

TOWN OF CHILI, NEW YORK

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

DECEMBER 31, 2023



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FINANCIAL SECTION

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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, 2023, 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, 2023, 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 63 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
April 9, 2024

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, 2023. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The fiscal year 2023 continued to do well from a financial standpoint. Revenues exceeded expectations in some areas, and the Town continued to be vigilant in monitoring expenses, putting us in a good spot looking into the financial future of the Town.
- In 2023, the Town closed on the sales of the old court/senior center building on Chili Ave, 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 Town has used excess revenues/fund balance as well as ARPA funds towards a series of projects, including the installation of a metal roof on the Town Hall that will last for generations, enhanced software for the building department allowing for easier permitting processes, updating playground equipment at Town parks, building a new dog shelter, installing new fitness equipment at Union Station Park, and building a new veterans' memorial. Some of these projects will roll over into 2024 for completion.
- The assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources by \$41,000,302 (net position) at December 31, 2023, of which \$37,150,223 is invested in the Town's capital assets, including infrastructure. This was an increase of \$3,610,007, or 9.65%, over 2022.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$26,106,384, an increase of \$3,486,011 from 2022. Of the total fund balance, \$19,574,687 is non-spendable, or has been restricted or assigned for a specific purpose.
- The Town's long-term debt had a decrease of \$490,000 during 2023. The final principal of \$15,000 was paid against debt incurred for sewer and water projects in 2004. Principal of \$475,000 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 the final \$2 million was paid back in January 2023. 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 2023 decreased to a rate of \$3.26/thousand and there was a 12.43% increase in assessed value. This was a 1.42% decrease in the tax rate.
- The Town recognized over \$376,000 in grant revenue for special projects including recreation, senior and library programs, as well as grants for a sidewalk extension on Archer Rd and for the Archer Rd Park project.

- The Town recognized \$390,136 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, 2023, there was \$1,000,000 set aside in the General Fund assigned fund balance that is intended for use towards a series of ongoing projects as needed, including the Archer Rd Park project.

OVERVIEW OF THE FINANCIAL STATEMENTS

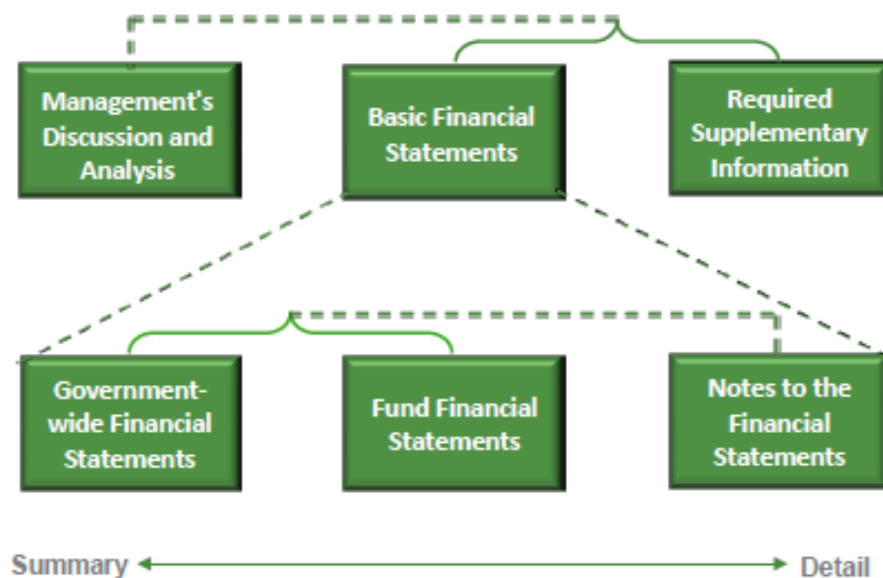
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town:

- 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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Changes in Fiduciary Net Position – Fiduciary Funds
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 \$41,000,302 as of December 31, 2023. The Town's unrestricted net position deficit is (\$5,543,446). This negative net position is reflective of retirement benefit liabilities the Town has, including OPEB of \$10,114,822, state pension of \$3,435,388, and LOSAP pension of \$4,481,767.

The Town's net position reflects \$37,150,223 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, \$9,393,525, is restricted for future capital projects, retirement contributions, self-funded liability insurance, workers' compensation insurance, LOSAP and other restricted programs.

The Town's cash and cash equivalents increased by \$1,061,272, or 4.57%, from 2022. This increase was driven by the one-time sale of two properties as well as much higher than expected interest on investments. Total cash and cash equivalents held at year-end was \$24,289,737. Restricted investments of \$2,865,261 are for the LOSAP program.

The Town's long-term liabilities increased \$3,273,685 from 2022. The Town saw a significant increase in the pension liability. The 2022 financials reflected a pension asset, whereas the 2023 financials are more in line with historical averages and having a pension liability. The LOSAP liability decreased from the prior year by \$1,628,498. The OPEB liability increased \$697,644.

Capital assets increased 0.35%. There was \$2,993,400 in additions, \$1,874,242 in deletions, and \$2,270,345 in depreciation expense. The major addition was the new roof on the Town hall, and the major reductions were due to the sales of two properties and related buildings.

Overall, there was a 9.65% increase in total net position in 2023. For the fund based financial statements, the Town saw a 15.41% increase in fund balance.

Table 1 reflects the Town's net position (dollars in thousands) as of December 31, 2023 and 2022.

Table 1

	Governmental Activities		% of Change
	2023	2022	
Current and other assets	\$ 28,585	\$ 27,544	3.78%
Capital assets not being depreciated	4,878	4,579	6.53%
Capital assets, net of accumulated depreciation	45,526	45,650	-0.27%
Total assets	78,989	77,773	1.56%
Deferred pension and OPEB outflows	9,669	10,262	-5.78%
Total deferred outflows of resources	9,669	10,262	-5.78%
Noncurrent liabilities	31,578	28,304	11.57%
Other liabilities	2,478	4,923	-49.66%
Total liabilities	34,056	33,227	2.49%
Deferred pension and OPEB inflows	13,602	17,418	-21.91%
Total deferred inflows of resources	13,602	17,418	-21.91%
Net investments in capital assets	37,150	34,474	7.76%
Restricted for:			
Workers' compensation	887	905	-1.99%
Retirement contribution	516	492	4.88%
Insurance	546	538	1.49%
Capital projects	3,287	3,034	8.34%
Debt service	-	164	
Length of service award program	2,865	2,750	4.18%
Other restricted	1,292	1,204	7.31%
Unrestricted (deficit)	(5,543)	(6,171)	10.18%
Total net position	\$ 41,000	\$ 37,390	9.65%

The Town's government-wide net position increased \$3,610,007 in 2023.

Table 2 reflects the Town's changes in net position (dollars in thousands) for the years ended December 31, 2023 and 2022.

Table 2

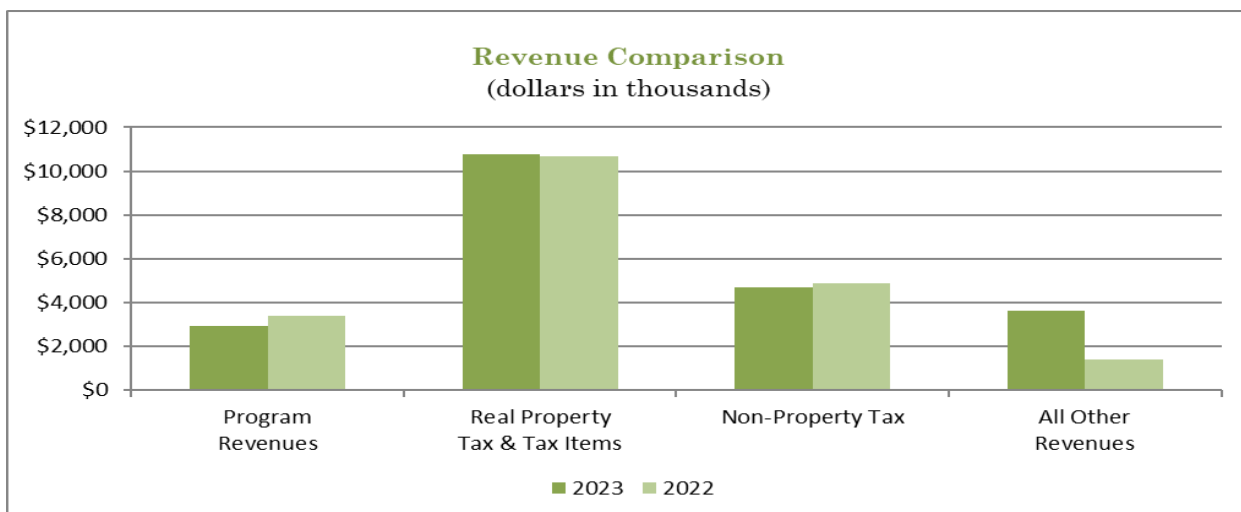
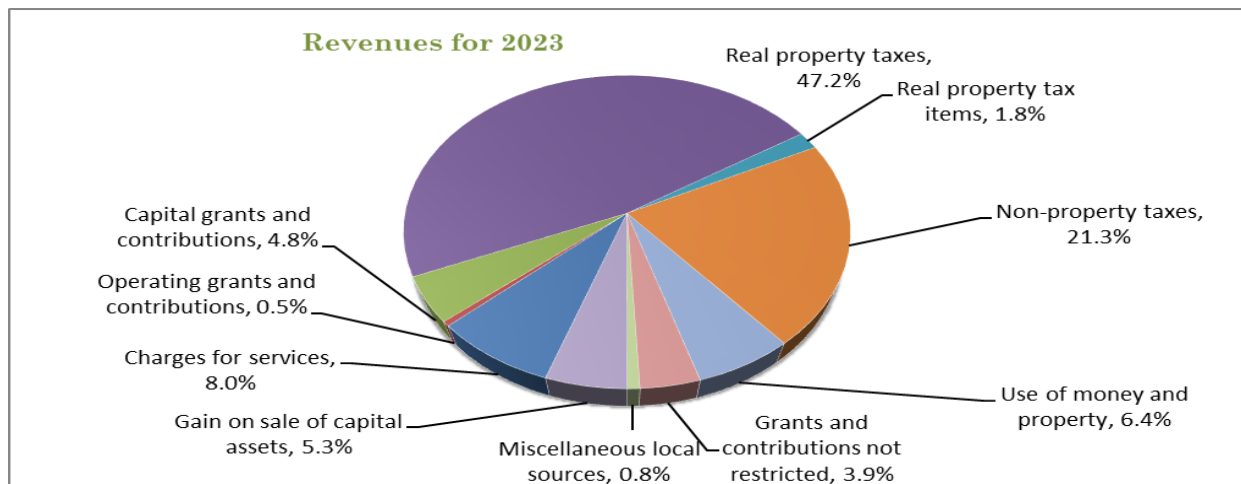
	Governmental Activities		% of Change
	2023	2022	
Program revenues:			
Charges for services	\$ 1,755	\$ 2,121	-17.26%
Operating grants and contributions	115	355	-67.61%
Capital grants and contributions	1,046	904	15.71%
General revenues:			
Real property taxes	10,381	10,296	0.83%
Real property tax items	404	399	1.25%
Non-property taxes	4,695	4,884	-3.87%
Use of money and property	1,416	(90)	-1673.33%
Grants and contributions not restricted	852	1,044	-18.39%
Miscellaneous local sources	177	353	-49.86%
Gain on sale of capital assets	1,162	94	1136.17%
Total revenues	<u>22,003</u>	<u>20,360</u>	8.07%
Program expenses:			
General government	3,991	3,211	24.29%
Public safety	3,290	3,465	-5.05%
Health	140	219	-36.07%
Transportation	5,086	5,940	-14.38%
Economic assistance and opportunity	216	176	22.73%
Culture and recreation	4,382	3,701	18.40%
Home and community service	949	918	3.38%
Interest on debt	339	353	-3.97%
Total expenses	<u>18,393</u>	<u>17,983</u>	2.28%
Change in net position	3,610	2,377	51.87%
Net position - January 1	<u>37,390</u>	<u>35,013</u>	6.79%
Net position - December 31	<u>\$ 41,000</u>	<u>\$ 37,390</u>	9.65%

