

*TOWN OF ROTTERDAM, NEW YORK*

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2019*

**TOWN OF ROTTERDAM, NEW YORK**

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**INDEPENDENT AUDITOR'S REPORT**

To the Supervisor and Members of  
the Town Board of the  
Town of Rotterdam, New York

**Report on the Financial Statements**

We have audited the accompanying financial statements of all fund types and the non-current governmental liabilities account group of the Town of Rotterdam, New York (the "Town") as of and for the year ended December 31, 2019, as listed in the table of contents, and the related notes to the financial statements.

**Management's Responsibility for the Financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

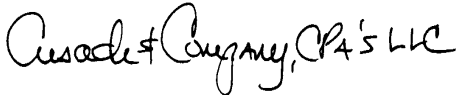
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Unmodified Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of all fund types and the non-current governmental liabilities account group for the Town of Rotterdam, New York, as of December 31, 2019, and the changes in its financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present all fund types and the non-current governmental liabilities account group, and do not purport to, and do not present fairly the financial position of the Town as of December 31, 2019, or the changes in its government-wide financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Additionally, we were not engaged to perform an audit of capital assets. Our opinion is not modified with respect to these matters.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
November 4, 2020

**TOWN OF ROTTERDAM, NEW YORK**

*BALANCE SHEETS*

*ALL FUND TYPES AND NON-CURRENT GOVERNMENTAL LIABILITIES ACCOUNT GROUP*

DECEMBER 31, 2019

Assets	Governmental Fund Types									Fiduciary	Non-Current
	General	Highway	Water	Sewer	Drainage	Fire Protection	Lighting	Special Grant	Capital Projects	Agency	Governmental Liabilities Account Group
Cash	\$ 5,574,792	\$ 1,097,360	\$ 1,515,575	\$ 1,520,358	\$ 32,025	\$ 10,309	\$ 117,124	\$ 44,696	\$ 1,746,054	\$ 188,067	\$ -
Due from other governments	1,043,284	-	-	-	-	-	-	-	-	-	-
Prepaid expenditures	332,238	50,418	13,325	8,807	-	-	-	-	-	-	-
Other receivables	701,018	17,453	464,280	351,332	-	-	-	-	-	-	-
Inventory	16,806	-	-	-	-	-	-	-	-	-	-
Due from other funds	90,000	-	-	-	-	-	-	-	-	-	-
Cash restricted	1,393,371	710,054	1,308,833	198,015	-	-	-	-	151,315	-	-
Provisions to be made in future budgets	-	-	-	-	-	-	-	-	-	-	80,144,100
<b>Total assets</b>	<b>\$ 9,151,509</b>	<b>\$ 1,875,285</b>	<b>\$ 3,302,013</b>	<b>\$ 2,078,512</b>	<b>\$ 32,025</b>	<b>\$ 10,309</b>	<b>\$ 117,124</b>	<b>\$ 44,696</b>	<b>\$ 1,897,369</b>	<b>\$ 188,067</b>	<b>\$ 80,144,100</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Equity (Deficit)</b>											
Liabilities:											
Accounts payable	\$ 509,869	\$ 43,110	\$ 272,806	\$ 33,505	\$ 130	\$ -	\$ 6,637	\$ -	\$ 70,723	\$ -	\$ -
Accrued liabilities	162,084	39,223	7,946	2,315	-	-	-	31,242	-	188,067	-
Due to retirement system	-	-	-	-	-	-	-	-	-	-	3,367,774
Due to other funds	-	-	-	-	-	-	-	-	90,000	-	-
Other post-employment benefits	-	-	-	-	-	-	-	-	-	-	68,529,592
Compensated absences	-	-	-	-	-	-	-	-	-	-	2,629,740
Landfill closure	-	-	-	-	-	-	-	-	-	-	136,494
BANS and bonds payable	-	-	-	-	-	-	-	-	5,581,380	-	5,480,500
<b>Total liabilities</b>	<b>671,953</b>	<b>82,333</b>	<b>280,752</b>	<b>35,820</b>	<b>130</b>	<b>-</b>	<b>6,637</b>	<b>31,242</b>	<b>5,742,103</b>	<b>188,067</b>	<b>80,144,100</b>
Deferred Inflows of Resources	-	-	-	51,921	-	-	-	-	-	-	-
Fund Equity (Deficit):											
Nonspendable	349,044	50,418	13,325	8,807	-	-	-	-	-	-	-
Restricted	1,283,087	650,673	1,308,833	198,015	-	-	-	-	-	-	-
Assigned	2,690,610	1,091,861	1,699,103	1,783,949	31,895	10,309	110,487	13,454	-	-	-
Unassigned (deficit)	4,156,815	-	-	-	-	-	-	-	(3,844,734)	-	-
<b>Total fund balances (deficit)</b>	<b>8,479,556</b>	<b>1,792,952</b>	<b>3,021,261</b>	<b>1,990,771</b>	<b>31,895</b>	<b>10,309</b>	<b>110,487</b>	<b>13,454</b>	<b>(3,844,734)</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred Inflows of resources and fund equity (deficit)</b>	<b>\$ 9,151,509</b>	<b>\$ 1,875,285</b>	<b>\$ 3,302,013</b>	<b>\$ 2,078,512</b>	<b>\$ 32,025</b>	<b>\$ 10,309</b>	<b>\$ 117,124</b>	<b>\$ 44,696</b>	<b>\$ 1,897,369</b>	<b>\$ 188,067</b>	<b>\$ 80,144,100</b>

