NOTES TO FINANCIAL STATEMENTS

For the Fiscal Year Ending December 31, 2020

I. ***Summary of Significant Accounting Policies***

The fund financial statements of the Town of East Bloomfield, Ontario, New York have not been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units since the Town has elected not to implement the requirements of of GASB Statement #34 at December 31, 2020. 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 government's accounting policies are described below.

A. Financial Reporting Entity

The Town of East Bloomfield, which was established in 1789, is governed by its Charter, the Town law and other general laws of the State of New York and various local laws. The Town Board is the legislative body responsible for overall operations, the Town Supervisor serves as chief executive officer and serves as chief fiscal officer.

All governmental activities and functions performed for the Town of East Bloomfield, Ontario County, New York are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following:

(a) The primary government which is the Town of East Bloomfield, Ontario County, New York;

(b) Organizations for which the primary government is financially accountable, and

(c) Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the Town’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no component units within the Town of East Bloomfield, Ontario County, New York.

B. Fund Accounting

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

The Town records its transactions in the fund types described below.

1. Fund Categories

a. <u>*Governmental Funds*</u> – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources). The following are the Town's governmental fund types.

- *General Fund Whole Town and General Fund Part Town* – the Town uses two general funds to account for the financial resources.

  A General Fund Whole Town for all general town wide activities, which is the primary operating fund of the Town. It includes all revenues and expenditures not required by law to be accounted for in other funds.

  A General Fund Part Town for activities associated solely with the portion of the Town which lies outside the Village of Bloomfield (the Village).

- *Capital Projects Fund* – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets other than those financed by proprietary funds.

- *Special Revenue Funds* – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The following Special Revenue Funds are utilized:

Highway Fund Whole Town	Highway Fund Part Town
Sewer District Fund	Water Districts Fund
Miscellaneous Special Revenue Fund	

C. <u>Basis of Accounting/Measurement Focus</u>

Basis of accounting refers to <u>when</u> revenues and expenditures/expenses and the related assets, deferred outflows, liabilities and deferred inflows are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of <u>what</u> is measured, i.e., expenditures or expenses.

1. Modified Accrual Basis –

a. *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 to be used to pay liabilities of the current period. Revenues are considered to be available if collected within sixty (60) days of the end of the current fiscal year.

Material revenues that are accrued include real property taxes, State and Federal Aid, sales tax 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, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when a liability is incurred except that:

- Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase.
- Principal and interest on indebtedness are recognized as expenditures when payment is due.
- Compensated absences, such as vacation and sick leave which vests or accumulates, are charged as expenditures when payment is due.
- Other post-employment benefits are charged as expenditures when payment is due.

D. <u>Changes in Account Policies</u>

During the 2020 fiscal year, the Town made NO changes to accounting policies.

E. <u>Fund Balances</u>

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54), breaks fund balance out into five different classifications: nonspendable, restricted, committed, assigned, and unassigned.

- ***Nonspendable*** consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

- ***Restricted*** consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

- ***Committed*** consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Town Board is the decision-making authority that can, by motion and a 2/3 approved vote, prior to the end of the fiscal year, commit fund balance.

- ***Assigned*** consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. The Town Board or a Town Board designated official can assign fund balance.

- ***Unassigned*** represents the residual classification for the government's general fund, and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The following policies relate to GASB No. 54:

a. **Spending Policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds.

b. **Order of fund balance** – The Town's policy is to apply expenditures against restricted fund equity and unassigned fund equity at the end of the fiscal year.

   For all funds, restricted fund equity is determined first. In the General Fund, the remaining amounts are reported as unassigned.

   It is possible for the funds to have negative unassigned fund equity when the restricted fund equity for specific purposes amounts exceed the positive fund balance.

