

**AUDITED
BASIC FINANCIAL STATEMENTS**

TOWN OF BATAVIA, NEW YORK

DECEMBER 31, 2020

TOWN OF BATAVIA, NEW YORK
TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet - Governmental Funds	5
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Governmental Funds	7-8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities	9
Statement of Fiduciary Net Position - Fiduciary Funds	10
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	11
Notes to Basic Financial Statements	12-31
Required Supplementary Information:	
Schedule of the Town's Proportionate Share of the Net Pension Liability - Employees' Retirement System	32
Schedule of the Town's Pension Contributions - Employees' Retirement System	33
Budgetary Comparison Schedule for the General Fund	34
Budgetary Comparison Schedule for the Highway-Townwide Fund	35
Budgetary Comparison Schedule for the Water and Sewer Funds	36
Budgetary Comparison Schedule for the Fire District Fund	37
Notes to Required Supplementary Information	38

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the Town Board
Town of Batavia, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Batavia, New York (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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; this includes 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 opinions 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. 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 Town'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 Town'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Freed Maxick CPAs, P.C.

Batavia, New York
May 14, 2021

TOWN OF BATAVIA, NEW YORK
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,927,152
Cash and cash equivalents - restricted	350,916
Certificates of deposit	7,500,000
Certificates of deposit - restricted	850,000
Receivables	1,859,916
Intergovernmental receivables	443,190
Prepaid items	159,310
Intergovernmental receivables - noncurrent	245,756
Capital assets not being depreciated	7,277,619
Capital assets, net of accumulated depreciation	<u>13,074,618</u>
 Total assets	 <u>35,688,477</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension outflows	<u>1,214,508</u>
 Total deferred outflows of resources	 <u>1,214,508</u>
LIABILITIES	
Accounts payable	983,841
Accrued liabilities	69,134
Accrued interest payable	81,587
Customer deposits	10,250
Bond anticipation notes payable	5,109,500
Other liabilities	1,003
Noncurrent liabilities:	
Due and payable within one year	175,371
Due and payable after one year	<u>7,417,155</u>
 Total liabilities	 <u>13,847,841</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred pension inflows	<u>89,787</u>
 Total deferred inflows of resources	 <u>89,787</u>
NET POSITION	
Investment in capital assets	10,168,546
Restricted for:	
Repairs	68,231
Debt service	104,818
Parks acquisition/improvements	78,339
Economic development	68,962
Capital projects	819,846
Other purpose	5,000
Unrestricted	<u>11,651,615</u>
 Total net position	 <u>\$ 22,965,357</u>

See notes to basic financial statements.

**TOWN OF BATAVIA, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities:					
General government	\$ 2,300,695	\$ 315,432	\$ -	\$ -	\$ (1,985,263)
Public safety	1,557,336	5,431	-	-	(1,551,905)
Health	2,393	-	-	-	(2,393)
Transportation	1,423,545	14,000	-	116,943	(1,292,602)
Economic assistance and opportunity	235,834	-	229,449	-	(6,385)
Culture and recreation	1,165,413	-	-	563,119	(602,294)
Home and community services	4,864,064	5,799,469	75,000	28,415	1,038,820
Interest on debt	239,307	-	-	-	(239,307)
Total governmental activities	<u>\$ 11,788,587</u>	<u>\$ 6,134,332</u>	<u>\$ 304,449</u>	<u>\$ 708,477</u>	(4,641,329)
		General revenues:			
		Real property taxes			2,550,428
		Real property tax items			49,575
		Non-property taxes			94,143
		Interest earnings			66,603
		State aid not restricted for a specific purpose			300,758
		Other miscellaneous revenues			2,482,392
		Total general revenues			<u>5,543,899</u>
		Change in net position			902,570
		Net position - beginning			<u>22,062,787</u>
		Net position - ending			<u>\$ 22,965,357</u>

See notes to basic financial statements.

**TOWN OF BATAVIA, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>Special Revenue Funds</u>						<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Highway - Townwide</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Debt Service</u>	
ASSETS							
Cash and cash equivalents	\$ 2,496,930	\$ -	\$ 264,217	\$ 926,338	\$ 239,667	\$ -	\$ 3,927,152
Cash and cash equivalents - restricted	5,330	306,970	21,481	16,435	234	466	350,916
Certificates of deposit	4,050,000	-	400,000	1,325,000	1,725,000	-	7,500,000
Certificates of deposit - restricted	125,079	-	518,247	30,364	88,313	87,997	850,000
Receivables	33,791	-	-	1,178,421	647,704	-	1,859,916
Intergovernmental receivables	120,534	267,539	14,000	41,117	-	-	443,190
Due from other funds	92,214	-	229,358	24,204	501,955	-	847,731
Prepaid items	110,405	-	21,746	17,647	9,512	-	159,310
Total assets	<u>\$ 7,034,283</u>	<u>\$ 574,509</u>	<u>\$ 1,469,049</u>	<u>\$ 3,559,526</u>	<u>\$ 3,212,385</u>	<u>\$ 88,463</u>	<u>\$ 15,938,215</u>
LIABILITIES							
Accounts payable	\$ 39,323	\$ 3,104	\$ 3,907	\$ 648,474	\$ 289,033	\$ -	\$ 983,841
Accrued liabilities	41,940	-	12,127	9,434	5,633	-	69,134
Customer deposits	-	-	-	10,250	-	-	10,250
Due to other funds	-	618,373	-	229,358	-	-	847,731
Bond anticipation notes payable	-	5,109,500	-	-	-	-	5,109,500
Other liabilities	1,003	-	-	-	-	-	1,003
Total liabilities	<u>82,266</u>	<u>5,730,977</u>	<u>16,034</u>	<u>897,516</u>	<u>294,666</u>	<u>-</u>	<u>7,021,459</u>
FUND BALANCES (DEFICIT)							
Nonspendable	110,405	-	21,746	17,647	9,512	-	159,310
Restricted	152,301	-	769,086	46,799	88,547	88,463	1,145,196
Assigned	552,358	-	662,183	2,597,564	2,819,660	-	6,631,765
Unassigned (deficit)	6,136,953	(5,156,468)	-	-	-	-	980,485
Total fund balances (deficit)	<u>6,952,017</u>	<u>(5,156,468)</u>	<u>1,453,015</u>	<u>2,662,010</u>	<u>2,917,719</u>	<u>88,463</u>	<u>8,916,756</u>
Total liabilities and fund balances (deficit)	<u>\$ 7,034,283</u>	<u>\$ 574,509</u>	<u>\$ 1,469,049</u>	<u>\$ 3,559,526</u>	<u>\$ 3,212,385</u>	<u>\$ 88,463</u>	<u>\$ 15,938,215</u>

See notes to basic financial statements.

