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	
<b>Assets</b>									
Cash and cash equivalents	\$ 164,000	\$ 230,954	\$ 270,030	\$ 26,530	\$ 71,002	\$ 1,201,087	\$ 1,428	\$ 4,426	\$ 1,969,457
Due from other governments	-	-	2,164	-	-	2,750	-	-	4,914
Prepaid items	-	-	14,100	-	-	-	-	-	14,100
<b>Total assets</b>	<u>\$ 164,000</u>	<u>\$ 230,954</u>	<u>\$ 286,294</u>	<u>\$ 26,530</u>	<u>\$ 71,002</u>	<u>\$ 1,203,837</u>	<u>\$ 1,428</u>	<u>\$ 4,426</u>	<u>\$ 1,988,471</u>
<b>Liabilities</b>									
Accounts payable	\$ -	\$ 228	\$ 8,928	\$ 32,677	\$ -	\$ -	\$ -	\$ -	\$ 41,833
Accrued liabilities	-	-	28,930	-	-	-	-	-	28,930
<b>Total liabilities</b>	<u>-</u>	<u>228</u>	<u>37,858</u>	<u>32,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,763</u>
<b>Fund Balances</b>									
Non-spendable	-	-	14,100	-	-	-	-	-	14,100
Restricted	164,000	-	-	-	-	1,203,837	-	-	1,367,837
Assigned	-	230,726	234,336	250	71,002	-	1,428	4,426	542,168
Unassigned (deficit)	-	-	-	(6,397)	-	-	-	-	(6,397)
<b>Total fund balances</b>	<u>164,000</u>	<u>230,726</u>	<u>248,436</u>	<u>(6,147)</u>	<u>71,002</u>	<u>1,203,837</u>	<u>1,428</u>	<u>4,426</u>	<u>1,917,708</u>
<b>Total liabilities and fund balances</b>	<u>\$ 164,000</u>	<u>\$ 230,954</u>	<u>\$ 286,294</u>	<u>\$ 26,530</u>	<u>\$ 71,002</u>	<u>\$ 1,203,837</u>	<u>\$ 1,428</u>	<u>\$ 4,426</u>	<u>\$ 1,988,471</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, 2022

	Special Revenue								Total
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	
<b>Revenues</b>									
Real property taxes	\$ -	\$ 251,308	\$ 1,167,128	\$ 158,750	\$ 121,200	\$ -	\$ 1,592	\$ 21,654	\$ 1,721,632
Departmental income	-	-	23,560	-	-	48,750	-	-	72,310
Use of money and property	1,474	3,661	6,010	878	870	14,094	22	37	27,046
Sales of property and comp. for loss	-	-	12,073	-	-	-	-	-	12,073
Miscellaneous local sources	-	-	37,771	-	-	4,523	-	-	42,294
<b>Total revenues</b>	<b>1,474</b>	<b>254,969</b>	<b>1,246,542</b>	<b>159,628</b>	<b>122,070</b>	<b>67,367</b>	<b>1,614</b>	<b>21,691</b>	<b>1,875,355</b>
<b>Expenditures</b>									
Current:									
General government	-	-	17,600	-	-	-	-	-	17,600
Health	-	-	-	-	175,000	-	-	-	175,000
Transportation	-	-	-	187,911	8,844	-	-	-	196,755
Economic assistance and opportunity	-	-	-	-	-	300	-	-	300
Culture and recreation	-	-	992,463	-	-	-	1,200	-	993,663
Home and community services	-	206,354	-	-	-	-	-	-	206,354
Employee benefits	-	50,493	210,882	-	-	-	90	-	261,465
Debt service:									
Principal	-	-	-	-	-	-	-	20,000	20,000
Interest	-	-	-	-	-	-	-	1,652	1,652
<b>Total expenditures</b>	<b>-</b>	<b>256,847</b>	<b>1,220,945</b>	<b>187,911</b>	<b>183,844</b>	<b>300</b>	<b>1,290</b>	<b>21,652</b>	<b>1,872,789</b>
Excess (deficit) of revenues over expenditures	1,474	(1,878)	25,597	(28,283)	(61,774)	67,067	324	39	2,566
<b>Other Financing Sources (Uses)</b>									
Interfund transfers in	-	-	-	-	55,000	-	-	-	55,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,000</b>
Net change in fund balances	1,474	(1,878)	25,597	(28,283)	(6,774)	67,067	324	39	57,566
Fund balances - January 1	162,526	232,604	222,839	22,136	77,776	1,136,770	1,104	4,387	1,860,142
Fund balances - December 31	\$ 164,000	\$ 230,726	\$ 248,436	\$ (6,147)	\$ 71,002	\$ 1,203,837	\$ 1,428	\$ 4,426	\$ 1,917,708