The Town Board has, by resolution, adopted a fund balance policy that states the Town Board must maintain a minimum unrestricted (the total of committed, assigned, and unassigned) fund balance of at least 30 percent (30%) of the general fund operating budget. Unrestricted fund balance below the minimum should be replenished within the succeeding fiscal year.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes. Encumbrances are reported as restrictions, commitments, or assignments of fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

	General Fund
Assigned for:	
Parks and Recreation	$5,500

G. Capital Assets

Capital Assets, which include property, plant, equipment, and infrastructure assets, are reported in the Schedule of Non-Current Governmental Assets. The Town defines capital assets as assets with an initial, individual cost of more than $500 and an estimated useful life in excess of four (4) years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and assets acquired in a service concession arrangement are recorded at acquisition value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures in governmental funds. Capital assets are not shown on governmental fund balance sheets.

H. Cash and Cash Equivalents

For financial statement purposes, the Town considers all highly liquid investments of three months or less as cash equivalents.

I. Inventory and Prepaid Items

Inventory is valued at cost utilizing the first in and first out method.

Payments to vendors for costs applicable to future accounting periods, are recorded as prepaid items in the fund financial statements.

J. Deferred Outflows/Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time

K. Insurance

The Town assumes the liability for most risk including, but not limited to, property damage and personal injury liability. 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.

L. Compensated Absences

Employees accrue sick leave at the rate of 80 hours per year and may accumulate such credits up to a total of 1040 hours. Employees who retire have their accumulated sick leave credits applied towards their New York State retirement. Employees who are terminated and not eligible for NYS retirement forfeit their accumulated sick leave credits.

M. Postemployment Benefits

The Town does not currently provide postemployment benefits to its retirees.

S. Newly Adopted Accounting Standards

The Town has adopted all current Statements of the GASB that are applicable. At December 31, 2020, the Town implemented the following new standard issued by GASB:

GASB Statement No. 84, Accounting and Financial Reporting for Fiduciary Activities, for the year ending December 31, 2020.

II. *Stewardship, Compliance, Accountability*

A. Budget Policies – The budget policies are as follows:

1. No later than September 30, the budget officer submits a tentative budget to the Town Clerk for submission to the Town Board for the fiscal year commencing the following January. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
2. After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
3. All modifications of the budget must be approved by the governing board. However, the Supervisor is authorized to transfer certain budgeted amounts within departments.
4. Budgets are adopted annually on a basis consistent with generally accepted accounting principles.
5. Appropriations in all budgeted funds lapse at the end of the fiscal year, except that outstanding encumbrances are re-apportioned in the subsequent year.

B. Property Taxes

County real property taxes are levied annually no later that December 31 and become a lien on January 1. Taxes are collected during the period January 1 to March 31. 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 levied in the towns. Unpaid town taxes and non-city school district taxes are turned over to the County for enforcement. Any such taxes remaining unpaid at year end are relevied as County taxes in the subsequent year

General Municipal Law Section 3-c established a tax levy limit for local governments in New York State effective June 24, 2011. This law generally limits the amount by which local governments can increase property tax levies to 2 percent or the rate of inflation, whichever is less. The law does provide exclusions for certain specific costs and allows the governing board to override the tax levy limit with a supermajority vote.

C. Material Violations of Finance-Related Provisions

In fiscal year 2020, the Town had NO material violations.

D. Deficit Fund Balances

General Fund – Town Only (Fund B). When the Budget was passed by the Town Board in November 2020 the estimated fund balance was approximately $89,000 of which the Town Board appropriated $79,752 for 2021. At the end of fiscal year 2020, the final fund balance was $73,852.08. The difference between the estimated $89,000 and actual $73,852.08 was a result of omitting the prepaids in the estimated fund balance calculation plus additional unexpected expenses. The Town Board's plan is to be conservative on spending to make up some of the difference and, if necessary, make a loan from Fund A to Fund B in 2021, until the deficit can be made up in 2022.

III. *Detailed Notes on All Funds*

A. Assets

1. Cash And Investments

The Town 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 Supervisor is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit as provided for by law 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 the State and its municipalities and school districts.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity.

Deposits and investments (disclosed in the financial statements) at year-end were entirely covered by federal depository insurance or by collateral held by the Town's custodial bank in the Town's name. The balances were collaterized as follows:

Uncollateralized –	$ --
Collateralized with securities held by the pledging	$ 2,426,147

2. Deposits

All deposits, including certificates of deposit, are carried at cost plus accrued interest.