**TOWN OF BATAVIA, NEW YORK
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

Amounts reported for governmental activities in the Statement of Net Position (page 3) are different because:

Total fund balances - governmental funds (page 5)	\$ 8,916,756
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	20,352,237
Due from other governments associated with a long-term liability for landfill post closure costs	245,756
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Serial bonds payable	(5,338,000)
Premium on bonds payable	(43,161)
Compensated absences	(161,178)
Landfill post closure liability	(327,674)
Net pension liability	(1,722,513)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds	(81,587)
Deferred outflows and inflows are not assets or liabilities of the current period and therefore are not reported in the funds:	
Deferred outflows related to pension	1,214,508
Deferred inflows related to pension	<u>(89,787)</u>
Net position of governmental activities	<u>\$ 22,965,357</u>

**TOWN OF BATAVIA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Capital Projects	Special Revenue Funds				Nonmajor Debt Service	Total Governmental Funds
			Highway - Townwide	Water	Sewer	Fire District		
REVENUES								
Real property taxes	\$ 1,046,000	\$ -	\$ -	\$ 349,074	\$ 81,279	\$ 1,074,075	\$ -	\$ 2,550,428
Real property tax items	49,575	-	-	-	-	-	-	49,575
Non-property taxes	94,143	-	-	-	-	-	-	94,143
Departmental income	3,648	-	-	3,737,512	2,061,957	-	-	5,803,117
Intergovernmental charges	197,895	196,763	14,000	-	-	-	-	408,658
Use of money and property	30,132	1,293	13,509	8,829	11,957	-	883	66,603
Licenses and permits	52,596	-	-	-	-	-	-	52,596
Fines and forfeitures	66,724	-	-	-	-	-	-	66,724
Sale of property and compensation for loss	525	-	1,535	9,784	517	-	-	12,361
Miscellaneous local sources	2,217,123	8,898	6,253	230,804	8,050	-	-	2,471,128
State sources	300,758	353,415	116,943	-	-	-	-	771,116
Federal sources	229,449	116,356	-	-	-	-	-	345,805
Total revenues	<u>4,288,568</u>	<u>676,725</u>	<u>152,240</u>	<u>4,336,003</u>	<u>2,163,760</u>	<u>1,074,075</u>	<u>883</u>	<u>12,692,254</u>
EXPENDITURES								
Current:								
General government	1,431,816	-	246	14,585	6,910	-	-	1,453,557
Public safety	299,968	-	-	-	-	1,074,075	-	1,374,043
Health	1,968	-	-	-	-	-	-	1,968
Transportation	96,668	-	943,915	-	-	-	-	1,040,583
Economic assistance and opportunity	235,834	-	-	-	-	-	-	235,834
Culture and recreation	43,091	-	-	-	-	-	-	43,091
Home and community services	133,558	-	-	2,953,263	1,234,175	-	-	4,320,996
Employee benefits	721,166	-	107,485	91,488	50,610	-	-	970,749
Debt service:								
Principal	-	-	13,000	88,850	48,000	-	-	149,850
Interest	5,967	-	1,344	206,734	91,056	-	-	305,101
Issuance costs	-	-	-	-	-	-	104,511	104,511
Capital outlay:								
General government	-	41,784	-	-	-	-	-	41,784
Culture and recreation	-	103,617	-	-	-	-	-	103,617
Home and community services	-	512,295	-	-	-	-	-	512,295
Total expenditures	<u>2,970,036</u>	<u>657,696</u>	<u>1,065,990</u>	<u>3,354,920</u>	<u>1,430,751</u>	<u>1,074,075</u>	<u>104,511</u>	<u>10,657,979</u>

See notes to basic financial statements.

**TOWN OF BATAVIA, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT) –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020 (CONTINUED)**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue Funds</u>				<u>Nonmajor Debt Service</u>	<u>Total Governmental Funds</u>
			<u>Highway - Townwide</u>	<u>Water</u>	<u>Sewer</u>	<u>Fire District</u>		
Excess (deficit) of revenues over expenditures	1,318,532	19,029	(913,750)	981,083	733,009	-	(103,628)	2,034,275
OTHER FINANCING SOURCES (USES)								
Interfund transfer in	43,026	246,558	1,013,718	-	-	-	-	1,303,302
Interfund transfer out	(1,063,718)	(43,027)	(10,878)	(81,527)	(104,152)	-	-	(1,303,302)
Refunding bonds issued	-	-	-	-	-	-	1,355,000	1,355,000
Premium on refunding bonds issued	-	-	-	-	-	-	43,161	43,161
Payment to refunded bond escrow agent	-	-	-	-	-	-	(1,293,650)	(1,293,650)
Total other financing sources (uses)	<u>(1,020,692)</u>	<u>203,531</u>	<u>1,002,840</u>	<u>(81,527)</u>	<u>(104,152)</u>	<u>-</u>	<u>104,511</u>	<u>104,511</u>
Net change in fund balances	297,840	222,560	89,090	899,556	628,857	-	883	2,138,786
Fund balances (deficit) - beginning	<u>6,654,177</u>	<u>(5,379,028)</u>	<u>1,363,925</u>	<u>1,762,454</u>	<u>2,288,862</u>	<u>-</u>	<u>87,580</u>	<u>6,777,970</u>
Fund balances (deficit) - ending	<u>\$ 6,952,017</u>	<u>\$ (5,156,468)</u>	<u>\$ 1,453,015</u>	<u>\$ 2,662,010</u>	<u>\$ 2,917,719</u>	<u>\$ -</u>	<u>\$ 88,463</u>	<u>\$ 8,916,756</u>

See notes to basic financial statements.