Real property tax levy is the primary source of revenues to support taxpayer services and accounted for 47.2% of all revenues. This is the first time since 2012 that property taxes accounted for less than half of all revenue sources.

Sales tax revenue was down 4% from 2022 (\$186,361), and mortgage tax decreased 22% (\$192,673) from the previous year. After seeing large increases in both these areas over several years, these streams have settled back down. Building permits also dropped significantly, down 67% (\$253,782). The Town also recognized \$1,119,475 from the sale of two pieces of property.

Use of money and property increased significantly, 1,673%. This is reflective of an increase to the LOSAP investment of \$155,919. Due to the Town's investment strategy as well as the current market trends, investments made \$1,190,894 in interest revenue. This was over \$900,000 more than the previous year and over \$815,000 more than the previous record high (2019).

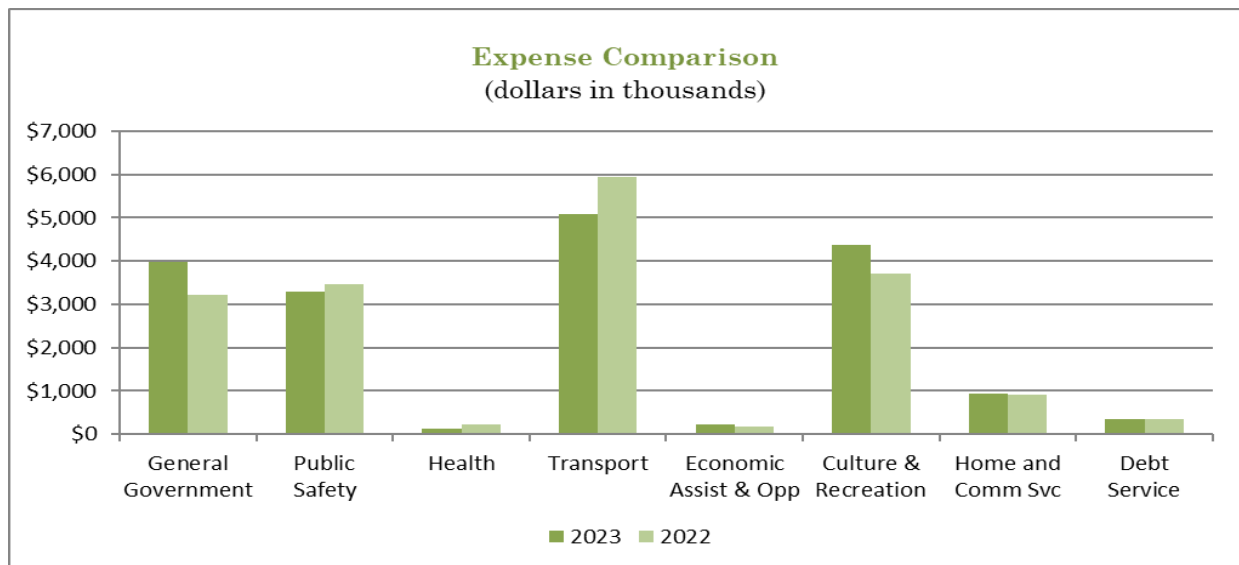
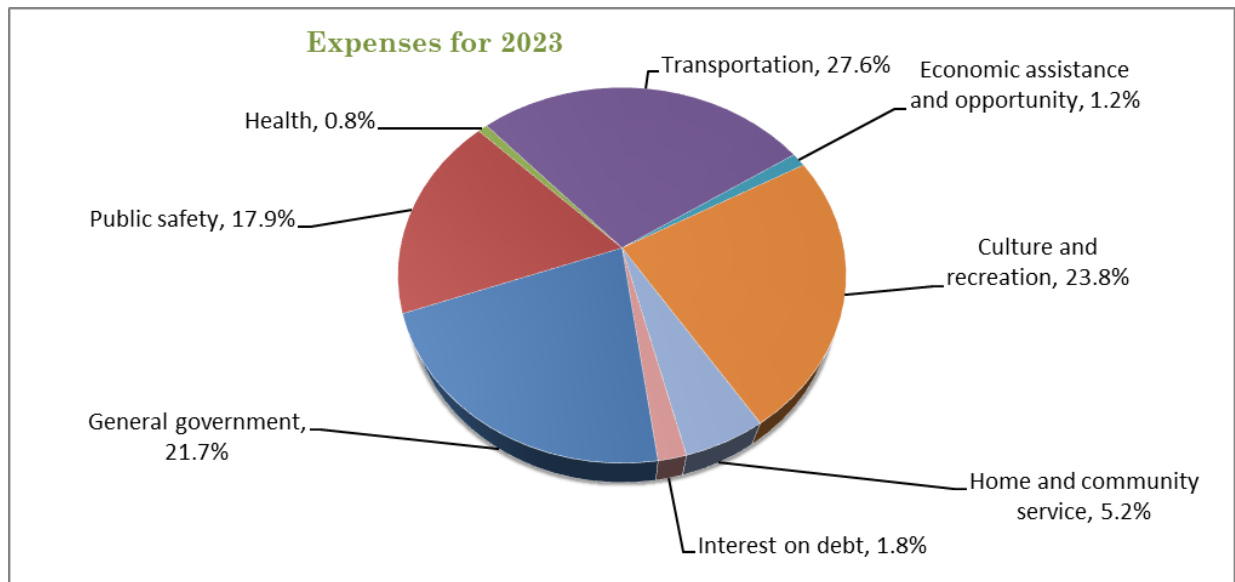
The Town continuously seeks out opportunities to obtain grants from the County, State and Federal governments that are used to help offset many of the Town's special projects. The Town recognized revenues of over \$1,161,000 of grant money for various projects in 2023. Included in this is the usage of more than \$390,000 from the ARPA/SLFRF. The remainder of these funds, approximately \$1.9 million, must be obligated by December 31, 2024, and 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 2.28% in 2023. 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 \$657,000 from 2022 (3.31%). Overall, departmental spending was down \$137,000, capital spending was down \$393,000, salary and benefits were up \$181,000, and debt service was up \$1,006,000. The increase in debt service was for the final payoff of the community center BAN.



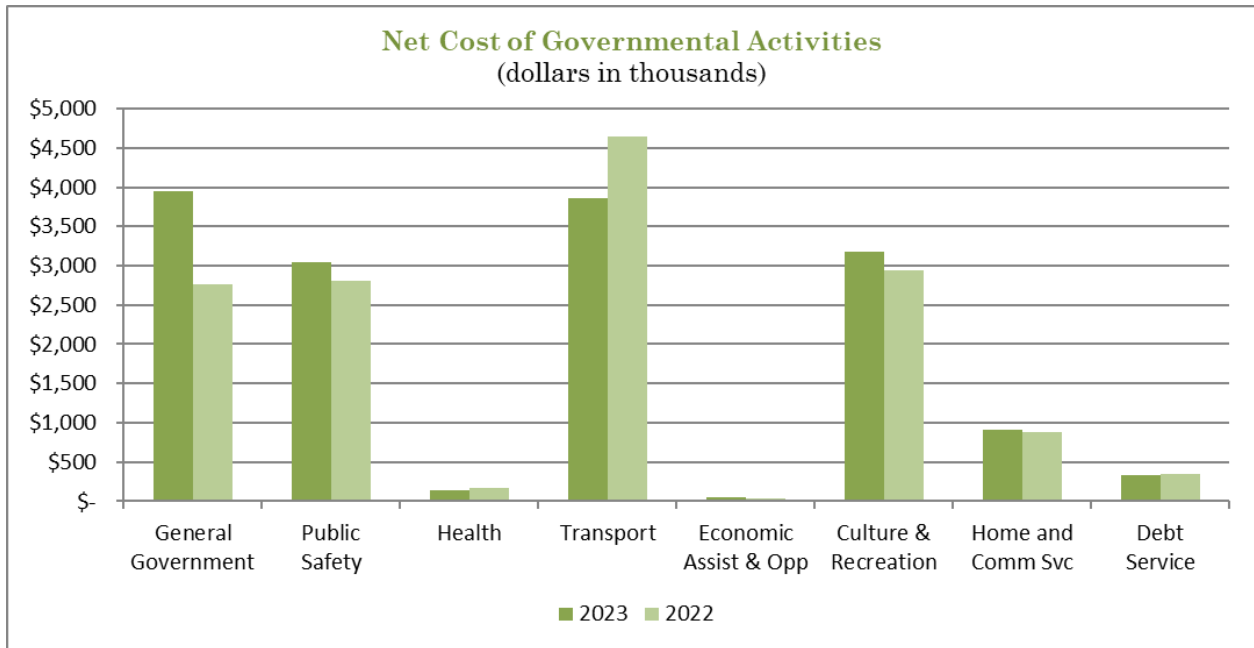
Net cost is the total cost of services less fees generated by the activities and intergovernmental aid provided for specific programs. The net cost shows the financial burden placed on the Town's taxpayers by each major governmental function (activity).