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,		% Change
	2022	2021	
<b>Assets</b>			
Cash and cash equivalents	\$ 16,470,537	\$ 14,833,121	11.04%
Accounts receivable	5,788	6,387	-9.38%
State and federal receivables	-	11,250	-100.00%
Due from other governments	1,262,052	1,194,227	5.68%
Prepaid items	70,402	91,433	-23.00%
Total assets	<u>\$ 17,808,779</u>	<u>\$ 16,136,418</u>	<u>10.36%</u>
<b>Liabilities</b>			
Accounts payable	\$ 200,847	\$ 197,051	1.93%
Accrued liabilities	140,609	160,667	-12.48%
Due to other funds	-	7,272	-100.00%
Unearned revenues	2,304,243	1,462,919	57.51%
Total liabilities	<u>2,645,699</u>	<u>1,827,909</u>	<u>44.74%</u>
<b>Fund Balances</b>			
Non-spendable	70,402	91,433	-23.00%
Restricted	4,672,994	5,939,955	-21.33%
Assigned	4,793,713	3,624,998	32.24%
Unassigned	5,625,971	4,652,123	20.93%
Total fund balances	<u>15,163,080</u>	<u>14,308,509</u>	<u>5.97%</u>
Total liabilities and fund balances	<u>\$ 17,808,779</u>	<u>\$ 16,136,418</u>	<u>10.36%</u>

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

For the Years Ended

	December 31,		% Change
	2022	2021	
<b>Revenues</b>			
Real property taxes	\$ 2,945,530	\$ 3,128,432	-5.85%
Real property tax items	398,623	457,166	-12.81%
Non-property taxes	4,884,342	4,267,305	14.46%
Departmental income	625,087	451,039	38.59%
Intergovernmental charges	55,973	74,434	-24.80%
Use of money and property	259,048	72,561	257.01%
Licenses and permits	438,177	675,057	-35.09%
Fines and forfeitures	44,561	41,860	6.45%
Sales of property and compensation for loss	325,670	233,649	39.38%
Miscellaneous local sources	52,480	199,407	-73.68%
State sources	1,054,574	818,943	28.77%
Federal sources	621,594	-	
Total revenues	<u>11,705,659</u>	<u>10,419,853</u>	<u>12.34%</u>
<b>Expenditures</b>			
Current:			
General government	4,858,611	2,543,390	91.03%
Public safety	450,548	409,715	9.97%
Health	44,000	-	
Transportation	336,559	301,022	11.81%
Economic assistance and opportunity	144,529	127,635	13.24%
Culture and recreation	1,269,877	1,313,726	-3.34%
Home and community services	501,375	455,620	10.04%
Employee benefits	1,112,653	1,124,149	-1.02%
Debt service:			
Principal	1,450,000	505,000	187.13%
Interest	351,563	337,762	4.09%
Total expenditures	<u>10,519,715</u>	<u>7,118,019</u>	<u>47.79%</u>
Excess of revenues over expenditures	1,185,944	3,301,834	-64.08%
<b>Other Financing Sources (Uses)</b>			
Interfund transfers out	(331,373)	(1,310,000)	74.70%
Total other financing sources (uses)	<u>(331,373)</u>	<u>(1,310,000)</u>	<u>74.70%</u>
Net change in fund balances	854,571	1,991,834	57.10%
Fund balances - January 1	<u>14,308,509</u>	<u>12,316,675</u>	<u>16.17%</u>
Fund balances - December 31	<u>\$ 15,163,080</u>	<u>\$ 14,308,509</u>	<u>5.97%</u>