3. Changes In Capital Assets

A summary of changes in capital fixed assets follows:

Type	Balance 1/1/2020	Additions	Deletions	Balance 12/31/20
Capital Assets not being depreciated				
Land	$ 910,032	$ --	$ --	$ 910,032
Total capital assets not being depreciated	$ 910,032			$ 910,032
Capital Assets being depreciated				
Buildings and Improvements	$ 1,427,232	$ 16,064	$ --	$ 1,443,296
Machinery and Equipment	2,523,540	32,488	237,565	2,318,463
Infrastructure	48,576,665	--	--	48,576,665
Total capital assets being depreciated	$ 52,527,437	$ 48,552	$ (237,565)	$ 52,338,424
Less accumulated depreciation for:				
Buildings and Improvements	$ 558,169	$ 46,416	$ --	$ 604,585
Machinery and Equipment	1,552,315	231,171	229,424	1,554,062
Infrastructure	30,531,779	1,600,771		32,132,550
Total accumulated depreciation	$ 32,642,263	$ 1,878,358	$ (229,424)	$ 34,291,197
Capital Assets being depreciated, net	$ 19,885,174	$(1,829,806)	$ (8,141)	$18,047,227
Total Capital Fixed Assets	$ 20,795,206	$(1,829,806)	$ (8,141)	$ 18,957,259

Depreciation for the year ending December 31, 2020 totaled $1,648,934.

B. Liabilities

1. Pension Plans

Plan Description

The Town of East Bloomfield participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer defined benefit retirement system. 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 fiduciary 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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 of East Bloomfield also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System's financial report may be found at https://www.osc.state.ny.us/retirement/resources/financial-statements-and-supplementary-information or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after ten years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS and PFRS members, the accidental disability benefit is a pension of 75 percent of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tier 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first $50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for ten years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

Contributions

Tier 1 and 2 members do not have to contribute any of their salary to the System. Generally, however, tier 3, 4, and 5 members contribute 3 percent of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. 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 RSSL, 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 percent of the contributions required, and were as follows:

Payment Due Date	ERS
12/15/20	$78,271*
12/15/19	$76,862*
12/15/18	$73,447

* The Library is not included in this amount, as they are no longer a part of the Town for reporting or payment purposes.

The Town does not amortize any portion of their retirement bill under Chapter 57 of the Laws of 2010 of the State of New York.

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

At December 31, 2020, the Town reported a liability of $513,898 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2020 the Town's proportion was 0.0019407 percent.

For the year ended December 31, 2020, the Town recognized pension expense of $181,328. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 30,245	$ 0
Changes of Assumptions	10,347	$ 8,935
Net difference between projected and actual earnings on pension plan investments	$ 263,449	$ 0
Changes in proportion and differences between LG contributions and proportionate share of contributions	$ 16,806	$ 5,620
Total	**$ 320,847**	**$ 14,555**

$320,847 is reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended March 31:	
2021	54,117
2022	76,582
2023	97,926
2024	77,667

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

	ERS
Inflation	2.5%
Salary increases	4.2%
Investment rate of return (net of investment expense, including inflation)	6.8%
Cost of living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.00%	4.05%
International equity	14.00	6.15
Private equity	10.00	6.75
Real estate	10.00	4.95
Absolute return strategies[a]	2.00	3.25
Opportunistic portfolio	3.00	4.65
Real assets	3.00	5.95
Bonds and mortgages	17.00	0.75
Cash	1.00	0.00
Inflation-indexed bonds	4.00	0.50

[a] Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

The real rate of return is net of the long-term inflation assumption of 2.50%.

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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.

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 net pension liability calculated using the discount rate of 6.8 percent, 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-percentagepoint lower (5.8 percent) or 1-percentage-point higher (7.8 percent) than the current rate:

	1% Decrease 5.8%	**Current Assumption 6.8%**	**1% Increase 7.8%**
Employer's proportionate share of the net pension liability	$943,148	$513,898	$118,557

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

(Dollars in Thousands)	Employees' Retirement System
Employers' total pension liability	$ 194,596,261
Plan net position	168,115,682
Employers' net pension liability	$ 26,480,579
Ratio of Plan net position to the employers' total pension liability	86.39%

2. **Debt**

GASB Statement 88,[1] issued in March 2018 and now effective, defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt, including direct borrowings and direct placements.