**TOWN OF BATAVIA, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (DEFICIT) OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Amounts reported for governmental activities in the Statement of Activities (page 4) are different because:

Net change in fund balances - total governmental funds (page 8)	\$	2,138,786	
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$890,896) exceeds capital outlays (\$1,366,854) excluding construction work in progress placed in service (\$381,236) and contribution to other governments (\$1,124,469) in the current period.			(1,029,747)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trades) is to decrease net position.			(1,097)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.			
Issuance of refunding bonds	\$	(1,355,000)	
Premium on refunding bonds		(43,161)	
Payment to refunding escrow agent		1,293,650	
Principal paid on bonds		<u>149,850</u>	
			45,339
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Accrued interest on long-term debt	\$	65,794	
Changes in compensated absences		(14,302)	
Changes in pension liabilities and related deferred outflows and inflows of resources		(306,107)	
Change in landfill liability, net of receivable		<u>3,904</u>	
			<u>(250,711)</u>
Change in net position of governmental activities	\$		<u><u>902,570</u></u>

TOWN OF BATAVIA, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
DECEMBER 31, 2020

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ <u>4,398</u>
Total assets	\$ <u><u>4,398</u></u>
NET POSITION	
Restricted for bail deposits	\$ <u>4,398</u>
Total net position	\$ <u><u>4,398</u></u>

See notes to basic financial statements.

TOWN OF BATAVIA, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial Funds</u>
Net increase (decrease) in fiduciary net position	\$ -
Net position - beginning	<u>4,398</u>
Net position - ending	<u>\$ 4,398</u>

See notes to basic financial statements.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Batavia, New York (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

A. DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. REPORTING ENTITY

The Town reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government and redefines and establishes the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Town, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Town.

C. BASIS OF PRESENTATION

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

2. FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

General Fund - the principal operating fund of the Town. It accounts for all financial resources of the general government, except those accounted for in another fund.

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

Highway-Townwide Fund - used to account for revenues and expenditures for highway purposes.

Water Fund - used to account for revenues and expenditures for water source and supply.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Sewer Fund - used to account for operations for sewer collection and treatment.

Fire District Fund - used to account for revenues and expenditures for fire protection purposes only.

Additionally, the Town reports the following fund types:

Custodial Funds – used to account for bail deposits for the justice court that are custodial in nature and not held in trust.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues and additions are recorded when earned and expenses and deductions are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures, as well as expenditures related to compensated absences, are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

**TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Town's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments consist of certificates of deposit with maturities of less than one year and are stated at amortized cost.

2. RESTRICTED ASSETS

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond or bond anticipation note (BAN) sales can only be used for the stated purpose of the borrowing and are restricted specifically for that purpose. In addition, assets to support fund balance/net position restrictions are reported as restricted.

3. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. RECEIVABLES

Receivables are carried at their net realizable value. Receivables are written-off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for uncollectible receivables, however, no allowance for uncollectible receivables has been provided since management believes that such allowance would not be material.

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in governmental activities in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the Town chose to include all such items regardless of their acquisition date or amount. The Town was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at fair value at the date of the donation.

Land and construction in progress are not depreciated. However, the Town has determined that all land with acquisition of donated fair value that exceeds \$2,500 will be capitalized. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 20,000	straight-line	5-40 years
Infrastructure	50,000	straight-line	10-50 years
Machinery and equipment	2,500	straight-line	5-15 years
Vehicles	2,500	straight-line	5-10 years

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as expenditures of the governmental fund upon acquisition.

6. INSURANCE

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

7. LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

The Town has been identified by the United States Environmental Protection Agency (EPA) as a responsible party which can be held liable for a portion of the long-term maintenance and operation of a landfill site in the Town of Batavia.

The cost for the long-term maintenance and operation of the landfill has been estimated to be \$327,674 as of December 31, 2020. Pursuant to agreements between the Town of Batavia and the City of Batavia, the share of the liability for the operation and maintenance costs are 25% and 75%, respectively. As of December 31, 2020, a liability representing the entire cost has been recorded in the government-wide statements. A noncurrent intergovernmental receivable representing the City's share of this liability, in the amount of \$245,756, has also been recorded in the government-wide statements as an asset.

8. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town has one item that qualifies for reporting in this category. It is deferred amounts related to the pension reported in the government-wide Statement of Net Position. The deferred amounts related to the pension relate differences between estimated and actual investment earnings, changes in assumptions and other pension related changes.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category. In the government-wide financial statements, the Town reports deferred amounts related to pension.

See details of deferred pension outflows and inflows in Note 3.D.

9. LONG-TERM LIABILITIES

All long-term liabilities to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term liabilities consist of serial bonds payable, unamortized premium, landfill post closure costs, compensated absences and net pension liability.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal, interest and other long-term benefits are reported as expenditures.

10. NET POSITION FLOW ASSUMPTION

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

11. FUND BALANCE FLOW ASSUMPTIONS

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy that the Town Board will assess the current financial condition of the Town and then determine the order of application of expenditures to which fund balance classifications will be charged.

12. FUND BALANCE POLICIES

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. REVENUES AND EXPENDITURES/EXPENSES

1. PROGRAM REVENUES

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. PROPERTY TAXES

Property taxes attach as an enforceable lien on real property and are levied as of December 15th and become a lien on January 1st. Taxes are collected during the period of January 1st through March 31st. The unpaid taxes are then turned over to Genesee County for enforcement. Any such taxes remaining unpaid at the year-end are relieved as County taxes in the subsequent year.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

3. VOLUNTARY REVENUE DISTRIBUTIONS

The Town began receiving voluntary revenue distributions from the County in the 2020 fiscal year. This revenue replaced the previous sales tax distributions agreement, which expired in December 2019. The voluntary revenue distributions are determined by the County annually and approved through resolution by the County Legislature. The County is to notify the Town of their portion of the of the subsequent years' distribution by September 1st each year. Payments were received quarterly and are included in miscellaneous revenues on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) – Governmental Funds. For the year ended December 31, 2020 this revenue amounted to \$2,055,731 in the General Fund.