**TOWN OF ROTTERDAM, NEW YORK**  
**STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Governmental Fund Types**

	<u>General</u>	<u>Highway</u>	<u>Water</u>	<u>Sewer</u>	<u>Drainage</u>	<u>Fire Protection</u>	<u>Lighting</u>	<u>Special Grant</u>	<u>Capital Projects</u>
Revenue									
Real property taxes	\$ 6,604,599	\$ 4,015,026	\$ 789,829	\$ 1,316,790	\$ 7,720	\$ 41,492	\$ 174,920	\$ -	\$ -
Real property tax items	836,008	290,333	-	-	-	-	-	-	-
Non-property tax items	4,370,877	-	-	-	-	-	-	-	-
Departmental income	304,636	-	1,451,103	455,182	-	-	-	-	-
Intergovernmental charges	217,728	-	-	-	-	-	-	-	-
Use of money and property	43,051	21,909	234,232	10,816	123	77	759	37	872
Licenses and permits	58,461	-	-	300	-	-	-	-	-
Fines and forfeitures	586,173	-	-	-	-	-	-	-	-
Sale of property and compensation for loss	25,681	28,194	7,044	5,724	-	-	-	-	181,865
Miscellaneous local sources	321,372	306	111	21,988	-	-	-	229,936	-
State aid	952,690	326,571	-	-	-	-	-	-	1,000
Federal aid	3,750	-	-	-	-	-	-	1,562,451	-
Total revenue	<u>14,325,026</u>	<u>4,682,339</u>	<u>2,482,319</u>	<u>1,810,800</u>	<u>7,843</u>	<u>41,569</u>	<u>175,679</u>	<u>1,792,424</u>	<u>183,737</u>
Expenditures									
General governmental support	2,231,445	14,307	1,771	27,133	-	-	1,054	-	157,359
Public safety	6,195,010	-	-	-	-	42,000	-	-	-
Public health	3,400	-	-	-	-	-	-	-	-
Transportation	318,632	3,198,204	-	-	-	-	162,171	-	-
Economic assistance and opportunity	363,024	-	-	-	-	-	-	-	-
Culture and recreation	510,671	-	-	-	-	-	-	-	-
Home and community services	582,855	-	1,763,858	794,237	2,586	-	-	1,782,640	983,943
Employee benefits	4,548,868	1,151,395	271,964	206,763	-	-	-	-	-
Debt service (principal and interest)	160,165	449,542	144,953	439,527	-	-	-	-	-
Total expenditures	<u>14,914,070</u>	<u>4,813,448</u>	<u>2,182,546</u>	<u>1,467,660</u>	<u>2,586</u>	<u>42,000</u>	<u>163,225</u>	<u>1,782,640</u>	<u>1,141,302</u>
Other Changes									
Proceeds of serial bonds	-	-	-	-	-	-	-	-	2,410,500
BANs redeemed	-	-	-	-	-	-	-	-	336,560
Operating transfers - in	359,671	-	-	-	-	-	-	-	1,257,174
Operating transfers - out	(661,000)	(60,000)	(677,849)	(213,246)	(750)	(1,000)	(3,000)	-	-
Total other changes	<u>(301,329)</u>	<u>(60,000)</u>	<u>(677,849)</u>	<u>(213,246)</u>	<u>(750)</u>	<u>(1,000)</u>	<u>(3,000)</u>	<u>-</u>	<u>4,004,234</u>
Excess (deficiency) of revenue over expenditures	(890,373)	(191,109)	(378,076)	129,894	4,507	(1,431)	9,454	9,784	3,046,669
Fund balance (deficit) at beginning of year	<u>9,369,929</u>	<u>1,984,061</u>	<u>3,399,337</u>	<u>1,860,877</u>	<u>27,388</u>	<u>11,740</u>	<u>101,033</u>	<u>3,670</u>	<u>(6,891,403)</u>
Fund balance (deficit) at end of year	<u>\$ 8,479,556</u>	<u>\$ 1,792,952</u>	<u>\$ 3,021,261</u>	<u>\$ 1,990,771</u>	<u>\$ 31,895</u>	<u>\$ 10,309</u>	<u>\$ 110,487</u>	<u>\$ 13,454</u>	<u>\$ (3,844,734)</u>