A substantial increase to net pension liability led to overall increases across all sectors.

Table 3 reflects the Town's net cost of governmental activities (dollars in thousands) for the years ended December 31, 2023 and 2022.

Table 3

	Total Cost of Services		% of Change	Net Cost of Services		% of Change
	2023	2022		2023	2022	
General government	\$ 3,991	\$ 3,211	24.29%	\$ 3,942	\$ 2,758	42.93%
Public safety	3,290	3,465	-5.05%	3,042	2,814	8.10%
Health	140	219	-36.07%	140	175	-20.00%
Transportation	5,086	5,940	-14.38%	3,867	4,645	-16.75%
Economic assistance and opportunity	216	176	22.73%	51	39	30.77%
Culture and recreation	4,382	3,701	18.40%	3,184	2,938	8.37%
Home and community service	949	918	3.38%	911	881	3.41%
Debt service	339	353	-3.97%	339	353	-3.97%
Total	\$ 18,393	\$ 17,983	2.28%	\$ 15,476	\$ 14,603	5.98%



FINANCIAL ANALYSIS OF THE TOWN'S MAJOR FUNDS

Overall, the Town continues to maintain healthy fund balances and is in good financial shape. Some of the gains that we were previously seeing in revenue streams such as sales tax, mortgage tax and permit fees saw reductions in the current year. These reductions lends credence to the Town's conservative approach to budgeting these revenues. These reductions were offset by historic levels of interest revenue, as well as, the one-time sale of the old senior center/court on Chili Ave and the old community center on Buffalo Rd. Other one-time revenues included \$390,136 of ARPA/ SLFRF funding. The remainder of this funding (\$1.9 million) must be spent by the Town between 2024-2026. Much of this balance has already been committed towards projects expected to be completed in 2024.

Departmental fees were up 12% from 2022, Intergovernmental charges were up 3%, and Licenses and Permits were down 60%. These are fees that the Town has more control over than others, such as building permits, which was down \$253,782, due to the receipt of several very large one-time permits received in previous years. Fees for recreation programming were up \$59,613. Overall, excluding property tax type revenues and transfers, revenues were up 9%. Personnel expense saw a 7% increase. Contractual and discretionary spending was up 5%. Increases to medical insurance drove benefits to a 6% increase.

In 2023, the Town spent \$1,218,428 of assigned unappropriated fund balance on the court remodel project, construction of a new dog shelter, Archer Rd Park projects, and to pay off the Town's BAN for the new community center. As of December 31, 2023, there remains a balance of \$1,000,000 in the assigned unappropriated fund balance, which is intended to be used towards a series of ongoing and upcoming projects, including projects on the Archer Road property.

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

The Town spent \$282,614 from reserves to help reduce the fiscal burden on the 2023 budget. There still remains \$3,287,479 in various capital reserves, which are held to offset future significant, unexpected or one-time needs for the Town, and to balance the budget in fiscally stressed times. The Town's liability and self-insured plans are protected by \$1,433,108 in reserves. These funds are continuously used to offset claim deficits as well as higher premiums, stabilizing ongoing budgeted expenses. For 2024, \$497,503 of reserve funds has already been authorized for spending.

The Highway Townwide assigned unappropriated fund balance is \$2,674,172, or 65% of current year expenditures (excluding disbursements from reserves and inter-fund transfers). This was a slight decrease of \$108,770 from the previous year. Excluding property taxes, revenues were up 4%. County projects (which are not guaranteed) were down 49% (\$131,145), snow removal services were down 4% (\$23,987), and sales of equipment was down 96% (\$75,155). However, interest was up 363% (\$199,094) and wiped out these other reductions of revenue. Personnel expense was down 1%, capital spending was up 35%, contractual and discretionary expenses were down 6% and benefits down 3%. Overall, operational expenses were down 4%, or \$133,000. 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 \$86,357, or 3% of current year expenditures. LOSAP investments had a net increase of \$115,721 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 of the BAN was paid off and in 2023, the remaining \$2,000,000 was paid off. The remaining two bonds are scheduled to be paid off in 2039 and 2049.

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, 2023 and 2022. Other financing sources and uses are included.

Table 4

	2023			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balances</u>	<u>Changes in Fund Balances</u>
General Fund	\$ 12,553	\$ 11,801	\$ 15,915	\$ 752
Highway Townwide Fund	4,640	4,103	5,184	537
Fire Protection Districts Fund	2,759	2,658	2,994	101
Capital Projects Fund	2,459	265	194	2,194

	2022			
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balances</u>	<u>Changes in Fund Balances</u>
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

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, 2023, of \$15,914,573. Of this total fund balance, \$9,382,876 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 2023 final budget for non-property tax revenue was \$3,130,000, but recognized revenues of \$4,695,125. Although this was over budget, this was a decrease in sales tax from the previous year. The Town is monitoring this to see if there will be continued decreases to this revenue stream or not. Use of money and property, which includes interest revenue, had a budget of \$94,500 but saw revenues of \$871,777. The Town believes that these unusually high interest rates were an anomaly, and expect this revenue stream to begin regressing to back to historically normal trends, potentially later in 2024. Sales of property had a budget of \$39,710 but due to the one-time sale of two properties had actual revenues of \$1,243,703.

Federal sources had an adjusted budget of \$1,759,324, but actual revenue of \$390,136. The adjusted budget accounted for numerous projects utilizing ARPA/SLFRF funds that were not completed in 2023. There were connected expense accounts that also had budget amendments in 2023 that are under budget. These projects rolled over into 2024, and so the revenues and expenses are expected to be recognized then.

The Town's General Fund expenditures (excluding other financing sources or uses) were \$3,397,480 below modified budget amounts. As stated previously, it must be pointed out that of this amount, \$1,360,799 is accounted for in budget amendments using APRA funds that will roll over into 2024. There is another \$800,912 in various projects and purchases that were not completed by yearend and were encumbered into 2024.

Personnel services were \$300,000 under budget. Contractual and discretionary expenditures were \$632,000 under budget. There was savings on the court remodel project, with final expenses coming in \$251,000 under budget.

Total encumbrances of \$1,998,447 are being carried over to 2024. The Town has assigned an amount of \$1,500,000 to balance the 2024 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of December 31, 2023, amounts to \$37,150,223 (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, 2023 and 2022. Additional information on the Town's capital assets can be found in Note 2 to the financial statements.

Table 5

	Governmental Activities	
	2023	2022
Land	\$ 4,308	\$ 4,323
Construction work in progress	555	241
Historical collections	15	15
Buildings	34,431	35,680
Improvements	3,532	2,406
Machinery and equipment	4,017	4,061
Infrastructure	3,547	3,504
Total	<u>\$ 50,405</u>	<u>\$ 50,230</u>

Long-term obligations

At the end of the current year, the Town had total bonded debt outstanding of \$13,070,000. This entire amount is backed by the full faith and credit of the Town of Chili. As of December 31, 2023, 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, 2023 and 2022. Additional information on the Town's long-term obligations can be found in Note 2 to the financial statements.

Table 6

	Governmental Activities	
	2023	2022
General obligation on debt:		
Serial Bonds	\$ 13,070	\$ 13,560
Premium	185	196
Compensated absences	236	247
Post employment benefits	10,115	9,417
Workers' compensation	55	-
Net pension liability (asset)	3,435	(1,226)
LOSAP liability	4,482	6,110
Total	<u>\$ 31,578</u>	<u>\$ 28,304</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 \$13,070,000 for the new community center will continue to be paid off through 2049. Of this total debt, \$485,000 is due to be paid in 2024.
- 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 2024 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.

- Each year the Town approaches the budgeting cycle doing what we need to do to provide our residents with the services that they need, but always having an eye on what financial constraints or plentitudes may be down the road. Over the past twelve plus years, the Town has made significant upgrades to the Town's facilities, building a new Highway/DPW/Parks facility and then a new Community Center for the residents. During this time, there has been only minor, incremental changes to the tax rate. The Town has been able to use funding already built into the Town budget, along with grants, reserves and fund balances to pay for majority of these large projects, reducing the need for long-term debt and therefore minimizing the financial burden on future Town budgets. With all of the short term debt for these projects now paid off (early), in combination with many cost saving efforts put in place over the years, the Town was able to reduce the 2024 tax levy by 17.7% (almost \$1.3 million). This resulted in a reduction of the Town tax rate by \$0.67, or 20.4%, to the lowest tax rate since the 1970's. The Town stayed at 15% below the allowable tax cap.
- The tax rate for 2024 decreased to a rated of \$2.61 per \$1,000 of assessed value while reflecting equalized taxable assessment base growth of 16.50%.
- As the Town looks beyond 2024, we expect to continue our conservative approach to budgeting and spending, as it has allowed us to continue to maintain the services its residents need and expect, at a tax rate it feels is fair and stable. We will continue to monitor the volatile and unpredictable revenue streams such as sales and mortgage tax, and make 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, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 24,289,737
Accounts receivable	11,264
State and federal receivables	83,993
Due from other governments	1,169,626
Prepaid items	164,630
Investments, restricted	2,865,261
Capital assets not being depreciated	4,878,499
Capital assets, net of accumulated depreciation	<u>45,526,190</u>
 Total assets	 <u>78,989,200</u>
Deferred Outflows of Resources	
Deferred outflows related to pensions and post-employment benefits	9,007,767
Deferred pension outflows, contributions subsequent to measurement date	<u>661,315</u>
 Total deferred outflows of resources	 <u>9,669,082</u>
Liabilities	
Accounts payable	295,446
Accrued liabilities	268,574
Unearned revenue	1,914,107
Noncurrent liabilities:	
Due within one year	537,836
Due in more than one year	<u>31,039,650</u>
 Total liabilities	 <u>34,055,613</u>
Deferred Inflows of Resources	
Deferred inflows related to pensions and post-employment benefits	<u>13,602,367</u>
 Total deferred inflows of resources	 <u>13,602,367</u>
Net Position	
Net investment in capital assets	37,150,223
Restricted for:	
Workers' compensation	887,045
Retirement contribution	515,929
Insurance	546,063
Capital projects	3,287,479
Length of service award program	2,865,261
Other restricted	1,291,748
Unrestricted	<u>(5,543,446)</u>
 Total net position	 <u>\$ 41,000,302</u>