4. COMPENSATED ABSENCES

The Town's labor agreements and rules and regulations permits employees to accumulate earned but unused sick and vacation leave. Upon retirement certain eligible employees qualify for paid medical and dental insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

G. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. ACCOUNTING PRONOUNCEMENTS

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the Town have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the Town for the year ended December 31, 2020.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Town, for their potential impact in future years.

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND EQUITY

At December 31, 2020, the Capital Projects Fund, a major fund, has a deficit fund balance of \$5,156,468. It is not unusual for a Capital Projects Fund, especially one that finances capital projects mainly by borrowings, to report a deficit. The reason for the deficit in this case is that the Town issued bond anticipation notes (BANs), which do not qualify for treatment as a long-term liability.

Accordingly, the BANs are reported as a fund liability in the capital projects fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances (deficit)). When the cash from the BANs are spent, expenditures are reported and fund balance is reduced. Because the BANs are the main source of resources for the fund, the result is an overall fund deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BANs.

B. LEGAL COMPLIANCE - BUDGETS

Budgets and Budgetary Accounting – The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- No later than October 5th, the Town Supervisor submits a tentative budget to the Town Board for the fiscal year commencing the following January 1st. The tentative budget includes proposed expenditures and the proposed means of financing for all funds except Capital Projects and the Fiduciary Fund.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20th, the Town Board adopts the budget. Appropriations established by the budget constitute a limitation on expenditures which may be incurred.
- All modifications of the budget must be approved by the Town Board and all appropriations lapse at fiscal year end.

NOTE 3 - DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. DEPOSITS AND INVESTMENTS

The Town's investment policies are governed by State statutes. In addition, the Town has its own written investment policy. Town monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Town Supervisor is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts, and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

The Town's aggregate bank balances were fully collateralized at December 31, 2020.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Restricted cash and cash equivalents and restricted certificates of deposit represent where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. As of December 31, 2020, restricted cash and cash equivalents and restricted certificates of deposit consist of the following:

<u>General Fund</u>	
Restricted for reserves	\$ <u>130,409</u>
<u>Capital Projects Fund</u>	
Unspent debt proceeds	\$ <u>306,970</u>
<u>Highway-Townwide Fund</u>	
Restricted for reserves	\$ <u>539,728</u>
<u>Water Fund</u>	
Restricted for reserves	\$ <u>46,799</u>
<u>Sewer Fund</u>	
Restricted for reserves	\$ <u>88,547</u>
<u>Debt Service Fund</u>	
Restricted for debt service	\$ <u>88,463</u>

Investment and Deposit Policy

The Town follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Town Supervisor.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Town's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Town's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Town's investment and deposit policy, all deposits of the Town including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Town restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Investment Pool – NYCLASS

The Town participates in the New York Cooperative Liquid Assets Securities System (“NYCLASS”) a cooperative investment pool established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated Cutwater Asset Management, a wholly owned subsidiary of Municipal Bond Insurance Association (“MBIA”), Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission (“SEC”), and is subject to all rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of NYCLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are considered to approximate fair value. The Town’s position in the pools is equal to the value of the pool shares. Additional information concerning the NYCLASS is presented in the annual report which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504.

NYCLASS measures its investments at fair value in accordance with U.S GAAP and is rated AAAM by Standard and Poor’s Global Ratings. The dollar weighted average days to maturity (WAM) of NYCLASS as of June 30, 2020, is 41 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life (WAL) of NYCLASS at June 30, 2020, is 60 days.

Investments

The Town has \$8,350,000 invested in certificates of deposit as of December 31, 2020. These certificates of deposit have maturity dates of less than one year.

Fair value of investments: The Town measures and records its investments using fair value measurement guidelines established by U.S. GAAP. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1:* Quoted process for identical investments in active markets
- Level 2:* Observable inputs other than those in Level 1
- Level 3:* Unobservable inputs

Certificates of deposit are classified as level 1 on the fair value hierarchy.

B. RECEIVABLES

Significant revenues accrued by the Town at December 31, 2020 include the following:

General Fund:

Town of Leroy assessment	\$	25,700
Genesee County - Fuel Farm		21,893
City of Batavia		44,793
State and federal receivables		28,148
Total intergovernmental receivables	\$	<u><u>120,534</u></u>

Capital Projects Fund:

Ellicott Trail - Federal aid	\$	250,000
Miscellaneous		17,539
Total intergovernmental receivables	\$	<u><u>267,539</u></u>

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Water Fund:

Water rents receivable	\$	129,522
Unbilled receivable		1,046,990
Miscellaneous		1,909
Total receivables	\$	<u><u>1,178,421</u></u>

Sewer Fund:

Sewer rents receivable	\$	65,415
Unbilled receivable		582,252
Miscellaneous		37
Total receivables	\$	<u><u>647,704</u></u>

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 01/01/2020	Increases	Decreases	Balance 12/31/2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 931,100	\$ -	\$ -	\$ 931,100
Construction work in progress	<u>7,172,946</u>	<u>679,278</u>	<u>1,505,705</u>	<u>6,346,519</u>
Total capital assets not being depreciated	<u>8,104,046</u>	<u>679,278</u>	<u>1,505,705</u>	<u>7,277,619</u>
Capital assets being depreciated:				
Buildings	2,813,041	-	-	2,813,041
Improvements	310,083	-	-	310,083
Vehicles & equipment	3,168,563	306,340	9,400	3,465,503
Infrastructure	<u>16,603,944</u>	<u>381,236</u>	<u>-</u>	<u>16,985,180</u>
Total capital assets, being depreciated	<u>22,895,631</u>	<u>687,576</u>	<u>9,400</u>	<u>23,573,807</u>
Less accumulated depreciation:				
Buildings	1,602,914	81,691	-	1,684,605
Improvements	305,633	1,780	-	307,413
Vehicles & equipment	2,149,963	216,308	8,303	2,357,968
Infrastructure	<u>5,558,086</u>	<u>591,117</u>	<u>-</u>	<u>6,149,203</u>
Total accumulated depreciation	<u>9,616,596</u>	<u>890,896</u>	<u>8,303</u>	<u>10,499,189</u>
Total capital assets being depreciated, net	<u>13,279,035</u>	<u>(203,320)</u>	<u>1,097</u>	<u>13,074,618</u>
Governmental activities capital assets, net	<u>\$ 21,383,081</u>	<u>\$ 475,958</u>	<u>\$ 1,506,802</u>	<u>\$ 20,352,237</u>