**TOWN OF ROTTERDAM, NEW YORK**  
**BUDGETARY COMPARISON STATEMENT - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>					
Real property taxes	\$ 6,604,599	\$ 6,604,599	\$ 6,604,599	\$ -	\$ -
Real property tax items	847,058	847,058	836,008	-	(11,050)
Non-property tax items	4,238,985	4,238,985	4,370,877	-	131,892
Departmental income	272,950	284,929	304,636	-	19,707
Intergovernmental charges	207,293	207,293	217,728	-	10,435
Use of money and property	8,525	8,525	43,051	-	34,526
Licenses and permits	35,425	35,425	58,461	-	23,036
Fines and forfeitures	740,400	740,400	586,173	-	(154,227)
Sale of property and compensation for loss	28,015	28,015	25,681	-	(2,334)
Miscellaneous local sources	31,000	31,000	321,372	-	290,372
State aid	843,230	843,230	952,690	-	109,460
Federal aid	5,000	5,000	3,750	-	(1,250)
Total revenues	<u>13,862,480</u>	<u>13,874,459</u>	<u>14,325,026</u>	<u>-</u>	<u>450,567</u>
<b>Expenditures</b>					
General government support	2,355,840	2,348,501	2,231,445	30,085	86,971
Public safety	6,574,316	6,524,824	6,195,010	212,511	117,303
Public Health	3,400	3,400	3,400	-	-
Transportation	297,955	323,255	318,632	-	4,623
Economic assistance and opportunity	208,820	287,095	363,024	64,101	(140,030)
Culture and recreation	569,825	543,973	510,671	-	33,302
Home and community services	378,065	540,017	582,855	-	(42,838)
Employee benefits	5,212,374	4,581,374	4,548,868	-	32,506
Debt service	160,165	160,165	160,165	-	-
Total expenditures	<u>15,760,760</u>	<u>15,312,604</u>	<u>14,914,070</u>	<u>306,697</u>	<u>91,837</u>
<b>Other Financing Uses</b>					
Operating transfers	<u>(345,120)</u>	<u>(315,880)</u>	<u>(301,329)</u>	<u>-</u>	<u>14,551</u>
<b>Appropriated fund balance</b>	<u>2,243,400</u>	<u>1,754,025</u>	<u>-</u>	<u>(306,697)</u>	<u>(1,447,328)</u>
Excess of expenditures and other financing uses over revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (890,373)</u>	<u>\$ -</u>	<u>\$ (890,373)</u>

**TOWN OF ROTTERDAM, NEW YORK**  
**BUDGETARY COMPARISON STATEMENT - HIGHWAY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real property taxes	\$ 4,015,026	\$ 4,015,026	\$ 4,015,026	\$ -
Real property tax items	304,900	304,900	290,333	(14,567)
Use of money and property	1,950	1,950	21,909	19,959
Licenses and permits	500	500	-	(500)
Sale of property and compensation for loss	5,435	5,435	28,194	22,759
Miscellaneous local sources	-	-	306	306
State aid	230,871	326,571	326,571	-
Total revenues	4,558,682	4,654,382	4,682,339	27,957
<b>Expenditures</b>				
General government support	17,500	14,400	14,307	93
Transportation	2,778,956	3,109,803	3,198,204	(88,401)
Employee benefits	1,386,975	1,160,425	1,151,395	9,030
Debt service	452,951	449,551	449,542	9
Total expenditures	4,636,382	4,734,179	4,813,448	(79,269)
<b>Other Financing Uses</b>				
Operating transfers	(60,000)	(60,000)	(60,000)	-
<b>Appropriated fund balance</b>	137,700	139,797	-	(139,797)
Excess of expenditures over revenues	\$ -	\$ -	\$ (191,109)	\$ (191,109)



**TOWN OF ROTTERDAM, NEW YORK**  
*BUDGETARY COMPARISON STATEMENT - WATER FUND*  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real property taxes	\$ 789,867	\$ 789,867	\$ 789,829	\$ (38)
Departmental income	1,149,100	1,149,100	1,451,103	302,003
Use of money and property	220,315	220,315	234,232	13,917
Sale of property and compensation for loss	2,250	2,250	7,044	4,794
Miscellaneous local sources	-	-	111	111
Total revenues	2,161,532	2,161,532	2,482,319	320,787
<b>Expenditures</b>				
General government support	4,000	4,000	1,771	2,229
Home and community services	1,811,040	2,190,428	1,763,858	426,570
Employee benefits	392,414	392,414	271,964	120,450
Debt service	149,728	149,728	144,953	4,775
Total expenditures	2,357,182	2,736,570	2,182,546	554,024
<b>Other Financing Uses</b>				
Operating transfers	(319,350)	(827,849)	(677,849)	150,000
<b>Appropriated fund balance</b>	515,000	1,402,887	-	(1,402,887)
Excess of expenditures over revenues	\$ -	\$ -	\$ (378,076)	\$ (378,076)

**TOWN OF ROTTERDAM, NEW YORK**  
*BUDGETARY COMPARISON STATEMENT - SEWER FUND*  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Adopted Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Real property taxes	\$ 1,316,771	\$ 1,316,771	\$ 1,316,790	\$ 19
Departmental income	283,690	283,690	455,182	171,492
Use of money and property	38,061	38,061	10,816	(27,245)
Licenses and permits	500	500	300	(200)
Sale of property and compensation for loss	45,400	45,400	5,724	(39,676)
Miscellaneous local sources	<u>4,000</u>	<u>4,000</u>	<u>21,988</u>	<u>17,988</u>
Total revenues	<u>1,688,422</u>	<u>1,688,422</u>	<u>1,810,800</u>	<u>122,378</u>
<b>Expenditures</b>				
General government support	43,000	27,133	27,133	-
Home and community services	1,046,837	807,070	794,237	12,833
Employee benefits	243,155	230,480	206,763	23,717
Debt service	<u>450,410</u>	<u>426,187</u>	<u>439,527</u>	<u>(13,340)</u>
Total expenditures	<u>1,783,402</u>	<u>1,490,870</u>	<u>1,467,660</u>	<u>23,210</u>
<b>Other Financing Uses</b>				
Operating transfers	<u>(111,020)</u>	<u>(213,246)</u>	<u>(213,246)</u>	<u>-</u>
<b>Appropriated fund balance</b>	<u>206,000</u>	<u>15,694</u>	<u>-</u>	<u>(15,694)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,894</u>	<u>\$ 129,894</u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Rotterdam, New York (the “Town”), is governed by its Town Charter, other general laws of the State of New York and various local laws. The Town Board, which is the governing body of the Town, consists of the Supervisor and four voting Council members, all elected. The Town Supervisor serves as the chief executive officer and chief fiscal officer. The Town provides the following basic services: public safety, health services, maintenance of Town roads, recreation, home and community service, economic assistance and other general services.