GASB Statement 88 defines debt as "a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed[2] at the date the contractual obligation is established. For disclosure purposes, debt does not include leases, except for contracts reported as a financed purchase of the underlying asset, or accounts payable."

1 Effective for reporting periods beginning after June 15, 2018.

2 For purposes of this determination, interest to be accrued and subsequently paid (such as interest on variable-rate debt) or interest to be added to the principal amount of the obligation (such as interest on capital appreciation bonds) does not preclude the amount to be settled from being considered fixed at the date the contractual obligation is established.

Direct borrowings and direct placements are now also required to be separated from all other debt disclosures. A direct borrowing is when a government engages in a loan with a lender for funding (e.g. bank, credit union, private mortgage company, etc.). A direct placement is when a government issues a debt security directly to an investor.

Additionally, there should be disclosures for summarized information about unused lines of credit, assets pledged as collateral for debt, and certain terms specified in debt agreements such as: events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses.

The below notes have been updated to reflect the above disclosure requirements.

1. Short-Term Debt

New GASB Statement 88 Requirements: Any assets pledged as collateral for any short-term debt need to also be disclosed. Additionally, terms such as events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses need to be disclosed.

a. *Bond Anticipation Notes*

Liabilities for bond anticipation notes (BAN's) are generally accounted for in the capital project fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter.

State law requires that BANs issued for capital purposes be retired or converted to long term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects myay be renewed for preriods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

b. *Interest Expense*

The short-term interest expense as of December 31, 2020 totaled $ 25,708.
Summary of short-term debt

The following is a summary of the short-term debt outstanding as of December 31, 2020:

Equipment	**Balance 1/1/20**	**Additions**	**Deletions**	**Balance 12/31/20**	**Fund**
BAN maturing 5/08/20 @ 2.75%	$ 24,400		(24,400)	--	DB
BAN maturing 2/28/20 @ 2.75%	92,800		(46,400)	46,400	DB
BAN maturing 6/12/20 @ 2.75%	141,600		(47,200)	94,400	DB
BAN maturing 8/14/20 @ 2.35%	188,800		(47,200)	141,600	DB
BAN maturing 6/12/21 @ 2.00%		236,000		236,000	DB
Construction					
BAN maturing 8/14/20 @ 2.35%	$ 110,000		(27,500)	82,500	A
BAN maturing 2/28/20 @ 2.75%	425,000		(25,000)	400,000	A
Total Short-term Debt	**$ 982,600**	**$ 236,000**	**$ (217,700)**	**$ 1,000,900**	

2. Long -Term Debt

New GASB Statement 88 Requirements: Any asset's pledged as collateral for any long-term debt need to be disclosed. Additionally, terms such as events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses need to be disclosed.

a. *Serial Bonds*

The Town, borrows money in order to acquire land or high cost equipment or construct buildings and improvements or infrastructure. 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 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.

b. *Interest Expense*

The long-term interest expense as of December 31, 2020 totaled $ 96,678.

c. *Summary of long-term liabilities*

The following is a summary of the long-term liabilities outstanding as of December 31, 2020:

Serial Bonds	**Date Issued**	**Interest Rate**	**Amount Outstanding 12/31/20**	**Year of Maturity**	**Fund**
Water District #2 Ext 2	2004	4.75%	$ 62,000	2041	SW22
Sewer District #1	2011	5 – 5.75%	140,000	2035	SS1
Water Districts #1 and #2	2016	2.25 – 3.25%	2,250,000	2044	SW1 and SW2
Water District #2 Ext 6	2017	3 – 4%	475,000	2047	SW26
Total Long-Term Debt			**$ 2,927,000**		

The following is a summary of the Town's future long-term liabilities requirements as of December 31, 2020:

Year	**Bonds**	**Interest**
2021	82,000	94,520
2022	82,000	92,362
2023	87,000	90,193
2024	87,000	87,910
2025	97,000	85,628
2026 - 30	527,000	380,140
2031 - 35	610,000	287,663
2036 - 40	675,000	182,588
2041 - 45	625,000	67,000
2046 - 47	55,000	3,400
Total	**$ 2,927,000**	**$ 1,286,334**

C. Interfund Receivables and Payables

The Town as of December 31, 2020, had no interfund receivables or payables.