Depreciation expense was charged to the functions/programs of the governmental activities as follows:

General government	\$	43,709
Public safety		16,792
Transportation		245,289
Culture and recreation		8,858
Home and community services		576,248
Total depreciation expense - governmental activities	\$	<u><u>890,896</u></u>

D. PENSION OBLIGATION

New York State and Local Retirement System

Plan Description

The Town participates in the New York State and Local Employees' Retirement System (ERS), which is referred to as New York State and Local Retirement System (the System). 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 (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy

The System is noncontributory, except for employees who joined the ERS after July 27, 1976 who contribute three percent (3%) of their salary for the first ten years of membership, and employees who joined on or after January 10, 2010 (ERS) who generally contribute three percent (3%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the system's fiscal year ending March 31st.

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

At December 31, 2020, the Town reported the following liability for its proportionate share of the net pension liability to the System. 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 April 1, 2019. 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. This information was provided by the System in reports provided to the Town.

Measurement date	March 31, 2020
Net pension liability	\$ 1,722,513
Town's portion of the Plan's total net pension liability	0.0065048 %
Change in proportion since the prior measurement date	0.0000351
Pension expense at December 31, 2020	\$ 552,497

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

At December 31, 2020, the Town's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 101,377	\$ -
Change of assumptions	34,683	29,948
Net difference between projected and actual earnings on pension plan investments	883,044	-
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	7,515	59,839
Town's contributions subsequent to the measurement date	<u>187,889</u>	<u>-</u>
Total	<u>\$ 1,214,508</u>	<u>\$ 89,787</u>

The Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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 ending December 31:

2021	\$ 143,465
2022	233,561
2023	308,488
2024	251,318
2025	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the 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:

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's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. 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.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Asset Class:		
Domestic equity	36.0 %	4.1 %
International equity	14.0	6.2
Private equity	10.0	6.8
Real estate	10.0	5.0
Absolute return strategies	2.0	3.3
Opportunistic funds/portfolio	3.0	4.7
Real assets	3.0	6.0
Bonds and mortgages	17.0	0.8
Cash	1.0	-
Inflation-indexed bonds	4.0	0.5
Total	<u>100.0 %</u>	

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 determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following tables presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Current Assumption (6.8%)</u>	<u>1% Increase (7.8%)</u>
Town's proportionate share of the net pension liability	\$ 3,161,298	\$ 1,722,513	\$ 397,386

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

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:

	<u>(Dollars in Thousands)</u>
Employers' total pension liability	\$ 194,596,261
Plan net position	168,115,682
Employers' net pension liability	<u>\$ 26,480,579</u>
Ratio of plan net position to the employers' total pension liability	86.4%

Prepays to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Prepaid retirement contributions as of December 31, 2020, represent the employer contribution for the period of January 1, 2021 through March 31, 2021, of the retirement invoice for the plan year April 1, 2020 through March 31, 2021. Prepaid retirement contributions as of December 31, 2020, amounted to \$159,310.

E. RISK MANAGEMENT

Worker's Compensation Plan

The Town is a participant in the Genesee County Self-Insurance Workers' Compensation Plan (the Plan). The Plan was established under the provisions of Workers' Compensation Law of the State of New York and is administered and sponsored by its predominant participant, Genesee County. The Plan provides the Town the opportunity to participate in a cooperative program for providing workers' compensation benefits to its employees.

The Town is one of 49 participants in the Plan. Eligible participants may become members upon filing with the Executive Secretary of the Plan a certified copy of the resolution of the prospective member's governing board electing participation in the Plan on or before July 15th. Voluntary withdrawal from the Plan is effective only once annually. Withdrawal from the Plan is effective at the end of the current operating year upon filing with the Executive Secretary of the Plan a certified copy of the resolution of the member's governing board electing to withdraw from the Plan on or before July 15th. Upon withdrawal the participant shall pay, in a lump sum or in installments, an equitable share of the outstanding liabilities of the Plan as of the date of withdrawal, as determined by the Plan administrator. Contributions to the Plan are determined annually based on claim payment experience and real property tax assessments.

No refunds or assessments, other than periodic premiums, are charged to the participant organizations, except in the case where the Plan's assets are not sufficient to meet liabilities. In that instance, a special assessment may be assessed against the participant organizations.

The Plan has established reserve liabilities which provide for current claim expenses. At December 31, 2020, the Plan did not provide sufficient information to disclose the funding status or future claim liabilities for the Town of Batavia.

F. SHORT-TERM DEBT

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

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

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2020:

	Original Issue Date	Interest Rate	Balance 01/01/2020	Issues	Redemptions	Balance 12/31/2020
Governmental Activities						
BAN - various purposes	2015	1.50 %	\$ 5,229,500	\$ 126,800	\$ 246,800	\$ 5,109,500

G. LONG-TERM LIABILITIES

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds outstanding at December 31, 2020, are as follows:

Issue Description	Original Issue Date	Original Borrowing	Interest Rates to Maturity	Final Maturity	Outstanding Balance 12/31/2020
Governmental Activities					
General obligation bonds:					
Rose Road	2010	\$ 226,000	2.38 %	2048	\$ 185,000
Alexander Pike Road	2010	886,000	2.38	2048	723,000
Creek & East Road	2015	721,000	2.13	2053	655,000
West Main Street Sewer	2015	1,222,000	2.00	2053	1,110,000
Pratt Road Water District	2016	516,000	1.88	2054	477,000
Southwest Water District	2018	710,000	2.75	2056	688,000
Highway Equipment/West Saile Drive	2019	182,000	1.89	2026	145,000
Refunding Serial Bonds	2020	1,355,000	2.00	2046	1,355,000
Total					\$ 5,338,000

Legal Debt Margin

There is a statutory debt limit applicable to Towns within New York State. The Town is in compliance with this debt limit.