The Town of Rotterdam, New York has prepared its all fund types and non-current governmental liabilities account group financial statements in accordance with accounting principles generally accepted in the United States of America as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretation).

The Town does not comply with GASB Statement No. 34, which requires the Town to present the government-wide financial statements on a full accrual government-wide basis as well as the fund basis. The financial statements present only all fund types and the non-current governmental liabilities account group, and do not purport to, and do not present fairly the government-wide financial position or changes in financial position of the Town.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying governmental funds financial statements follows.

*A. Financial Reporting Entity*

GASB Statement No. 61 defines the financial reporting entity for the Town to include all funds, account groups, agencies, boards, commissions, and authorities where the elected officials (the Supervisor and/or the Town Board, respectively) are financially accountable. The following terms are used to describe the components of a reporting entity:

- Primary Government

A legally separate state, general purpose local or special purpose government with a separately elected governing body. It must be fiscally independent of other primary governments.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*A. Financial Reporting Entity (Continued)*

- Component Unit

A legally separate organization for which the elected officials are financially accountable. Also the primary government is able to impose its will on the component unit or there is a potential for the component unit to provide a financial benefit or incur a financial burden on the primary government. The Town has no component units.

*B. Basis of Presentation*

The accounts of the Town are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types and account groups are used.

*Governmental Fund Types*

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use and balances of the Town's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position. The following are the Town's governmental fund types:

- a. General Fund - The general fund is the principal fund and includes all operations not required to be recorded in other funds.
- b. Special Revenue Funds - Used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds are:

- Highway
- Water
- Sewer
- Drainage
- Fire Protection
- Lighting
- Special Grant

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*B. Basis of Presentation (Continued)*

*Governmental Fund Types (Continued)*

c. Capital Projects Fund - Used to account for financial resources to be used for the acquisition or construction of major capital facilities.

d. Fiduciary Funds

Agency Fund - Used to account for money and/or property received and held in the capacity of trustee, custodian or agent.

e. Account Groups

Used to establish accounting control and accountability for general fixed assets and general long-term debt. The two account groups are not “funds.” They are concerned with measurement of financial position and not results of operations.

1. The Non-Current Governmental Assets Account Group - used to account for land, buildings, improvements other than buildings and equipment utilized for general government purposes. The Town does not maintain subsidiary records to support the amounts recorded in the non-current governmental assets account group.

2. The Non-Current Governmental Liabilities Account Group - used to account for all long-term obligations.

*C. Basis of Accounting/Measurement Focus*

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus. Measurement focus is the determination of what should be measured.

Modified Accrual Basis - All Governmental Funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter, within 60 days, to be used to pay liabilities of the current period.

Material revenues that are accrued include state and federal aid and certain user charges. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made unless it is not anticipated to be received within one year.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*C. Basis of Accounting/Measurement Focus (Continued)*

Expenditures are recorded when the fund liability is incurred except that:

- a. Principal and interest on indebtedness are recognized as an expenditure when due.
- b. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.
- c. Inventory is valued at cost utilizing the first-in, first-out method.

*D. Property Taxes and Collections*

Town real property taxes are levied together with Schenectady County property taxes annually no later than January 1, and become a lien on January 1. Taxes for County purposes are levied together with taxes for Town and special district purposes as a single bill. The Town and special districts receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County assumes enforcement responsibility for all taxes levied in the Town.

*E. Budgetary Data*

1. Budget Policies - The budget policies are as follows:

- a. No later than September 30, the budget officer submits a tentative budget to the Town Clerk for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds, except for the Special Grant Fund.
- b. After public hearings are conducted to obtain taxpayer comments, but no later than November 20, the governing board adopts the budget.
- c. All modifications of the budget must be approved by the governing board. However, the comptroller is authorized to transfer certain budget amounts within the departments.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. *Budgetary Data (Continued)*

2. Encumbrances

Encumbrances are reservations of fund balance for outstanding purchase commitments. Expenditures for such commitments are recorded in the period in which the liability is incurred.

3. Budget Basis of Accounting

- a. Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior years.
- b. Budgetary controls for the Special Grant Fund are established in accordance with applicable grant agreements which covers a period other than the Town's fiscal year.