See accompanying notes to basic financial statements

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

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	\$ 3,990,705	\$ 26,036	\$ 17,005	\$ 5,929	\$ (3,941,735)
Public safety	3,289,523	215,390	32,298	-	(3,041,835)
Health	140,000	-	-	-	(140,000)
Transportation	5,086,231	773,381	-	446,106	(3,866,744)
Economic assistance and opportunity	215,815	113,997	50,784	-	(51,034)
Culture and recreation	4,381,721	588,143	15,065	594,248	(3,184,265)
Home and community services	949,223	38,117	-	-	(911,106)
Interest on debt	339,376	-	-	-	(339,376)
Total governmental activities	\$ 18,392,594	\$ 1,755,064	\$ 115,152	\$ 1,046,283	(15,476,095)
General revenues and gain on sale of capital assets:					
Real property taxes					10,380,568
Real property tax items					403,947
Non-property taxes					4,695,125
Use of money and property					1,415,990
Grants and contributions not restricted for a specific purpose					851,314
Miscellaneous local sources					177,258
Gain on sale of capital assets					1,161,900
Total general revenues and gain on sale of capital assets					19,086,102
Change in net position					3,610,007
Net position - January 1					37,390,295
Net position - December 31					\$ 41,000,302

See accompanying notes to basic financial statements

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2023

	<u>Special Revenue</u>					Total Governmental Funds
	<u>General</u>	<u>Highway Townwide</u>	<u>Fire Protection Districts</u>	<u>Capital Projects</u>	<u>Non-Major Governmental Funds</u>	
Assets						
Cash and cash equivalents	\$ 17,003,262	\$ 5,082,553	\$ 128,357	\$ 193,910	\$ 1,881,655	\$ 24,289,737
Accounts receivable	10,226	1,038	-	-	-	11,264
State and federal receivables	-	83,993	-	-	-	83,993
Due from other governments	1,083,537	83,589	-	-	2,500	1,169,626
Prepaid items	88,683	58,951	-	-	16,996	164,630
Investments, restricted	-	-	2,865,261	-	-	2,865,261
Total assets	<u>\$ 18,185,708</u>	<u>\$ 5,310,124</u>	<u>\$ 2,993,618</u>	<u>\$ 193,910</u>	<u>\$ 1,901,151</u>	<u>\$ 28,584,511</u>
Liabilities						
Accounts payable	\$ 217,651	\$ 30,159	\$ -	\$ -	\$ 47,636	\$ 295,446
Accrued liabilities	139,377	96,072	-	-	33,125	268,574
Unearned revenues	1,914,107	-	-	-	-	1,914,107
Total liabilities	<u>2,271,135</u>	<u>126,231</u>	<u>-</u>	<u>-</u>	<u>80,761</u>	<u>2,478,127</u>
Fund Balances						
Non-spendable	88,683	58,951	-	-	16,996	164,630
Restricted	4,795,746	440,770	2,865,261	-	1,291,748	9,393,525
Assigned	4,498,447	4,684,172	128,357	193,910	511,646	10,016,532
Unassigned	6,531,697	-	-	-	-	6,531,697
Total fund balances	<u>15,914,573</u>	<u>5,183,893</u>	<u>2,993,618</u>	<u>193,910</u>	<u>1,820,390</u>	<u>26,106,384</u>
Total liabilities and fund balances	<u>\$ 18,185,708</u>	<u>\$ 5,310,124</u>	<u>\$ 2,993,618</u>	<u>\$ 193,910</u>	<u>\$ 1,901,151</u>	<u>\$ 28,584,511</u>

See accompanying notes to basic financial statements

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

December 31, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds (page 23)		\$ 26,106,384
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the funds.		
Cost of capital assets	102,610,082	
Accumulated depreciation	<u>(52,205,393)</u>	
Capital assets, net of depreciation		50,404,689
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Serial bonds payable	(13,070,000)	
Premium liability	(184,466)	
Compensated absences	(236,399)	
Post-employment benefits liability (OPEB)	(10,114,822)	
Workers' compensation	(54,644)	
ERS net pension liability	(3,435,388)	
LOSAP pension liability	<u>(4,481,767)</u>	
Total long-term liabilities		(31,577,486)
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	(5,678,319)	
ERS pension deferred outflows and inflows	2,394,215	
LOSAP pension deferred outflows and inflows	<u>(649,181)</u>	
Total deferred outflows and inflows		<u>(3,933,285)</u>
Net position of governmental activities (page 21)		<u>\$ 41,000,302</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, 2023

	Special Revenue				Non-Major Governmental Funds	Total Governmental Funds
	General	Highway Townwide	Fire Protection Districts	Capital Projects		
Revenues						
Real property taxes	\$ 2,887,259	\$ 3,130,469	\$ 2,595,665	\$ -	\$ 1,767,175	\$ 10,380,568
Real property tax items	403,947	-	-	-	-	403,947
Non-property taxes	4,695,125	-	-	-	-	4,695,125
Departmental income	700,935	-	-	-	47,325	748,260
Intergovernmental charges	57,427	768,754	-	-	-	826,181
Use of money and property	871,777	270,294	163,183	-	110,736	1,415,990
Licenses and permits	175,403	-	-	-	-	175,403
Fines and forfeitures	42,824	-	-	-	-	42,824
Sales of property and compensation for loss	1,243,703	31,547	-	-	13,823	1,289,073
Miscellaneous local sources	68,176	19,494	-	-	41,333	129,003
State sources	852,162	394,585	-	259,344	-	1,506,091
Federal sources	390,136	-	-	-	-	390,136
Total revenues	12,388,874	4,615,143	2,758,848	259,344	1,980,392	22,002,601
Expenditures						
Current:						
General government	4,391,230	-	-	-	19,200	4,410,430
Public safety	506,524	-	2,385,936	-	-	2,892,460
Health	-	-	-	-	140,000	140,000
Transportation	378,147	3,303,945	-	-	190,781	3,872,873
Economic assistance and opportunity	162,176	-	-	-	-	162,176
Culture and recreation	1,640,640	-	-	-	1,034,074	2,674,714
Home and community services	506,878	-	-	-	249,144	756,022
Employee benefits	1,177,123	799,051	272,133	-	264,798	2,513,105
Capital outlay:						
Culture and recreation	-	-	-	265,434	-	265,434
Debt service:						
Principal	2,475,000	-	-	-	15,000	2,490,000
Interest	338,663	-	-	-	713	339,376
Total expenditures	11,576,381	4,102,996	2,658,069	265,434	1,913,710	20,516,590

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, 2023

	Special Revenue				Non-Major Governmental Funds	Total Governmental Funds
	General	Highway Townwide	Fire Protection Districts	Capital Projects		
Excess (deficit) of revenues over expenditures	812,493	512,147	100,779	(6,090)	66,682	1,486,011
Other Financing Sources (Uses)						
BANS redeemed from appropriations	-	-	-	2,000,000	-	2,000,000
Interfund transfers in	164,000	25,000	-	200,000	-	389,000
Interfund transfers out	(225,000)	-	-	-	(164,000)	(389,000)
Total other financing sources (uses)	(61,000)	25,000	-	2,200,000	(164,000)	2,000,000
Net change in fund balances	751,493	537,147	100,779	2,193,910	(97,318)	3,486,011
Fund balances (deficit) - January 1	15,163,080	4,646,746	2,892,839	(2,000,000)	1,917,708	22,620,373
Fund balances - December 31	<u>\$ 15,914,573</u>	<u>\$ 5,183,893</u>	<u>\$ 2,993,618</u>	<u>\$ 193,910</u>	<u>\$ 1,820,390</u>	<u>\$ 26,106,384</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, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (page 26)	\$	3,486,011
<p>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.</p>		
Capital outlays	2,769,103	
Current year depreciation	(2,270,345)	
Construction work in progress placed in service	<u>(16,360)</u>	482,398
<p>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.</p>		
		(307,588)
<p>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:</p>		
Principal payments of bonds	490,000	
Amortization of bond premiums	<u>10,981</u>	500,981
<p>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.</p>		
Change in compensated absences liability	10,801	
Change in OPEB obligation	(697,644)	
Change in workers' compensation liability	(54,644)	
Change in ERS net pension liability (asset)	(4,661,677)	
Change in LOSAP pension liability	1,628,498	
Change in deferred outflows and inflows related to OPEB	706,300	
Change in deferred outflows and inflows related to ERS pensions	4,065,957	
Change in deferred outflows and inflows related to LOSAP pensions	<u>(1,549,386)</u>	<u>(551,795)</u>
Change in net position of governmental activities (page 22)	\$	<u><u>3,610,007</u></u>

See accompanying notes to basic financial statements

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

For the Year Ended December 31, 2023

	Custodial Funds
Additions	
Property tax collected for other governments	\$ 62,947,394
Total additions	62,947,394
 Deductions	
Property tax remitted to other governments	62,947,394
Total deductions	62,947,394
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 1st based on assessed property values as of that date. Tax payments are due and collected during the period January 1st to May 31st.

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

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

E. CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

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

F. RESTRICTED ASSETS

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

concentration of credit risk. The Town had \$2,865,261 of restricted investments as of December 31, 2023, 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.” There was no due to/due from balances as of December 31, 2023.

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	10 - 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, 2023, the Town had received all of these funds and has recognized \$1,011,730 as revenue. However, the Town had not yet met the necessary requirements

to recognize the remaining \$1,914,107 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 \$236,399.

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 PRONOUNCEMENTS

During the fiscal year ended December 31, 2023, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; and Statement No. 99, *Omnibus 2022*.

The primary objective of Statement No. 94 is to address issues related to public-private and public-public partnership arrangements.

The primary objective of Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

The primary objectives of Statement No. 99 are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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. 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; and
- Statement No. 102, *Certain Risk Disclosures*, which will be effective for the year ending December 31, 2025

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, 2023.