Changes in Long-Term Liabilities

Changes in the Town's long-term liabilities for the year ended December 31, 2020, are as follows:

	Balance 01/01/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 5,426,500	\$ 1,355,000	\$ 1,443,500	\$ 5,338,000	\$ 152,000
Premium on bonds	-	43,161	-	43,161	1,792
Total bonds payable	5,426,500	1,398,161	1,443,500	5,381,161	153,792
Landfill post closure care costs *	343,288	-	15,614	327,674	5,461
Compensated absences	146,876	30,299	15,997	161,178	16,118
Net pension liability **	458,395	1,264,118	-	1,722,513	-
Total	\$ 6,375,059	\$ 2,692,578	\$ 1,475,111	\$ 7,592,526	\$ 175,371

* The change in this liability varies from year to year based on the present value of the remaining post closure care costs.

** Additions/reductions to the net pension liability are presented net.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

The Town had authorized but unissued debt totaling \$3,130,000 as of December 31, 2020. The authorized debt is for the following purposes: Construction for the Ellicott Trail Project for \$1,992,000, Sewer District No. 2 & West Main St Road District for \$390,706, Improvements for North Commerce Sewer Improvement Area for \$347,294, and Capital Improvement Project for the Agri-Business Park Sewer Improvement Area for \$400,000.

The debt service requirements for the Town's bonds are as follows:

Year ending December 31,	Bonds		
	Principal	Premium Amortization	Interest
2021	\$ 152,000	\$ 1,792	\$ 114,950
2022	154,000	1,792	112,401
2023	157,000	1,792	109,344
2024	163,000	1,792	106,114
2025	160,000	1,792	102,946
2026-2030	752,000	8,959	468,330
2031-2035	817,000	8,959	385,205
2036-2040	910,000	8,959	292,265
2041-2045	920,000	6,340	187,675
2046-2050	699,000	984	91,014
2051-2055	424,000	-	27,021
2056	30,000	-	822
Total	\$ <u>5,338,000</u>	\$ <u>43,161</u>	\$ <u>1,998,087</u>

Current refunding

In the current fiscal year, the Town issued \$1,355,000 in public improvement bonds with interest rates ranging from 1.0% to 2.75%. The proceeds were used to refund \$1,293,650 of outstanding 2004A, 2007, 2008, 2009A, 2009B, and 2009C public improvement bonds which had interest rates ranging from 4.125% to 4.5%. The net proceeds of \$1,293,650 (including a \$43,161 premium and after payment of \$104,511 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the current refunded bonds. The current refunding reduced its total debt service payments by \$332,921 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$261,518.

Compensated Absences

As explained in Note 1, the Town records the value of governmental type compensated absences. The annual budgets of the respective funds of which the employees' payroll is recorded provide funding for these benefits as they become payable throughout the year. Payments by the Town to liquidate compensated absences are typically from the funds in which the individuals are employed. These operating funds include General, Sewer, Water, and Highway-Townwide Funds. Since the payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$16,118 for the governmental activities will be due within one year.

Net Pension Liability

The Town reported a liability of \$1,722,513 in the governmental activities for the year ended December 31, 2020, for its proportionate share of the net pension liability for the New York State and Local Employees' Retirement System. Refer to Note 3.D. for additional information related to the Town's net pension liability. Payments by the Town for retirement contributions are typically from funds in which the individuals are employed. These operating funds include General, Sewer, Water, and Highway-Townwide Funds.

H. NET POSITION AND FUND BALANCE

Net Position

For government-wide reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. The following presents a reconciliation of capital assets (net of accumulated depreciation), to net investment in capital assets:

Capital assets, net of accumulated depreciation	\$ 20,352,237
Bonds payable used for capital assets	(5,338,000)
Unamortized premium on bonds used for capital assets	(43,161)
BANs used for capital assets	(5,109,500)
Unspent BAN proceeds	306,970
Net investment in capital assets	<u>\$ 10,168,546</u>

Restricted net position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation. Restricted net position is consistent with restricted fund balance amounts at December 31, 2020.

Unrestricted net position – represents net position of the Town not restricted for any project or other purpose.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance.” The Town’s governmental funds reports the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

Nonspendable – represents amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balances maintained by Town at December 31, 2020, include:

- *Prepaid items* – represents amounts prepaid to the retirement system and other miscellaneous items that are applicable to future accounting periods. This balance is nonspendable as the asset does not represent an available resource.

Restricted – represents amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or listed only with the consent of the resource providers.

- *Restricted for capital projects* – represents funds to be used for construction, reconstruction and/or acquisition of capital improvements and equipment.
- *Restricted for debt service* – represents funds set aside for the repayment of debt obligations.
- *Restricted for parks acquisition/improvements* – represents funds set aside for the purchase of greens space parklands and improvements to the parks.
- *Restricted for economic development* – represents funds to be used for economic development within the Town.
- *Restricted for repairs* – represents funds set aside for repairs.
- *Restricted for other purpose* – represents funds to be used for a boat launch.

Committed – represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the Town’s Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation. As of December 31, 2020, the Town has no committed fund balances.

Assigned – represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed.

- *Assigned to subsequent years’ expenditures* – Represents available fund balance being appropriated to meet expenditure requirements in the 2021 fiscal year.

TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS

- *Assigned to specific use* – Represents fund balance within the special revenue funds that is assigned for a specific purpose. The assignment’s purpose relates to each fund’s operations and represents amounts within funds that are not restricted or committed.

Unassigned – represents the residual amount for the General Fund that is not contained in other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within other governmental fund types is reported as unassigned.