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

For the Year Ended December 31, 2022

	Authorized Budget	Expenditures	Balance
<b>General Government</b>			
Town Board	\$ 84,332	\$ 82,806	\$ 1,526
Justices	293,804	237,871	55,933
Supervisor	201,817	187,703	14,114
Director of Finance	139,801	135,810	3,991
Independent Auditing & Accounting	17,240	15,691	1,549
Tax Collector	80,837	80,299	538
Assessor	239,834	198,510	41,324
Credit Card Fees	11,500	10,918	582
Town Clerk	193,723	187,057	6,666
Attorney	161,420	110,158	51,262
Personnel	70,700	67,800	2,900
Town Engineer	63,500	58,847	4,653
Elections	12,760	-	12,760
Records Management	6,530	6,520	10
Department of Public Works	106,081	55,836	50,245
Buildings	4,590,011	2,877,929	1,712,082
Central Garage	157,000	153,485	3,515
Central Communications	24,016	22,018	1,998
Central Storeroom	6,500	5,140	1,360
Central Print & Mail	26,500	24,939	1,561
Information Technology	169,628	160,564	9,064
Unallocated Insurance	175,000	166,948	8,052
Municipal Association Dues	4,700	1,620	3,080
Taxes & Assessments on Municipal Properties	11,000	7,946	3,054
Other General Government Support	4,200	2,196	2,004
Total General Government	<u>6,852,434</u>	<u>4,858,611</u>	<u>1,993,823</u>
<b>Public Safety</b>			
Traffic & Safety Committee	3,840	2,770	1,070
Police & Constable	21,464	20,425	1,039
Traffic Control	77,062	68,643	8,419
Fire Marshall	65,176	64,602	574
Dog Control	47,112	39,459	7,653
Other Dog Control	300	194	106
Safety Inspection	250,166	246,970	3,196
Other Public Safety	8,030	7,485	545
Total Public Safety	<u>473,150</u>	<u>450,548</u>	<u>22,602</u>
<b>Health</b>			
Public Health	\$ 60,000	\$ 44,000	\$ 16,000
Total Health	<u>\$ 60,000</u>	<u>\$ 44,000</u>	<u>\$ 16,000</u>