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, 2023 include the following:

General Fund:	
Sales tax	\$ 1,036,507
Miscellaneous receivables	<u>57,256</u>
Total General	<u>\$ 1,093,763</u>
Highway Townwide Fund:	
Monroe County snow & ice	\$ 82,854
New York State snow & ice	83,993
Miscellaneous receivables	<u>1,773</u>
Total Highway	<u>\$ 168,620</u>
Miscellaneous Special Revenue:	
Miscellaneous receivables	\$ 2,500
Total Misc Special Rev	<u>\$ 2,500</u>

3. INTERFUND ACTIVITIES

Interfund activities at December 31, 2023 were as follows:

	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 164,000	\$ 225,000
Highway Townwide Fund	25,000	-
Capital Projects Fund	200,000	-
Debt Service Fund	<u>-</u>	<u>164,000</u>
Total	<u>\$ 389,000</u>	<u>\$ 389,000</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 \$200,000 from the General Fund to the Capital Projects Fund was for the Archer Road Park project, and was a reallocation of Assigned Unappropriated Fund Balance. Amounts transferred from the Debt Service Fund to the General Fund was to close out the Debt Service Fund and use those proceeds to pay off Town debt.

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets, not being depreciated				
Land	\$ 4,322,969	\$ -	\$ 15,326	\$ 4,307,643
Construction work in progress	240,656	555,382	240,657	555,381
Historical artwork/ collections	15,475	-	-	15,475
Total capital assets, not being depreciated	<u>4,579,100</u>	<u>555,382</u>	<u>255,983</u>	<u>4,878,499</u>
Capital assets, being depreciated				
Buildings	41,728,338	-	1,125,088	40,603,250
Improvements	2,637,009	1,290,000	184,907	3,742,102
Machinery & equipment	9,630,299	737,073	308,264	10,059,108
Infrastructure	42,916,178	410,945	-	43,327,123
Total capital assets, being depreciated	<u>96,911,824</u>	<u>2,438,018</u>	<u>1,618,259</u>	<u>97,731,583</u>
Less: accumulated depreciation				
Buildings	6,048,779	1,012,706	889,592	6,171,893
Improvements	230,760	120,968	141,115	210,613
Machinery & equipment	5,569,640	768,268	295,290	6,042,618
Infrastructure	39,411,866	368,403	-	39,780,269
Total accumulated depreciation	<u>51,261,045</u>	<u>2,270,345</u>	<u>1,325,997</u>	<u>52,205,393</u>
Total capital assets, being depreciated, net	<u>45,650,779</u>	<u>167,673</u>	<u>292,262</u>	<u>45,526,190</u>
Governmental activities capital assets, net	<u>\$ 50,229,879</u>	<u>\$ 723,055</u>	<u>\$ 548,245</u>	<u>\$ 50,404,689</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	\$ 235,189
Public safety	5,531
Transportation	1,010,226
Economic assistance and opportunity	4,412
Culture and recreation	948,348
Home and community	66,639
Total depreciation expense	<u>\$ 2,270,345</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, 2023, the Town recognized an accrued liability of \$268,574.

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>77</u>
	<u>126</u>

The Town's total OPEB liability of \$10,114,822 was measured as of December 31, 2023, and was determined by an actuarial valuation date of January 1, 2023, rolled forward to the measurement date using update procedures.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2023, 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	3.25%
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, 2023	\$ 9,417,178
Changes for the year:	
Service cost	389,386
Interest	361,060
Differences between expected and actual experience	(391,708)
Change in assumptions	602,631
Benefit payments	<u>(263,725)</u>
Net changes	<u>697,644</u>
Balance at December 31, 2023	<u>\$ 10,114,822</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>(2.25%)</u>	Current Assumption <u>(3.25%)</u>	1% Increase <u>(4.25%)</u>
Total OPEB liability	\$11,497,329	\$10,114,822	\$8,960,517

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	\$8,640,313	\$10,114,822	\$12,009,905

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

Through December 31, 2023, the Town has recognized OPEB expense of \$255,069. At December 31, 2023, the Town has 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	\$ 1,990,901	\$ 8,842,173
Changes of assumptions	<u>3,887,514</u>	<u>2,714,563</u>
Total	<u>\$ 5,878,417</u>	<u>\$ 11,556,736</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,:	
2024	\$ (495,377)
2025	(495,377)
2026	(495,377)
2027	(495,377)
2028	(495,377)
Thereafter	<u>(3,201,434)</u>
	<u><u>\$(5,678,319)</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, 2023	
Cash subsidy	\$ 8,510,649
Implicit subsidy	<u>1,604,173</u>
Total OPEB liability	<u>\$ 10,114,822</u>

3. NYSERS DEFINED BENEFIT PENSION OBLIGATION

Plan Description

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

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3 percent of their salary for their entire length of service. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the

authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

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

At December 31, 2023, the Town reported a liability of \$3,435,388 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

Town's proportionate share of net pension liability (asset):

December 31, 2022	0.0150012%
December 31, 2023	0.0160203%
Change in Town's proportionate share since the previous measurement date	0.0010191

Through December 31, 2023, the Town has recognized pension expense of \$1,197,574. At December 31, 2023, the Town has 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	\$ 365,896	\$ 96,479
Changes of assumptions	1,668,446	18,439
Net difference between projected and actual earnings on pension plan investments	-	20,183
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	<u>55,224</u>	<u>36,523</u>
Total	<u>\$ 2,089,566</u>	<u>\$ 171,624</u>
Town's contributions subsequent to the measurement date	<u>\$ 476,273</u>	

Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. 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,:	
2024	\$ 448,240
2025	(179,910)
2026	709,216
2027	940,396
2028	0
Thereafter	<u>0</u>
	<u>\$ 1,917,942</u>

Net Pension Liability of Participating Employers

The components of the net pension liability of the employers participating in the system as of March 31, 2023, were as follows (dollars in thousands):

Employers' total pension liability	\$232,627,259
Fiduciary net position	<u>211,183,223</u>
Employers' net pension liability	<u>\$ 21,444,036</u>

Ratio of fiduciary net position to the employers' total pension liability	90.78%
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Actuarial Assumptions

The total pension liability at March 31, 2023, was determined using a roll forward procedure to advance the liability calculated using system assumptions and member demographics from the actuarial valuation completed as of April 1, 2022. Economic assumptions used in the April 1, 2022, actuarial valuation include:

Inflation	2.9%
Salary increases	4.4%
Investment rate of return (net of investment expense, including inflation)	5.9%
Cost of living adjustments	1.5%

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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 largest asset allocation percentage and by adding expected inflation.

Demographic assumptions used in the April 1, 2022, actuarial valuation are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions

are primarily base on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023, are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return*</u>
Domestic equity	32.0%	4.30%
International equity	15.0	6.85
Private equity	10.0	7.50
Real estate	9.0	4.60
Opportunistic/ARS portfolio	3.0	5.38
Credit	4.0	5.43
Real assets	3.0	5.84
Fixed income	23.0	1.50
Cash	<u>1.0</u>	0.00
	<u>100.0%</u>	

* The real rate of return is net of the long-term inflation assumption of 2.5%

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the current period net pension liability calculated using the current period discount rate of 5.9%, as well as what the Town's proportionate share of the net pension liability 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)	\$8,301,860	\$3,435,388	(\$631,115)

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, 2023, represent the employer contribution for the period of January 1, 2024, through March 31, 2024, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Prepaid retirement contributions as of December 31, 2023, amounted to \$158,743.

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, 2022, measurement date, the following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	57
Inactive participants entitled to but not yet receiving benefit payments	80
Active participants	<u>71</u>
Total	<u>208</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, 2022, measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2022, 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 4.31%. This was the yield to maturity of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022. 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 December 31, 2021 measurement date	\$ 6,110,265
Service cost	67,387
Interest	135,652
Changes of assumptions or other inputs	(1,605,139)
Differences between expected and actual experience	17,133
Benefit payments	<u>(243,531)</u>
Net Changes	<u>(1,628,498)</u>
Balance as of December 31, 2022 measurement date	<u>\$ 4,481,767</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, 2022, measurement date, calculated using the discount rate of 4.31%, 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>(3.31%)</u>	Current Discount Rate <u>(4.31%)</u>	1% Increase <u>(5.31%)</u>
Total pension liability	\$5,164,650	\$4,481,767	\$3,929,443

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

For the year ended December 31, 2023, the Town recognized pension expense of \$105,930.

Components of Pension Expense

Service cost	\$ 67,387
Interest on total pension liability	135,652
Changes of assumptions or other inputs	(110,945)
Differences between expected and actual experience	(84)
Pension plan administrative expense	<u>13,920</u>
Total pension expense	<u>\$ 105,930</u>

At December 31, 2023, the Town 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	\$ 81,254	\$ 75,476
Changes of assumptions or other inputs	958,530	1,798,531
Benefit payments & administrative expenses subsequent to the measurement date	<u>185,042</u>	<u>-</u>
Total	<u>\$ 1,224,826</u>	<u>\$ 1,874,007</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, 2024.

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,:	
2024	\$ (111,029)
2025	(111,029)
2026	(94,717)
2027	(114,522)
2028	(237,016)
Thereafter	<u>(165,910)</u>
	<u>\$ (834,223)</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, 2023:

	Original Issue Date	Interest Rate	Balance 1/1/2023	Issues	Redemptions	Balance 12/31/2023
BAN - Community Center	1/26/22	1.00%*	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -

*The interest paid on the 2022 BAN, net of premium, was \$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, workers' compensation 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, 2023:

	Balance January 1	Additions	Reductions	Balance December 31	Due Within One Year
General obligation on debt:					
Serial bonds	\$ 13,560,000	\$ -	\$ 490,000	\$ 13,070,000	\$ 485,000
Premium	195,447	-	10,981	184,466	10,981
Subtotal	<u>13,755,447</u>	<u>-</u>	<u>500,981</u>	<u>13,254,466</u>	<u>495,981</u>
Other Liabilities*:					
Compensated absences	247,200	-	10,801	236,399	23,640
OPEB liability	9,417,178	697,644	-	10,114,822	-
Workers' compensation	-	54,644	-	54,644	18,215
Net pension liability (asset)	(1,226,289)	4,661,677	-	3,435,388	-
LOSAP pension liability	<u>6,110,265</u>	<u>-</u>	<u>1,628,498</u>	<u>4,481,767</u>	<u>-</u>
Total government activities	<u>\$ 28,303,801</u>	<u>\$ 5,413,965</u>	<u>\$ 2,140,280</u>	<u>\$ 31,577,486</u>	<u>\$ 537,836</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
General Fund:					
Community Center	2019	9,500,000	2.00% - 3.00%	2049	\$ 8,745,000
General Fund:					
Community Center	2020	5,000,000	2.00%	2039	<u>4,325,000</u>
Grand Total					<u>\$ 13,070,000</u>

Maturity

The following table summarizes the Town's future debt service requirements related to serial bonds and premiums as of December 31, 2023:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortized Premiums</u>
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	520,000	269,462	10,981
2029-2033	2,780,000	1,185,944	54,905
2034-2038	3,080,000	884,644	54,905
2039-2043	2,140,000	556,575	14,489
2044-2048	2,105,000	262,200	4,385
2049	460,000	13,800	877
Total	<u>\$ 13,070,000</u>	<u>\$ 4,350,575</u>	<u>\$ 184,466</u>

Statutory Debt Limit

There is a statutory debt limit applicable to Towns within New York State. As of December 31, 2023, the Town has exhausted 9.35% 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 for this project (in addition to the two aforementioned bonds), and the BANS have been fully paid off as of January 26, 2023.