D. Receivables/Due From Other Governments

Receivables at December 31, 2020 consisted of the following, which are stated at net realized value. Town management has deemed the amounts to be fully collectible:

Description	Amount
General Fund – Receivables	$ 8,552
General Fund – Due from Other Govts	102,414
General Town – Outside Village Fd - Due from Other Govts	42,433
Highway – Town Wide Fund – Gravel Sales	1,016
Highway Part Town Fund – Fuel Sales	8,663
Highway Part Town Fund – Due from Other Govts	125,924
Sewer Fund – Rents	20,930
Sewer Fund – Relevy	1,302
Water Fund – Rents	44,453
Water Fund – Water Tower Lease Pyment	1,159
	$ 356,846

E. Fund Balance

1. Allocation of Fund Balance.

Certain funds of the Town apply to areas less than the entire Town. The fund equity at the Balance Sheet Year End - December 31, 2020 is allocated as follows:

	General Fund	**General Fund Part – Town**	**Capital Projects Fund**	**Special Revenue Funds**	**Total**
Nonspendable					
Prepaid Items	**$ 10,931**	**$ 3,541**	**$ --**	**$ 14,031**	**$ 28,503**
Restricted					
Capital Reserve	**$ 162,329**	**$ --**	**$ --**	**$ 896,025**	**$ 1,058,354**
Assigned					
Appropriated for taxes	$ 44,753	$ 79,752		$ 347,325	$ 471,830
General Govt Support					
Culture & Arts					
Outside Village		(5,900) *			$ (5,900)
Capital Projects					
Special Revenue				$ 22,020	$ 22,020
Sewer				$ 124,852	$ 124,852
Water				$ 274,120	$ 274,120
Transportation				$ 403,228	$ 403,228
Total Assigned	**$ 44,753**	**$ 73,852**	**$ 0.00**	**$ 1,171,545**	**$ 1,290,150**
Unassigned	**$ 515,367**		**$ (964,255)**		**$ (448,888)**
Total Fund Balance	**$ 733,380**	**$ 77,393**	**$ (964,255)**	**$ 2,081,601**	**$ 1,928,119**

*See explanation under Section II, Paragraph D, Deficit Fund Balance

The Town maintains the following capital reserves:

	Balance 1/1/20	Revenues	Transfers	Balance 12/31/20
General Fund				
VP Recreation/Maint	$ 42,859	5,031	$ -	$ 47,890
Data Processing	9,843	1,207		11,050
Town Hall Bldg Maint	50,375	34	(24,020)	26,389
Highway Bld Maint		45,000		45,000
Boughton Pk Maint		32,000		32,000
Highway Fund				
Gravel Pit	25,040	5,019		30,059
Highway Part Town Fund				
Fuel Island	17,496	563		18,059
Equipment	158,879	115		158,994
Sewer Fund				
Maintenance	78,352	4,923		83,275
Water Fund				
WD #1 Maintenance		1,080		1,080
WD #1 Water Tower	494,185	41,870		536,055
WD #2 Mainteanance	39,284	28		39,312
WD #2 Ext 2 Maint	27,715	517		28,232
WD #2 Ext 6 Maint		958		958
Total Capital Reserves	**$ 944,028**	**$138,345**	**$ (24,020)**	**$ 1,058,353**

F. Deferred Compensation Plan

The GASB issued Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. This statement established accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments.

As a result, Statement No. 32 became effective for the New York State Deferred Compensation Plan as of October 1, 1997. Since the plan no longer meets the criteria for inclusion in New York State's financial statements, municipalities which participate in New York State's Deferred Compensation Plan are no longer required to report the value of the plan assets.

G. Lease Commitments and Leased Assets

The Town has no lease commitments and/or leased assets.