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

For the Year Ended December 31, 2022

	Authorized Budget	Expenditures	Balance
<b>Transportation</b>			
Superintendent of Highway	168,718	165,022	3,696
Machinery	2,000	2,000	-
Garage	23,793	22,281	1,512
Street Lighting	136,500	125,717	10,783
Sidewalks	81,228	21,539	59,689
Total Transportation	<u>412,239</u>	<u>336,559</u>	<u>75,680</u>
<b>Economic Assistance and Opportunity</b>			
Veterans Service	2,000	1,722	278
Programs for Aging	169,713	142,807	26,906
Total Economic Assistance and Opportunity	<u>171,713</u>	<u>144,529</u>	<u>27,184</u>
<b>Culture and Recreation</b>			
Recreation Administration	486,820	458,035	28,785
Parks	562,644	511,641	51,003
Youth Programming	244,759	204,196	40,563
Historian	15,223	12,545	2,678
Celebrations	78,700	56,293	22,407
Adult Recreation	28,750	27,167	1,583
Total Culture and Recreation	<u>1,416,896</u>	<u>1,269,877</u>	<u>147,019</u>
<b>Home and Community Services</b>			
Zoning	16,144	11,231	4,913
Planning	31,079	21,401	9,678
Environmental/ Conservation	4,680	3,020	1,660
Refuse/ Garbage	334,571	323,234	11,337
Drainage	124,169	117,740	6,429
Cemeteries	1,500	1,500	-
Special Reserves	25,500	23,249	2,251
Total Home and Community Services	<u>537,643</u>	<u>501,375</u>	<u>36,268</u>
<b>Other Expenditures</b>			
Employee Benefits	1,314,706	1,112,653	202,053
Debt Principal	1,450,000	1,450,000	-
Debt Interest	351,563	351,563	-
Total Other Expenditures	<u>3,116,269</u>	<u>2,914,216</u>	<u>202,053</u>
<b>Total</b>	<u><u>\$ 13,040,344</u></u>	<u><u>\$ 10,519,715</u></u>	<u><u>\$ 2,520,629</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
	2022	2021		2022	2021	
<b>Assets</b>						
Cash and cash equivalents	\$ 4,644,792	\$ 4,081,303	13.81%	\$ 143,679	\$ 163,535	-12.14%
Investments, restricted	-	-	-	2,749,540	3,315,129	-17.06%
State and federal receivables	83,992	83,993	0.00%	-	-	-
Due from other funds	-	38,908	-100.00%	-	-	-
Due from other governments	77,813	68,407	13.75%	-	-	-
Prepaid items	46,736	65,593	-28.75%	-	-	-
Total assets	<u>\$ 4,853,333</u>	<u>\$ 4,338,204</u>	<u>11.87%</u>	<u>\$ 2,893,219</u>	<u>\$ 3,478,664</u>	<u>-16.83%</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 129,915	\$ 91,447	42.07%	\$ 380	\$ 325	16.92%
Accrued liabilities	76,672	42,919	78.64%	-	-	-
Total liabilities	<u>206,587</u>	<u>134,366</u>	<u>53.75%</u>	<u>380</u>	<u>325</u>	<u>16.92%</u>
<b>Fund Balances</b>						
Non-spendable	46,736	65,593	-28.75%	-	-	-
Restricted	296,368	163,834	80.90%	2,749,540	3,315,129	-17.06%
Assigned	4,303,642	3,974,411	8.28%	143,299	163,210	-12.20%
Total fund balances	<u>4,646,746</u>	<u>4,203,838</u>	<u>10.54%</u>	<u>2,892,839</u>	<u>3,478,339</u>	<u>-16.83%</u>
Total liabilities and fund balances	<u>\$ 4,853,333</u>	<u>\$ 4,338,204</u>	<u>11.87%</u>	<u>\$ 2,893,219</u>	<u>\$ 3,478,664</u>	<u>-16.83%</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
	2022	2021		2022	2021	
<b>Revenues</b>						
Real property taxes	\$ 3,048,070	\$ 2,931,505	3.98%	\$ 2,580,584	\$ 2,545,878	1.36%
Intergovernmental charges	923,885	741,943	24.52%	-	-	-
Use of money and property	57,456	6,519	781.36%	(433,258)	179,559	-341.29%
Sales of property and compensation for loss	80,347	90,115	-10.84%	-	-	-
State sources	366,389	375,698	-2.48%	-	-	-
Total revenues	<u>4,476,147</u>	<u>4,145,780</u>	<u>7.97%</u>	<u>2,147,326</u>	<u>2,725,437</u>	<u>-21.21%</u>
<b>Expenditures</b>						
Public safety	-	-	-	2,463,161	2,319,815	6.18%
Transportation	3,286,616	2,990,262	9.91%	-	-	-
Employee benefits	821,623	881,905	-6.84%	379,665	280,300	35.45%
Total expenditures	<u>4,108,239</u>	<u>3,872,167</u>	<u>6.10%</u>	<u>2,842,826</u>	<u>2,600,115</u>	<u>9.33%</u>
Excess of revenues over expenditures	367,908	273,613	34.46%	(695,500)	125,322	-654.97%
<b>Other Financing Sources (Uses)</b>						
Interfund transfers in	75,000	-		110,000	-	-
Total other financing sources (uses)	<u>75,000</u>	<u>-</u>		<u>110,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	442,908	273,613	61.87%	(585,500)	125,322	-567.20%
Fund balances - January 1	<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>
Fund balances - December 31	<u>\$ 4,646,746</u>	<u>\$ 4,203,838</u>	<u>10.54%</u>	<u>\$ 2,892,839</u>	<u>\$ 3,478,339</u>	<u>-16.83%</u>

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

For the Year Ended December 31, 2022

	Highway Townwide Fund			Fire Protection Districts Fund		
	Authorized Budget	Expenditures	Balance	Authorized Budget	Expenditures	Balance
<b>Public Safety</b>						
Fire Protection	\$ -	\$ -	\$ -	\$ 2,464,840	\$ 2,463,161	\$ 1,679
Total Public Safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,464,840</u>	<u>2,463,161</u>	<u>1,679</u>
<b>Transportation</b>						
Maintenance of Streets	1,006,069	927,499	78,570	-	-	-
Permanent Improvements Highway	366,389	366,389	-	-	-	-
Machinery	1,432,213	1,025,999	406,214	-	-	-
Brush and Weeds	91,903	87,773	4,130	-	-	-
Snow Removal	942,018	627,239	314,779	-	-	-
Services to Other Governments	351,004	251,717	99,287	-	-	-
Total Transportation	<u>4,189,596</u>	<u>3,286,616</u>	<u>902,980</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Expenditures</b>						
Employee Benefits	1,069,732	821,623	248,109	410,744	379,665	31,079
Total Other Expenditures	<u>1,069,732</u>	<u>821,623</u>	<u>248,109</u>	<u>410,744</u>	<u>379,665</u>	<u>31,079</u>
<b>Total</b>	<u>\$ 5,259,328</u>	<u>\$ 4,108,239</u>	<u>\$ 1,151,089</u>	<u>\$ 2,875,584</u>	<u>\$ 2,842,826</u>	<u>\$ 32,758</u>