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	\$ 50,404,689
Less: Serial bonds	(13,070,000)
Unamortized premiums	<u>(184,466)</u>
Net investment in capital assets	<u>\$ 37,150,223</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, 2023, 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, 2023, 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, 2023, fund balances were classified as follows:

	General	Highway Townwide	Fire Protection Districts	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Prepaid items	\$ 88,683	\$ 58,951	\$ -	\$ -	\$ 16,996	\$ 164,630
Restricted						
Workers' compensation	887,045	-	-	-	-	887,045
Retirement contribution	515,929	-	-	-	-	515,929
Insurance	546,063	-	-	-	-	546,063
Capital	2,846,709	440,770	-	-	-	3,287,479
Length of service award pgm	-	-	2,865,261	-	-	2,865,261
Other restricted	-	-	-	-	1,291,748	1,291,748
Assigned						
Subsequent years' expenditures	1,500,000	1,750,000	42,000	-	101,805	3,393,805
Infrastructure projects	1,000,000	-	-	-	-	1,000,000
Encumbrances:						
General government	585,163	-	-	-	-	585,163
Transportation	-	260,000	-	-	-	260,000
Economic assistance and op	105,800	-	-	-	-	105,800
Culture and recreation	1,307,484	-	-	-	-	1,307,484
Highway Townwide	-	2,674,172	-	-	-	2,674,172
Library	-	-	-	-	228,903	228,903
Fire Protection Districts	-	-	86,357	-	-	86,357
Capital Projects fund	-	-	-	193,910	-	193,910
Drainage Districts	-	-	-	-	104,430	104,430
Lighting Districts	-	-	-	-	19,605	19,605
Miscellaneous Districts	-	-	-	-	55,364	55,364
Park Districts	-	-	-	-	1,539	1,539
Unassigned						
General fund	6,531,697	-	-	-	-	6,531,697
TOTAL	<u>\$ 15,914,573</u>	<u>\$ 5,183,893</u>	<u>\$ 2,993,618</u>	<u>\$ 193,910</u>	<u>\$ 1,820,390</u>	<u>\$ 26,106,384</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, 2023, the following were considered significant encumbrances:

General Fund– mower	\$ 91,940
General Fund– senior bus	105,000
General Fund– playground equipment	1,100,000
General Fund– dog shelter	448,656
General Fund– charging stations	104,124
General Fund– fitness equipment	56,646
Highway Fund – truck cab, chassis and plow	<u>260,000</u>
Total	<u>\$2,166,366</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	\$	467,489
Highway Facility		812,300
Assessment		346,392
General Fleet/ Vehicle		202,166
Conservation/ Wetlands/ Drainage		114,470
Administrative Facility		397,778
Comprehensive Plan		26,978
Sidewalks		479,136
	\$	<u>2,846,709</u>

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

Highway Equipment	\$	440,770
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The Miscellaneous Special Revenue Fund restrictions for other restricted funds are established for the following purposes:

Parks and Recreation	\$	1,181,612
Landscaping		56,277
Senior Center Fundraiser		36,773
Senior Initiative Programs		4,972
Maintenance - 241 Chili Scottsville Rd		9,396
Historical Property		2,718
	\$	<u>1,291,748</u>

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

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

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

NOTE 4 – OTHER INFORMATION

A. RISK FINANCING AND RELATED INSURANCE

Workers' Compensation Plan

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

Through effective risk management techniques, promotion of safety and proactive claims administration, the Program intends to provide the aforementioned benefits substantially at cost. Premiums, which are based upon members' payroll and experience factors and administrative costs, are subject to prospective adjustment. The Town records the expense for workers' compensation in the period the payments to the Program are due. On an annual basis, participant premiums are evaluated and compared to claim liabilities on a participant by participant basis. If it is determined that a participant's premiums were not sufficient to fund their specific claim liabilities the participant is charged an additional assessment to fund this deficit. The estimated unfunded workers' compensation liability due by the Town over a three-year period or due upon immediate withdrawal from the Program is \$54,644.

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, 2023, the Town abated property taxes totaling \$155,893. Of this total, \$136,618 was from JobsPlus tax abatements and \$19,275 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, 2023, 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	\$ 99,873	\$ -	\$ -	\$ 99,873
Exchange traded funds and mutual funds:				
Alternative and other equities	265,498	-		265,498
International equities	277,068	-	-	277,068
US large cap equities	355,413	-	-	355,413
US mid cap equities	194,736	-	-	194,736
US small cap equities	63,651	-		63,651
US corporate investment grade fixed	311,930	-	-	311,930
US government fixed income	1,124,999	-	-	1,124,999
Other mixed assets	172,093	-	-	172,093
	<u>\$ 2,865,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,865,261</u>

NOTE 5 - SUBSEQUENT EVENTS

Subsequent to year end and through the date of these financial statements, the Town has approved spending of \$188,695 in Federal ARPA funding previously received and shown as unearned revenue at December 31, 2023, for general government services under the revenue loss provision.

Management has evaluated subsequent events through the date the financial statements are available for issuance, and have determined, there are no subsequent events that require disclosure under generally accepted accounting principles.

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended December 31, 2023

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues				
Real property taxes	\$ 2,887,259	\$ 2,887,259	\$ 2,887,259	\$ -
Real property tax items	379,051	379,051	403,947	24,896
Non-property taxes	3,130,000	3,130,000	4,695,125	1,565,125
Departmental income	580,560	700,560	700,935	375
Intergovernmental charges	40,250	40,250	57,427	17,177
Use of money and property	94,500	94,500	871,777	777,277
Licenses and permits	205,300	205,300	175,403	(29,897)
Fines and forfeitures	35,000	35,000	42,824	7,824
Sales of property and compensation for loss	-	39,710	1,243,703	1,203,993
Miscellaneous local sources	-	51,521	68,176	16,655
State sources	580,000	669,463	852,162	182,699
Federal sources	-	1,759,324	390,136	(1,369,188)
Total revenues	<u>7,931,920</u>	<u>9,991,938</u>	<u>12,388,874</u>	<u>2,396,936</u>
Expenditures				
Current:				
General government	3,169,376	5,825,468	4,391,230	1,434,238
Public safety	482,967	550,467	506,524	43,943
Transportation	338,908	397,429	378,147	19,282
Economic assistance and opportunity	186,605	291,605	162,176	129,429
Culture and recreation	1,522,015	3,213,463	1,640,640	1,572,823
Home and community services	521,228	537,828	506,878	30,950
Employee benefits	1,281,438	1,343,938	1,177,123	166,815
Debt service:				
Principal	1,475,000	2,475,000	2,475,000	-
Interest	338,663	338,663	338,663	-
Total expenditures	<u>9,316,200</u>	<u>14,973,861</u>	<u>11,576,381</u>	<u>3,397,480</u>
Excess (deficit) of revenues over expenditures	<u>(1,384,280)</u>	<u>(4,981,923)</u>	<u>812,493</u>	<u>5,794,416</u>
Other Financing Sources (Uses)				
Interfund transfers in	-	164,000	164,000	-
Interfund transfers out	(125,720)	(435,430)	(225,000)	210,430
Total other financing sources (uses)	<u>(125,720)</u>	<u>(271,430)</u>	<u>(61,000)</u>	<u>210,430</u>
Net change in fund balance*	(1,510,000)	(5,253,353)	751,493	6,004,846
Fund balance - January 1	<u>15,163,080</u>	<u>15,163,080</u>	<u>15,163,080</u>	<u>-</u>
Fund balance - December 31	<u>\$ 13,653,080</u>	<u>\$ 9,909,727</u>	<u>\$ 15,914,573</u>	<u>\$ 6,004,846</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, 2023

	Highway Townwide Fund				Fire Protection Districts Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues								
Real property taxes	\$ 3,130,469	\$ 3,130,469	\$ 3,130,469	\$ -	\$ 2,595,665	\$ 2,595,665	\$ 2,595,665	\$ -
Intergovernmental charges	535,250	535,250	768,754	233,504	-	-	-	-
Use of money and property	17,500	117,500	270,294	152,794	-	-	163,183	163,183
Sales of property and compensation for loss	1,500	4,500	31,547	27,047	-	-	-	-
Miscellaneous local sources	-	-	19,494	19,494	-	-	-	-
State sources	175,000	394,585	394,585	-	-	-	-	-
Total revenues	<u>3,859,719</u>	<u>4,182,304</u>	<u>4,615,143</u>	<u>432,839</u>	<u>2,595,665</u>	<u>2,595,665</u>	<u>2,758,848</u>	<u>163,183</u>
Expenditures								
Current:								
Public safety	-	-	-	-	2,387,873	2,387,873	2,385,936	1,937
Transportation	3,970,614	4,510,847	3,303,945	1,206,902	-	-	-	-
Employee benefits	1,089,105	1,089,105	799,051	290,054	320,530	320,530	272,133	48,397
Total expenditures	<u>5,059,719</u>	<u>5,599,952</u>	<u>4,102,996</u>	<u>1,496,956</u>	<u>2,708,403</u>	<u>2,708,403</u>	<u>2,658,069</u>	<u>50,334</u>
Excess (deficit) of revenues over expenditures	<u>(1,200,000)</u>	<u>(1,417,648)</u>	<u>512,147</u>	<u>1,929,795</u>	<u>(112,738)</u>	<u>(112,738)</u>	<u>100,779</u>	<u>213,517</u>
Other Financing Sources (Uses)								
Interfund transfers in	-	-	25,000	25,000	-	-	-	-
Interfund transfers out	-	(103,000)	-	103,000	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(103,000)</u>	<u>25,000</u>	<u>128,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,200,000)</u>	<u>(1,520,648)</u>	<u>537,147</u>	<u>2,057,795</u>	<u>(112,738)</u>	<u>(112,738)</u>	<u>100,779</u>	<u>213,517</u>
Fund balances - January 1	<u>4,646,746</u>	<u>4,646,746</u>	<u>4,646,746</u>	<u>-</u>	<u>2,892,839</u>	<u>2,892,839</u>	<u>2,892,839</u>	<u>-</u>
Fund balances - December 31	<u>\$ 3,446,746</u>	<u>\$ 3,126,098</u>	<u>\$ 5,183,893</u>	<u>\$ 2,057,795</u>	<u>\$ 2,780,101</u>	<u>\$ 2,780,101</u>	<u>\$ 2,993,618</u>	<u>\$ 213,517</u>