F. *Departure from the Basis of Accounting*

The Town does not maintain subsidiary records to support the amounts recorded in the general fixed assets account group for land, buildings and improvements. The correct carrying values of these fixed assets at December 31, 2019 is not known.

G. *Deferred Compensation Plan*

Employees of the Town may elect to participate in the Town's Deferred Compensation Plan created in accordance with Internal Revenue Code §457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement.

Under the terms of the amended Plan agreement, these monies are not subject to the claims of the Town's general creditors after they are paid to the Plan's Trustee.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

H. *Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates. Significant estimates include compensated absences, postemployment benefits and pension liabilities.

I. *Self-Insurance*

The Town has retained a portion of the liability to cover losses under §207-C of the Workers' Compensation Law of police officers. Officers are entitled to their full pay when out on leave. The Town is required to cover any amount of losses not reimbursed by Workers' Compensation.

J. *Compensated Absences*

Town employees are granted vacation and sick leave in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave at various rates subject to certain maximum limitations. The liability for accumulated vacation and related benefits has been recorded in the respective governmental fund type in accordance with GASB 16. Payment of accumulated sick leave and related benefits is reflected in the non-current government liabilities account group since it is anticipated that none of the liability will be liquidated with expendable financial resources. However, management believes that sufficient resources will be made available for payment of accumulated sick leave and related benefits when such payments become due.

K. *Postemployment Health Insurance Benefits*

In addition to providing pension benefits, the Town provides certain health benefits for retired employees, their spouses and certain survivors. All of the Town's employees may become eligible for these benefits if they reach normal retirement age. Those and similar benefits for active employees are provided through payments to New York State Government Employees' Health Insurance Program. The Town recognizes the cost of providing those benefits by expensing the annual insurance premiums which were approximately \$1,631,000 in 2019 for approximately 143 retirees.



**2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

Expenditures for economic assistance and opportunity and home and community services in the general fund exceeded appropriations by \$140,030 and \$42,838, respectively, and for transportation exceeded appropriations by \$88,401 resulting from expenditures being made without budgetary authorizations.

The Capital Project Fund has a deficit totaling \$3,844,734 at December 31, 2019. This deficit is caused by allowing contracts for projects funded with Bond Anticipation Notes. The deficit will be eliminated when serial bonds are issued.

**3. CASH AND INVESTMENTS**

The Town's investment policies are governed by state statutes. The Town's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The comptroller is authorized to use demand accounts, certificates of deposit, obligations of the United States of America, New York State and local municipalities and school districts, certificates of participation and repurchase agreements with certain restrictions.

Collateral is required for demand deposits and certificates of deposit at 100 percent of all 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 any state and its municipalities and school districts.

During 2019, cash and investments were either insured by Federal Depository Insurance or collateralized by assets of the Town's agent in the Town's name.

**4. CASH RESTRICTED**

Cash restricted consists of the following:

General Fund

Assigned for Tax Certiorari	\$ 110,284
Parkland Deposits	179,570
Employee Benefit Reserve	134,291
Asset Forfeiture Reserve	45,572
Capital Reserve	221,025
Reserve for Repairs	702,629
	<u>\$ 1,393,371</u>

Highway Fund

Assigned for Tax Certiorari	59,381
Reserve for Repairs	650,673
	<u>\$ 710,054</u>

Water Fund

Reserve for Repairs	<u>\$ 1,308,833</u>
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Sewer Fund

Reserve for Repairs	<u>\$ 198,015</u>
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**5. BOND ANTICIPATION NOTES**

Liabilities for bond anticipation notes (BANs) issued for capital projects that are one year in duration 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. 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 changes in the Town's BANs outstanding during the year were as follows:

BANs Outstanding January 1, 2019	\$ 7,878,440
Repayments	<u>(2,297,060)</u>
BANs Outstanding December 31, 2019	<u>\$ 5,581,380</u>

BANs outstanding at December 31, 2019 were as follows:

<u>Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance December 31, 2019</u>
Helderberg/Highbridge Sewers	11/14/20	2.59%	\$ 155,000
Emergency Sewer Repairs	03/05/20	1.97%	180,000
Emergency Sewer Repairs	09/29/20	2.57%	105,080
Hamburg Street Sewer	06/20/20	2.53%	3,750,300
Highway Equipment	10/22/20	2.44%	576,000
Sewer Treatment Plant Upgrades	02/05/20	1.68%	475,000
Wall Water Project	09/29/20	2.57%	<u>340,000</u>
			<u>\$ 5,581,380</u>

**6. DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflows of resources is reduced and revenue is recognized.

Deferred inflows consist of the following:

Sewer Fund - Sewer Rents not available	<u>\$ 51,921</u>
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**7. LONG-TERM INDEBTEDNESS**

The changes in the Town's long-term indebtedness during the year are summarized as follows:

	<b>Payable at January 1, <u>2019</u></b>	<b><u>Additions</u></b>	<b><u>Decreases</u></b>	<b>Payable at December 31, <u>2019</u></b>
Landfill Postclosure Costs	\$ 130,270	\$ 6,224	\$ -	\$ 136,494
Bonds	3,595,000	2,410,500	(525,000)	5,480,500
Compensated Absences	2,544,216	85,524	-	2,629,740
Postemployment Benefits	52,176,177	16,353,415	-	68,529,592
Net Pension Liability	<u>1,779,644</u>	<u>1,588,130</u>	-	<u>3,367,774</u>
Total	<u>\$ 60,225,307</u>	<u>\$ 20,443,793</u>	<u>\$ (525,000)</u>	<u>\$ 80,144,100</u>

*A. Claims and Judgments*

There were several tax review cases pending against the Town for a reduction in the assessed value of property. The petitions were for taxes collected in 2005 through 2018. The Town believes that the likelihood of a reduction is remote and therefore no provision for loss has been recorded in the non-current governmental liabilities account group at December 31, 2019.