Detail of Fund Balances

As of December 31, 2020, governmental fund balances were classified as follows:

	General	Capital Projects	Highway - Townwide	Water	Sewer	Nonmajor Debt Service	Total
<u>Nonspendable:</u>							
Prepaid items	\$ 110,405	\$ -	\$ 21,746	\$ 17,647	\$ 9,512	\$ -	\$ 159,310
<u>Restricted:</u>							
Parks acquisition/improvements	78,339	-	-	-	-	-	78,339
Economic development	68,962	-	-	-	-	-	68,962
Debt service	-	-	-	16,355	-	88,463	104,818
Repairs	-	-	-	30,444	37,787	-	68,231
Capital projects	-	-	769,086	-	50,760	-	819,846
Other purpose	5,000	-	-	-	-	-	5,000
<u>Assigned:</u>							
Subsequent years' expenditures	552,358	-	-	-	-	-	552,358
Highway-Townwide Fund	-	-	662,183	-	-	-	662,183
Water Fund	-	-	-	2,597,564	-	-	2,597,564
Sewer Fund	-	-	-	-	2,819,660	-	2,819,660
<u>Unassigned:</u>							
General Fund	6,136,953	-	-	-	-	-	6,136,953
Capital Projects Fund (deficit)	-	(5,156,468)	-	-	-	-	(5,156,468)
Total	\$ 6,952,017	\$ (5,156,468)	\$ 1,453,015	\$ 2,662,010	\$ 2,917,719	\$ 88,463	\$ 8,916,756

I. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of December 31, 2020, is as follows:

Due from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$ 92,214
Highway-Townwide	Water	229,358
Water	Capital Projects	24,204
Sewer	Capital Projects	501,955
Total		\$ 847,731

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to the Capital Projects Fund for capital projects which the Town expects to permanently finance. Also, outstanding interfund loan balances from the Highway-Townwide Fund to the Water Fund in the amount of \$208,600 and \$20,758 are being repaid over the next 21 and 8 years, respectively.

**TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

J. INTERFUND TRANSFERS

The composition of interfund transfers as of December 31, 2020, is as follows:

Interfund transfers:

Transfer out:	Transfer in:			
	Highway-Townwide	Capital Projects	General	Total
General	\$ 1,013,718	\$ 50,000	\$ -	\$ 1,063,718
Capital Projects	-	1	43,026	43,027
Highway-Townwide	-	10,878	-	10,878
Water	-	81,527	-	81,527
Sewer	-	104,152	-	104,152
Total	\$ 1,013,718	\$ 246,558	\$ 43,026	\$ 1,303,302

During the year, transfers are used to move General Fund resources to provide an annual subsidy to the Highway-Townwide Fund, to close out the capital project West Side Sanitary Sewer, and to recognize the repayment of the bond anticipation note principal.

K. JOINT VENTURES

There is a joint venture between the Towns of Batavia, Elba, Oakfield and Stafford to construct, operate and maintain a joint water distribution system referred to as the Townline Water Project. The water distribution system construction was completed in 2016, and is jointly owned by all four Towns. Equity interest for each Town is based upon certain percentages relating to the number of units within each respective Town. The Townline Water Project does not issue its own set of financial statements and the activity is not encompassed in the Town financial statements. The Towns have entered into the following Intermunicipal Agreements related to this joint venture:

“Intermunicipal Agreement for the Ownership, Engineering, Design, Construction and Financing for the Townline Water Project”

“Intermunicipal Agreement for Operation and Maintenance for Water Facilities for the Townline Water Project”

L. INTERMUNICIPAL AGREEMENTS

The Town currently has intermunicipal agreements for operation and maintenance of water distribution systems and for the green genesee/smart genesee project.

In addition, the Town has several intermunicipal agreements for shared services such as assessments; renting, exchanging or lending of highway machinery, tools and equipment; providing a specific service; and the maintenance of machinery and equipment.

M. CONTINGENCIES

Assessments – The Town is a defendant in various litigation under Article 7 of the Real Property Tax Law of the State of New York to review tax assessments. While the Town vigorously defends assessments, the likelihood of success is on a case by case basis, and is dependent upon various factors including market values and appraised amounts. Management believes that the level of potential losses on these cases, if any, would be immaterial and no provisions have been made within the financial statements.

**TOWN OF BATAVIA, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS**

Grants – In the normal course of operations, the Town receives grant funds from various federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions that are specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowable expenditures resulting from such audits could become a liability of the Town. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other - On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The Town’s management has assessed these events and the impact of these restrictions and closures related to the Town’s operations. As of the date of these financial statements and as these events continue to unfold management believes there will be a continued impact into the next fiscal year and will continue to monitor the financial effects in anticipation of potential unexpected variables. Management has assessed the financial condition of the Town and has determined that the Town has assets and fund balances to absorb any impact in the 2021 fiscal year.

N. TAX ABATEMENTS

The Genesee Industrial Economic Development Agency d/b/a Genesee County Economic Development Corporation (the Agency), created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively “the Act”), has eighteen real property tax abatement agreements with various businesses in the Town under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the Town.

Generally, these agreements provide for a 100 percent abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in said individual agreements. Should the property owner not comply with the policies and laws as set forth in each agreement, the PILOT will discontinue as outlined in each agreement.

As a result of these tax abatement agreements, for the year ended December 31, 2020, the Town’s total tax revenues were reduced by \$154,258.

Copies of the agreements may be obtained from Teressa Morasco, Town Clerk, 3833 West Main Street Road, Batavia, NY 14020, www.townofbatavia.com.

NOTE 4 - SUBSEQUENT EVENTS

The Town has been notified that they will be receiving additional stimulus aid in 2021 to assist with the financial impact of the COVID-19 pandemic. The amount of additional aid the Town will be receiving has not been determined at this time.

In February 2021, the Town Board issued bond anticipation notes in the amount of \$5,289,099 for various capital improvements and equipment purchases.