See accompanying notes to required supplemental information

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

For the Years Ended December 31,

	2017	2018	2019	2020	2021	2022	2023
Measurement date	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Service cost	\$ 380,116	\$ 532,780	\$ 800,634	\$ 978,621	\$ 936,638	\$ 392,642	\$ 389,386
Interest	393,827	442,761	406,511	351,900	380,155	455,259	361,060
Differences between expected and actual experience	-	3,879,801	(1,441,511)	(1,232,925)	(7,433,760)	(699,379)	(391,708)
Change in assumptions	-	(1,099,937)	3,202,143	1,677,511	80,752	(2,375,046)	602,631
Benefit payments	(300,300)	(339,098)	(328,658)	(307,517)	(310,229)	(278,592)	(263,725)
Net change in total OPEB liability	473,643	3,416,307	2,639,119	1,467,590	(6,346,444)	(2,505,116)	697,644
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>	<u>9,417,178</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>	<u>\$ 10,114,822</u>
Covered-employee payroll	\$ 3,911,720	\$ 3,942,196	\$ 3,818,947	\$ 3,937,570	\$ 3,920,297	\$ 4,352,018	\$ 4,523,306
Total OPEB liability as a percentage of covered-employee payroll	274.71%	359.24%	439.94%	463.96%	304.12%	216.39%	223.62%

* 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>	<u>2023</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	3/31/23
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%	0.0160203%
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)	\$ 3,435,388
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	\$ 5,082,725
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%	67.59%
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%	90.78%

See accompanying notes to required supplemental information

SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS
 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>	<u>2023</u>
Contractually required contribution	\$ 725,142	\$ 656,093	\$ 581,437	\$ 606,054	\$ 608,937	\$ 603,477	\$ 615,262	\$ 681,667	\$ 502,402	\$ 635,016
Contributions in relation to the contractually required contribution	<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>	<u>635,016</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	\$ 3,957,535	\$ 4,203,905	\$ 4,157,681	\$ 4,323,707	\$ 4,368,672	\$ 4,403,053	\$ 4,437,660	\$ 4,423,558	\$ 4,859,390	\$ 5,202,542
Contributions as a percentage of covered payroll	18%	16%	14%	14%	14%	14%	14%	15%	10%	12%

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>	<u>2023</u>
Measurement Date	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22
Total Pension Liability							
Service Cost	\$ 80,343	\$ 64,788	\$ 70,137	\$ 53,714	\$ 45,215	\$ 70,312	\$ 67,387
Interest	151,201	163,964	156,685	171,863	166,721	125,431	135,652
Changes of assumptions or other inputs	(369,839)	405,710	(364,489)	288,797	1,253,770	(318,791)	(1,605,139)
Differences between expected and actual experience	(46,875)	4,440	32,844	27,712	72,154	(97,222)	17,133
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>	<u>(243,531)</u>
Net change in total pension liability	(293,080)	537,233	(213,923)	419,926	1,378,118	(416,649)	(1,628,498)
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>	<u>6,110,265</u>
Total pension liability - ending	<u>\$ 4,405,560</u>	<u>\$ 4,942,793</u>	<u>\$ 4,728,870</u>	<u>\$ 5,148,796</u>	<u>\$ 6,526,914</u>	<u>\$ 6,110,265</u>	<u>\$ 4,481,767</u>
Covered employee payroll	N/A	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	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, 2023, the following were considered significant encumbrances:

General Fund– mower	\$ 91,940
General Fund– senior bus	105,000
General Fund– playground equipment	1,100,000
General Fund– dog shelter	448,656
General Fund– charging stations	104,124
General Fund– fitness equipment	56,646
Highway Fund – truck cab, chassis and plow	<u>260,000</u>
Total	<u>\$2,166,366</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
2023	3.25%	3.00%	2.00%
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, 2022:	4.31%
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>
2023	5.90%
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

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COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

December 31, 2023

	Special Revenue								
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	Total
Assets									
Cash and cash equivalents	\$ -	\$ 150,736	\$ 320,448	\$ 52,520	\$ 66,864	\$ 1,289,248	\$ 1,839	\$ -	\$ 1,881,655
Due from other governments	-	-	-	-	-	2,500	-	-	2,500
Prepaid items	-	-	16,996	-	-	-	-	-	16,996
Total assets	<u>\$ -</u>	<u>\$ 150,736</u>	<u>\$ 337,444</u>	<u>\$ 52,520</u>	<u>\$ 66,864</u>	<u>\$ 1,291,748</u>	<u>\$ 1,839</u>	<u>\$ -</u>	<u>\$ 1,901,151</u>
Liabilities									
Accounts payable	\$ -	\$ 1,306	\$ 13,415	\$ 32,915	\$ -	\$ -	\$ -	\$ -	\$ 47,636
Accrued liabilities	-	-	33,125	-	-	-	-	-	33,125
Total liabilities	<u>-</u>	<u>1,306</u>	<u>46,540</u>	<u>32,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,761</u>
Fund Balances									
Non-spendable	-	-	16,996	-	-	-	-	-	16,996
Restricted	-	-	-	-	-	1,291,748	-	-	1,291,748
Assigned	-	149,430	273,908	19,605	66,864	-	1,839	-	511,646
Unassigned (deficit)	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>149,430</u>	<u>290,904</u>	<u>19,605</u>	<u>66,864</u>	<u>1,291,748</u>	<u>1,839</u>	<u>-</u>	<u>1,820,390</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 150,736</u>	<u>\$ 337,444</u>	<u>\$ 52,520</u>	<u>\$ 66,864</u>	<u>\$ 1,291,748</u>	<u>\$ 1,839</u>	<u>\$ -</u>	<u>\$ 1,901,151</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, 2023

	Special Revenue								Total
	Debt Service	Drainage	Library	Lighting	Miscellaneous	Miscellaneous Special Revenue	Parks	Sewer	
Revenues									
Real property taxes	\$ -	\$ 209,150	\$ 1,201,346	\$ 202,600	\$ 141,200	\$ -	\$ 1,592	\$ 11,287	\$ 1,767,175
Departmental income	-	-	17,575	-	-	29,750	-	-	47,325
Use of money and property	-	11,829	29,937	5,347	3,248	60,266	109	-	110,736
Sales of property and comp. for loss	-	-	13,823	-	-	-	-	-	13,823
Miscellaneous local sources	-	-	40,238	-	-	1,095	-	-	41,333
Total revenues	-	220,979	1,302,919	207,947	144,448	91,111	1,701	11,287	1,980,392
Expenditures									
Current:									
General government	-	-	19,200	-	-	-	-	-	19,200
Health	-	-	-	-	140,000	-	-	-	140,000
Transportation	-	-	-	182,195	8,586	-	-	-	190,781
Culture and recreation	-	-	1,029,674	-	-	3,200	1,200	-	1,034,074
Home and community services	-	249,144	-	-	-	-	-	-	249,144
Employee benefits	-	53,131	211,577	-	-	-	90	-	264,798
Debt service:									
Principal	-	-	-	-	-	-	-	15,000	15,000
Interest	-	-	-	-	-	-	-	713	713
Total expenditures	-	302,275	1,260,451	182,195	148,586	3,200	1,290	15,713	1,913,710
Excess (deficit) of revenues over expenditures	-	(81,296)	42,468	25,752	(4,138)	87,911	411	(4,426)	66,682
Other Financing Uses									
Interfund transfers out	(164,000)	-	-	-	-	-	-	-	(164,000)
Total other financing uses	(164,000)	-	-	-	-	-	-	-	(164,000)
Net change in fund balances	(164,000)	(81,296)	42,468	25,752	(4,138)	87,911	411	(4,426)	(97,318)
Fund balances - January 1	164,000	230,726	248,436	(6,147)	71,002	1,203,837	1,428	4,426	1,917,708
Fund balances - December 31	\$ -	\$ 149,430	\$ 290,904	\$ 19,605	\$ 66,864	\$ 1,291,748	\$ 1,839	\$ -	\$ 1,820,390

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

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COMPARATIVE BALANCE SHEET - GENERAL FUND

	December 31,		% Change
	2023	2022	
Assets			
Cash and cash equivalents	\$ 17,003,262	\$ 16,470,537	3.23%
Accounts receivable	10,226	5,788	76.68%
Due from other governments	1,083,537	1,262,052	-14.14%
Prepaid items	88,683	70,402	25.97%
Total assets	<u>\$ 18,185,708</u>	<u>\$ 17,808,779</u>	2.12%
Liabilities			
Accounts payable	\$ 217,651	\$ 200,847	8.37%
Accrued liabilities	139,377	140,609	-0.88%
Unearned revenues	1,914,107	2,304,243	-16.93%
Total liabilities	<u>2,271,135</u>	<u>2,645,699</u>	-14.16%
Fund Balances			
Non-spendable	88,683	70,402	25.97%
Restricted	4,795,746	4,672,994	2.63%
Assigned	4,498,447	4,793,713	-6.16%
Unassigned	6,531,697	5,625,971	16.10%
Total fund balances	<u>15,914,573</u>	<u>15,163,080</u>	4.96%
 Total liabilities and fund balances	 <u>\$ 18,185,708</u>	 <u>\$ 17,808,779</u>	 2.12%