*B. Landfill Postclosure Costs*

The Town entered into an Order of Consent with the New York State Department of Environmental Conservation (DEC) on April 17, 1990 for the purpose of ensuring the proper maintenance and future closure of the Town's landfill. The order includes specific requirements and deadlines for the Town to follow and meet or they could be subject to penalties. The status of compliance with the consent order is subject to review by the Department of Environmental Conservation. The Town has been served with a number of additional consent orders in 1996, 1997 and 1998.

The closure of the landfill was substantially completed in 1995. The remaining cost of the required maintenance, closure and postclosure monitoring costs of the landfill is estimated to be \$136,494 at December 31, 2019. The Town has recorded this estimate in the non-current governmental liabilities account group.

**7. LONG-TERM INDEBTEDNESS (CONTINUED)**

*C. Bonds*

The following is a summary and description of the serial bonds outstanding at December 31, 2019:

<u>Description</u>	<u>Issue Date</u>	<u>Original Issue</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at December 31, 2019</u>
Tax Certiorari	08/15/02	\$ 3,250,000	08/15/22	4.0%	\$ 675,000
Water Drainage	11/05/03	\$ 442,585	11/05/32	0%	195,000
General Improvement	05/15/09	\$ 2,327,000	05/15/22	3.33%	500,000
Water Tank	10/15/09	\$ 1,400,000	10/15/29	3.766%	820,690
Drainage	10/15/09	\$ 1,500,000	10/15/29	3.766%	879,310
Drinking Water Facility *	07/19/18	\$ 2,100,000	07/19/23	1.67%	-
General Public Improvement	11/13/19	\$ 2,410,500	11/01/20-11/01/49	2.625%-2.750%	<u>2,410,500</u>
					<u>\$ 5,480,500</u>

\* EFC Bond was issued, with no drawdowns at December 31, 2019.

The following is a summary of maturity of debt service requirements for general obligation bonds:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 590,500	\$ 116,020
2021	610,000	93,945
2022	635,000	70,895
2023	235,000	50,250
2024	240,000	43,850
2025-2029	1,310,000	115,450
2030-2032	<u>1,860,000</u>	-
	<u>\$ 5,480,500</u>	<u>\$ 490,410</u>

*D. Compensated Absences*

Town employees are granted vacation, holiday, sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation, holiday (police only), sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Payment of accumulated and unused vacation, holiday, sick leave and compensatory absences recorded in the non-current governmental liabilities account group is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation, holiday, sick leave and compensatory absences when such amounts become due.

**7. LONG-TERM INDEBTEDNESS (CONTINUED)**

*D. Compensated Absences (Continued)*

The Town recognizes a liability for vacation, holiday and compensatory absences and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes vacation, holiday and compensatory absences that were earned but not used during the current or prior periods and of which employees can receive compensation in a future period.

In addition, the Town recognizes a liability for vesting sick leave and additional salary-related payments as employees earn benefits and to the extent it is probable that the Town will compensate the employees for the benefits through cash payments, rather than be taken as absences due to illness or other contingencies for employees who, at the balance sheet date, currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

*E. Postemployment Benefits*

**Plan Description**

GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefits.

**Benefits Provided**

The Town provides postemployment healthcare benefits for certain eligible retirees.

**Employees Covered by Benefit Terms**

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

Inactive employees or beneficiaries currently receiving benefit payments	122
Active employees	<u>121</u>
Total participants covered by OPEB Plan	<u><u>243</u></u>

**7. LONG-TERM INDEBTEDNESS (CONTINUED)**

E. *Postemployment Benefits (Continued)*

**Total OPEB Liability**

The Town's total OPEB liability of \$68,529,592 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Discount Rate	2.74%
Healthcare Cost Trend Rates	5.4% for 2019 to 3.84% in 2075
Salary Increases	Vary by year of service

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of December 31, 2019.

Mortality rates were based on the April 1, 2010 - March 31, 2015 New York State Employees Retirement System expense with adjustments for mortality improvements based in Society for Actuaries Scale MP-2014.