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

For the Years Ended

	December 31,		% Change
	2023	2022	
Revenues			
Real property taxes	\$ 2,887,259	\$ 2,945,530	-1.98%
Real property tax items	403,947	398,623	1.34%
Non-property taxes	4,695,125	4,884,342	-3.87%
Departmental income	700,935	625,087	12.13%
Intergovernmental charges	57,427	55,973	2.60%
Use of money and property	871,777	259,048	236.53%
Licenses and permits	175,403	438,177	-59.97%
Fines and forfeitures	42,824	44,561	-3.90%
Sales of property and compensation for loss	1,243,703	325,670	281.89%
Miscellaneous local sources	68,176	52,480	29.91%
State sources	852,162	1,054,574	-19.19%
Federal sources	390,136	621,594	-37.24%
Total revenues	<u>12,388,874</u>	<u>11,705,659</u>	5.84%
Expenditures			
Current:			
General government	4,391,230	4,858,611	-9.62%
Public safety	506,524	450,548	12.42%
Health	-	44,000	-100.00%
Transportation	378,147	336,559	12.36%
Economic assistance and opportunity	162,176	144,529	12.21%
Culture and recreation	1,640,640	1,269,877	29.20%
Home and community services	506,878	501,375	1.10%
Employee benefits	1,177,123	1,112,653	5.79%
Debt service:			
Principal	2,475,000	1,450,000	70.69%
Interest	338,663	351,563	-3.67%
Total expenditures	<u>11,576,381</u>	<u>10,519,715</u>	10.04%
Excess of revenues over expenditures	812,493	1,185,944	-31.49%
Other Financing Sources (Uses)			
Interfund transfers in	164,000	-	
Interfund transfers out	<u>(225,000)</u>	<u>(331,373)</u>	32.10%
Total other financing sources (uses)	<u>(61,000)</u>	<u>(331,373)</u>	81.59%
Net change in fund balances	751,493	854,571	12.06%
Fund balances - January 1	<u>15,163,080</u>	<u>14,308,509</u>	5.97%
Fund balances - December 31	<u>\$ 15,914,573</u>	<u>\$ 15,163,080</u>	4.96%

SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS - GENERAL FUND

For the Year Ended December 31, 2023

	Authorized Budget	Expenditures	Balance
General Government			
Town Board	\$ 87,428	\$ 86,283	\$ 1,145
Justices	284,098	240,304	43,794
Supervisor	233,490	205,626	27,864
Director of Finance	146,541	145,097	1,444
Independent Auditing & Accounting	30,560	26,640	3,920
Tax Collector	89,743	89,172	571
Assessor	225,704	221,869	3,835
Credit Card Fees	12,000	11,786	214
Town Clerk	196,846	196,643	203
Attorney	153,149	111,944	41,205
Personnel	68,116	67,423	693
Town Engineer	60,900	52,692	8,208
Elections	10,000	-	10,000
Records Management	7,480	5,614	1,866
Department of Public Works	135,237	85,743	49,494
Buildings	3,446,607	2,289,217	1,157,390
Central Garage	152,500	152,319	181
Central Communications	19,000	16,568	2,432
Central Storeroom	6,000	5,778	222
Central Print & Mail	29,000	26,684	2,316
Information Technology	192,430	157,077	35,353
Unallocated Insurance	190,000	182,828	7,172
Municipal Association Dues	5,300	3,540	1,760
Taxes & Assessments on Municipal Properties	10,000	8,265	1,735
Other General Government Support	4,100	2,118	1,982
Contingency	29,239	-	29,239
Total General Government	5,825,468	4,391,230	1,434,238
Public Safety			
Traffic & Safety Committee	4,260	3,800	460
Police & Constable	22,314	21,606	708
Traffic Control	77,894	73,407	4,487
Fire Marshall	70,504	68,596	1,908
Dog Control	45,262	38,442	6,820
Other Dog Control	400	-	400
Safety Inspection	328,333	299,371	28,962
Other Public Safety	1,500	1,302	198
Total Public Safety	550,467	506,524	43,943

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

For the Year Ended December 31, 2023

	Authorized Budget	Expenditures	Balance
Transportation			
Superintendent of Highway	164,392	163,092	1,300
Garage	25,156	20,613	4,543
Street Lighting	121,000	111,185	9,815
Sidewalks	86,881	83,257	3,624
Total Transportation	<u>397,429</u>	<u>378,147</u>	<u>19,282</u>
Economic Assistance and Opportunity			
Veterans Service	2,000	1,201	799
Programs for Aging	289,605	160,975	128,630
Total Economic Assistance and Opportunity	<u>291,605</u>	<u>162,176</u>	<u>129,429</u>
Culture and Recreation			
Recreation Administration	557,675	460,723	96,952
Parks	2,217,061	865,025	1,352,036
Special Rec Facility	80,000	4,947	75,053
Youth Programming	255,259	224,608	30,651
Historian	14,818	11,381	3,437
Celebrations	54,900	42,155	12,745
Adult Recreation	33,750	31,801	1,949
Total Culture and Recreation	<u>3,213,463</u>	<u>1,640,640</u>	<u>1,572,823</u>
Home and Community Services			
Zoning	16,469	13,152	3,317
Planning	24,414	15,642	8,772
Environmental/ Conservation	5,160	4,325	835
Refuse/ Garbage	359,624	346,046	13,578
Drainage	105,161	100,976	4,185
Cemeteries	1,500	1,500	-
Special Reserves	25,500	25,237	263
Total Home and Community Services	<u>537,828</u>	<u>506,878</u>	<u>30,950</u>
Other Expenditures			
Employee Benefits	1,343,938	1,177,123	166,815
Debt Principal	2,475,000	2,475,000	-
Debt Interest	338,663	338,663	-
Total Other Expenditures	<u>4,157,601</u>	<u>3,990,786</u>	<u>166,815</u>
Total	<u>\$ 14,973,861</u>	<u>\$ 11,576,381</u>	<u>\$ 3,397,480</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
	2023	2022		2023	2022	
Assets						
Cash and cash equivalents	\$ 5,082,553	\$ 4,644,792	9.42%	\$ 128,357	\$ 143,679	-10.66%
Investments, restricted	-	-	-	2,865,261	2,749,540	4.21%
Accounts receivable	1,038	-	-	-	-	-
State and federal receivables	83,993	83,992	0.00%	-	-	-
Due from other governments	83,589	77,813	7.42%	-	-	-
Prepaid items	58,951	46,736	26.14%	-	-	-
Total assets	<u>\$ 5,310,124</u>	<u>\$ 4,853,333</u>	9.41%	<u>\$ 2,993,618</u>	<u>\$ 2,893,219</u>	3.47%
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 30,159	\$ 129,915	-76.79%	\$ -	\$ 380	-100.00%
Accrued liabilities	96,072	76,672	25.30%	-	-	-
Total liabilities	<u>126,231</u>	<u>206,587</u>	-38.90%	<u>-</u>	<u>380</u>	-100.00%
Fund Balances						
Non-spendable	58,951	46,736	26.14%	-	-	-
Restricted	440,770	296,368	48.72%	2,865,261	2,749,540	4.21%
Assigned	4,684,172	4,303,642	8.84%	128,357	143,299	-10.43%
Total fund balances	<u>5,183,893</u>	<u>4,646,746</u>	11.56%	<u>2,993,618</u>	<u>2,892,839</u>	3.48%
Total liabilities and fund balances	<u>\$ 5,310,124</u>	<u>\$ 4,853,333</u>	9.41%	<u>\$ 2,993,618</u>	<u>\$ 2,893,219</u>	3.47%

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

For the Years Ended

	Highway Townwide Fund			Fire Protection Districts Fund		
	December 31,			December 31,		
	2023	2022	% Change	2023	2022	% Change
Revenues						
Real property taxes	\$ 3,130,469	\$ 3,048,070	2.70%	\$ 2,595,665	\$ 2,580,584	0.58%
Intergovernmental charges	768,754	923,885	-16.79%	-	-	-
Use of money and property	270,294	57,456	370.44%	163,183	(433,258)	-137.66%
Sales of property and compensation for loss	31,547	80,347	-60.74%	-	-	-
Miscellaneous local sources	19,494	-		-	-	-
State sources	394,585	366,389	7.70%	-	-	-
Total revenues	<u>4,615,143</u>	<u>4,476,147</u>	3.11%	<u>2,758,848</u>	<u>2,147,326</u>	28.48%
Expenditures						
Public safety	-	-	-	2,385,936	2,463,161	-3.14%
Transportation	3,303,945	3,286,616	0.53%	-	-	-
Employee benefits	799,051	821,623	-2.75%	272,133	379,665	-28.32%
Total expenditures	<u>4,102,996</u>	<u>4,108,239</u>	-0.13%	<u>2,658,069</u>	<u>2,842,826</u>	-6.50%
Excess of revenues over expenditures	512,147	367,908	39.21%	100,779	(695,500)	-114.49%
Other Financing Sources						
Interfund transfers in	25,000	75,000	-66.67%	-	110,000	-
Total other financing sources	<u>25,000</u>	<u>75,000</u>	-66.67%	<u>-</u>	<u>110,000</u>	-
Net change in fund balances	537,147	442,908	21.28%	100,779	(585,500)	-117.21%
Fund balances - January 1	<u>4,646,746</u>	<u>4,203,838</u>	10.54%	<u>2,892,839</u>	<u>3,478,339</u>	-16.83%
Fund balances - December 31	<u>\$ 5,183,893</u>	<u>\$ 4,646,746</u>	11.56%	<u>\$ 2,993,618</u>	<u>\$ 2,892,839</u>	3.48%

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

For the Year Ended December 31, 2023

	Highway Townwide Fund			Fire Protection Districts Fund		
	Authorized Budget	Expenditures	Balance	Authorized Budget	Expenditures	Balance
Public Safety						
Fire Protection	\$ -	\$ -	\$ -	\$ 2,387,873	\$ 2,385,936	\$ 1,937
Total Public Safety	-	-	-	2,387,873	2,385,936	1,937
Transportation						
Maintenance of Streets	1,048,252	875,496	172,756	-	-	-
Permanent Improvements Highway	394,585	394,585	-	-	-	-
Machinery	1,469,360	1,141,081	328,279	-	-	-
Brush and Weeds	94,138	93,820	318	-	-	-
Snow Removal	1,131,689	570,565	561,124	-	-	-
Services to Other Governments	372,823	228,398	144,425	-	-	-
Total Transportation	4,510,847	3,303,945	1,206,902	-	-	-
Other Expenditures						
Employee Benefits	1,089,105	799,051	290,054	320,530	272,133	48,397
Total Other Expenditures	1,089,105	799,051	290,054	320,530	272,133	48,397
Total	\$ 5,599,952	\$ 4,102,996	\$ 1,496,956	\$ 2,708,403	\$ 2,658,069	\$ 50,334