**Changes in the Total OPEB Liability**

OPEB Liability Beginning of Year	\$ 52,176,177
Changes for the Year:	
Service Cost	1,540,993
Interest	2,174,264
Assumption Changes and Differences	14,285,460
Benefit Payments	<u>(1,647,302)</u>
OPEB Liability End of Year	<u>\$ 68,529,592</u>

**7. LONG-TERM INDEBTEDNESS (CONTINUED)**

*E. Postemployment Benefits (Continued)*

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

The following presents the Town's total OPEB Liability calculated using a discount rate of 2.74%, 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 rate:

	<b>Discount Rate</b>		
	<b><u>1% Decrease</u></b>	<b><u>2.74% Baseline</u></b>	<b><u>1% Increase</u></b>
Total OPEB Liability	\$ 57,634,460	\$ 68,529,592	\$ 82,684,174

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

The following presents the Town's total OPEB Liability calculated using a healthcare cost trend rate of 5.4%, as well as what the Town's total OPEB Liability would be if it were calculated using a healthcare trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>Healthcare Cost Trend Rate</b>		
	<b><u>1% Decrease</u></b>	<b><u>5.4% Baseline</u></b>	<b><u>1% Increase</u></b>
Total OPEB Liability	\$ 55,663,933	\$ 68,529,592	\$ 85,724,884

**OPEB Expense**

For the year ended December 31, 2019, the Town recognized an OPEB expense as follows:

	<b><u>2019</u></b>
Service Cost	\$ 1,540,993
Interest	2,174,264
Changes of Assumptions or Other Inputs	1,350,225
Net OPEB Expense	<b>\$ 5,065,482</b>

**7. LONG-TERM INDEBTEDNESS (CONTINUED)**

*E. Postemployment Benefits (Continued)*

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Change in assumptions and other inputs	<u>\$ 11,904,550</u>	<u>\$ (4,122,742)</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

December 31, 2020	\$ 1,350,225
December 31, 2021	1,350,225
December 31, 2022	1,350,225
December 31, 2023	1,350,223
December 31, 2024	<u>2,380,910</u>
	<u>\$ 7,781,808</u>

**8. PENSION PLAN**

***General Information***

The Town participates in the New York State and Local Employees' Retirement System ("ERS") and New York State and Local Police and Fire Retirement System ("PFRS"). The Systems are cost sharing multiple-employer, public employee retirement systems. The Systems offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

***Plan Description and Benefits Provided***

The Systems provide retirement benefits as well as death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund, which was established to hold all net assets and record changes in plan net position allocated to the Systems. The Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the Systems. System benefits are established under provisions of the New York State Retirement and Social Security Laws ("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 Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.



**8. PENSION PLAN**

***Plan Description and Benefits Provided (Continued)***

The Systems are noncontributory except for ERS employees who joined the System after July 27, 1976 who contribute 3% of their salary, for the first ten years of membership and employees who joined on or after January 1, 2010 who generally must contribute 3% of their salary for their entire length 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.

Contributions for the current year and two preceding years were equal to 100% of the contributions required as follows:

	<u>ERS</u>	<u>PFRS</u>	
March 31, 2020	\$ 601,685	\$ 1,013,994	
March 31, 2019	\$ 612,901	\$ 983,254	
March 31, 2018	\$ 573,331	\$ 974,735	

Chapter 260 of the laws of 2014 of the State of New York allows local employers to bond or amortize a portion (limitations established by fiscal year) of their retirement bill up to 10 years for fiscal years ended March 31, 2005 through 2008. Chapter 57 of the laws of 2010 of the State of New York allows local employers to amortize a portion (limitations established by fiscal year) of their retirement bill for 10 years for fiscal years ended March 31, 2013 and forward.

These laws require participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts. The Town has not bonded or amortized any portion of their retirement obligations.

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

At December 31, 2019, the Town reported a liability of \$1,075,198 for ERS and \$2,292,576 for PFRS for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2018. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2019, the Town's proportion was .0152% percent ERS and .1367% PFRS.

**8. PENSION PLAN (CONTINUED)**

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

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 768,659	\$ (316,946)
Changes in assumptions	1,103,215	-
Net difference between projected and actual earnings on pension plan investments	-	(735,102)
Changes in proportion	173,295	(560,063)
Contributions subsequent to the measurement date	<u>1,211,759</u>	<u>-</u>
	<b><u>\$ 3,256,928</u></b>	<b><u>\$ (1,612,111)</u></b>

The net amount of the employer's balances of deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ 1,757,848
2021	(410,816)
2022	(84,497)
2023	356,580
2024	<u>25,702</u>
	<b><u>\$ 1,644,817</u></b>

***ERS Actuarial Assumptions***

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019. The actuarial valuation used the following actuarial assumptions.

	<b><u>ERS</u></b>	<b><u>PFRS</u></b>
Interest rate	7.0%	7.0%
Salary increase	3.8%	4.5%
Inflation rate	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

**8. PENSION PLAN (CONTINUED)**

***ERS Actuarial Assumptions (Continued)***

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period August 1, 2010 - March 31, 2015.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	4.55%
International equity	6.35%
Private equity	7.75%
Real estate	5.80%
Absolute return strategies	4.00%
Opportunistic portfolio	5.89%
Real assets	5.54%
Bonds and mortgages	1.31%
Cash	(.25%)
Inflation-indexed bonds	1.50%

***Discount Rate***

The discount rate used to calculate the total pension liability was 7% for ERS and PFRS. 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 System's 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.

**8. PENSION PLAN (CONTINUED)**

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

The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town’s proportionate share of the net pension asset/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:

	<u>1% Decrease</u>	<u>Current Assumption</u>	<u>1% Increase</u>
<b><u>ERS</u></b>			
Town’s proportionate share of the net pension asset (liability)	\$ <u>4,700,936</u>	\$ <u>(1,075,198)</u>	\$ <u>(1,970,680)</u>

<b><u>PFRS</u></b>			
Town’s proportionate share of the net pension asset (liability)	\$ <u>8,285,027</u>	\$ <u>(2,292,576)</u>	\$ <u>(2,711,816)</u>

***Pension Plan Fiduciary Net Position***

The components of the net pension liability of the fiduciary as of March 31, 2019 was as follows (in thousands):

	<u>ERS</u>	<u>PFRS</u>
Fiduciary total pension liability	\$ (189,803,429)	\$ (34,128,100)
Fiduciary net position	<u>182,718,124</u>	<u>32,451,037</u>
Fiduciary net pension liability	<u>\$ (7,085,305)</u>	<u>\$ (1,677,063)</u>
Ratio of fiduciary net position to the fiduciary total pension liability	<u>96.27%</u>	<u>95.09%</u>

**9. FUND BALANCE**

The Town implemented GASB 54 “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB 54 defines five categories of fund balances as follows:

1. **Nonspendable** fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Town’s nonspendable fund balance consists of inventories and prepaid expenses at December 31, 2019.

**9. FUND BALANCE (CONTINUED)**

2. **Restricted** fund balance includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance includes the following:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Capital Reserve	\$ 221,025	\$ -	\$ -	\$ -
Parkland Deposits	179,570	-	-	-
Employee Benefit Reserve	134,291	-	-	-
Assets Forfeiture Reserve	45,572	-	-	-
Repair Reserve	702,629	650,673	1,308,833	198,015
	<u>\$ 1,283,087</u>	<u>\$ 650,673</u>	<u>\$ 1,308,833</u>	<u>\$ 198,015</u>

The reserve for employee benefits consists of the funded portion of the estimated police retirement payments to be made. Of the total salary and benefit estimate of \$561,920, \$134,291 has been restricted and \$427,629 has been assigned.

3. **Committed** fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Board. The Town had no committed fund balances at December 31, 2019.
3. **Assigned** fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include funds that are legally mandated to be accounted for separately as well as amounts that have been contractually obligated by the Town or designated by the Town for ensuing year's budget. Assigned fund balance includes the following:

	<u>General Fund</u>	<u>Highway Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Assigned for Encumbrances	\$ 306,697	\$ -	\$ 32,309	\$ 1,589
Assigned for Tax Certiorari	110,284	59,381	-	-
Assigned for Employee Benefits	427,629	-	-	-
Assigned for Ensuing Year's Budget	1,846,000	139,600	105,000	55,000
Assigned for Special Revenue	-	892,880	1,561,794	1,727,360
Total	<u>\$ 2,690,610</u>	<u>\$ 1,091,861</u>	<u>\$ 1,699,103</u>	<u>\$ 1,783,949</u>

5. **Unassigned** fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the fund.

The Town Board determines whether restricted, committed, assigned or unassigned amounts are considered to have been spent first when resources are available from multiple constraint levels. The default policy is that resources are spent first from the highest constraint level.

**10. TAX ABATEMENT**

The Town enters into Payment in Lieu of Taxes (“PILOTS”) agreements with some local businesses. PILOTS are often included as part of an Industrial Development Agency (“IDA”) agreement with a commercial or industrial development for the purpose of attracting or retaining business within their jurisdictions. PILOT agreements normally provide for payments of amount lesser than would have been collected for real estate taxes for a number of years.

For the year ended December 31, 2019, the Town recognized \$1,065,892 in PILOT revenue under PILOT agreements. Abated property taxes amounted to approximately \$451,000 under this program.

**11. INTERFUND BALANCES AND TRANSFERS**

Interfund balances and transfers were as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 90,000	\$ -	\$ 359,671	\$ 661,000
Highway	-	-	-	60,000
Water	-	-	-	677,849
Sewer	-	-	-	213,246
Drainage	-	-	-	750
Fire Protection	-	-	-	1,000
Lighting	-	-	-	3,000
Capital Projects	-	90,000	1,257,174	-
Total	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 1,616,845</u>	<u>\$ 1,616,845</u>

**12. COMMITMENTS AND CONTINGENCIES**

*Litigation*

Several claims against the Town are presently pending for various reasons including condemnation and personal injuries. Although the final outcome of these matters cannot be predicted, management of the Town, based on the advice of the Town’s legal counsel, does not believe that the final settlement of these matters will have a material adverse effect on the financial condition of the Town.

*Grant Programs*

The Town participates in a number of grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives. The Town believes, based upon its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town’s financial position or results of operations.

**12. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

*Environmental Concerns*

The Town is engaged in many activities (e.g., water and sewer service, refuse collection, gasoline storage), in the normal course of operations, that are potentially hazardous to the environment. As of December 31, 2019, the Town is not aware of any significant environmental problems that should be disclosed in the Financial statements.

*Union Contracts*

Police and general city employees are each represented by a collective bargaining agent. Those agents which represent them and the dates of expiration of their agreements are as follows:

<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
C.S.E.A., Local 1000	December 31, 2020
Rotterdam Patrolmen's Benevolent Association	December 31, 2020

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through November 4, 2020, the date the financial statements were available to be issued. The following subsequent event has been noted by management:

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Town and its future financial position and results of operations is not presently determinable.