Management has evaluated subsequent events through May 14, 2021 which is the date the financial statements are available for issuance and have determined, with exception to the events noted in the above paragraphs, that there are no subsequent events that require disclosure under generally accepted accounting principles.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BATAVIA, NEW YORK
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS*

	Year Ended December 31,						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Measurement date	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Town's proportion of the net pension liability	0.0061067%	0.0061067%	0.0062705%	0.0062217%	0.0064403%	0.0064697%	0.0065048%
Town's proportionate share of the net pension liability	\$ <u>275,952</u>	\$ <u>206,298</u>	\$ <u>1,006,426</u>	\$ <u>584,604</u>	\$ <u>207,857</u>	\$ <u>458,395</u>	\$ <u>1,722,513</u>
Town's covered payroll	\$ 1,383,936	\$ 1,306,864	\$ 1,477,320	\$ 1,577,806	\$ 1,629,043	\$ 1,636,675	\$ 1,765,110
Town's proportionate share of the net pension liability as a percentage of its covered payroll	19.9%	15.8%	68.1%	37.1%	12.8%	28.0%	97.6%
Plan fiduciary net position as a percentage of the total pension liability	97.2%	97.9%	90.7%	94.7%	94.7%	96.3%	86.4%

* This Schedule is intended to show information for ten years. Additional years will be included as they become available.

TOWN OF BATAVIA, NEW YORK
SCHEDULE OF THE TOWN'S PENSION CONTRIBUTIONS – EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	Year Ended December 31,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 221,998	\$ 195,326	\$ 219,621	\$ 285,348	\$ 220,869	\$ 207,576	\$ 220,926	\$ 225,559	\$ 220,670	\$ 243,497
Contributions in relation to the contractually required contribution	<u>221,998</u>	<u>195,326</u>	<u>219,621</u>	<u>285,348</u>	<u>220,869</u>	<u>207,576</u>	<u>220,926</u>	<u>225,559</u>	<u>220,670</u>	<u>243,497</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 1,168,543	\$ 1,202,464	\$ 1,353,924	\$ 1,552,084	\$ 1,601,085	\$ 1,547,696	\$ 1,597,758	\$ 1,629,732	\$ 1,748,873	\$ 1,625,247
Contributions as a percentage of covered payroll	19.0%	16.2%	16.2%	18.4%	13.8%	13.4%	13.8%	13.8%	12.6%	15.0%

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF BATAVIA, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 1,046,000	\$ 1,046,000	\$ 1,046,000	\$ -
Real property tax items	49,900	49,900	49,575	(325)
Non-property tax items	40,000	40,000	94,143	54,143
Departmental income	2,100	2,100	3,648	1,548
Intergovernmental charges	184,587	184,587	197,895	13,308
Use of money and property	77,340	77,340	30,132	(47,208)
Licenses and permits	48,000	48,000	52,596	4,596
Fines and forfeitures	20,000	20,000	66,724	46,724
Sale of property and compensation for loss	-	-	525	525
Miscellaneous local sources	2,465,791	2,465,791	2,217,123	(248,668)
State sources	190,000	245,728	300,758	55,030
Federal sources	-	229,450	229,449	(1)
	<u>4,123,718</u>	<u>4,408,896</u>	<u>4,288,568</u>	<u>(120,328)</u>
EXPENDITURES				
Current:				
General government	1,839,018	1,891,386	1,431,816	459,570
Public safety	306,009	306,009	299,968	6,041
Health	3,776	3,776	1,968	1,808
Transportation	108,407	108,407	96,668	11,739
Economic assistance and opportunity	77,800	307,250	235,834	71,416
Culture and recreation	138,098	138,098	43,091	95,007
Home and community services	336,080	336,080	133,558	202,522
Employee benefits	753,155	756,515	721,166	35,349
Debt service:				
Interest	5,967	5,967	5,967	-
	<u>3,568,310</u>	<u>3,853,488</u>	<u>2,970,036</u>	<u>883,452</u>
Excess of revenues over expenditures	555,408	555,408	1,318,532	763,124
OTHER FINANCING SOURCES (USES)				
Interfund transfer in	-	-	43,026	43,026
Interfund transfer out	(1,563,718)	(1,563,718)	(1,063,718)	500,000
	<u>(1,563,718)</u>	<u>(1,563,718)</u>	<u>(1,020,692)</u>	<u>543,026</u>
Total other financing sources (uses)	<u>(1,563,718)</u>	<u>(1,563,718)</u>	<u>(1,020,692)</u>	<u>543,026</u>
Net change in fund balance *	(1,008,310)	(1,008,310)	297,840	1,306,150
Fund balance - beginning	6,654,177	6,654,177	6,654,177	-
Fund balance - ending	<u>\$ 5,645,867</u>	<u>\$ 5,645,867</u>	<u>\$ 6,952,017</u>	<u>\$ 1,306,150</u>

* The net change in fund balance is included in the budget as an appropriation (i.e., spenddown) of fund balance.

**TOWN OF BATAVIA, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE HIGHWAY-TOWNWIDE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Intergovernmental charges	\$ 14,000	\$ 14,000	\$ 14,000	\$ -
Use of money and property	8,300	8,300	13,509	5,209
Sale of property and compensation for loss	30,000	30,000	1,535	(28,465)
Miscellaneous local sources	6,361	6,361	6,253	(108)
State sources	<u>103,655</u>	<u>137,670</u>	<u>116,943</u>	<u>(20,727)</u>
Total revenues	<u>162,316</u>	<u>196,331</u>	<u>152,240</u>	<u>(44,091)</u>
EXPENDITURES				
Current:				
General government	700	746	246	500
Transportation	1,285,172	1,278,488	943,915	334,573
Employee benefits	78,355	115,592	107,485	8,107
Debt service:				
Principal	13,000	13,000	13,000	-
Interest	<u>1,344</u>	<u>1,344</u>	<u>1,344</u>	<u>-</u>
Total expenditures	<u>1,378,571</u>	<u>1,409,170</u>	<u>1,065,990</u>	<u>343,180</u>
Excess (deficit) of revenues over expenditures	(1,216,255)	(1,212,839)	(913,750)	299,089
OTHER FINANCING SOURCES (USES)				
Interfund transfer in	1,013,718	1,013,718	1,013,718	-
Interfund transfer out	<u>(37,463)</u>	<u>(40,879)</u>	<u>(10,878)</u>	<u>30,001</u>
Total other financing sources (uses)	<u>976,255</u>	<u>972,839</u>	<u>1,002,840</u>	<u>30,001</u>
Net change in fund balance *	(240,000)	(240,000)	89,090	329,090
Fund balance - beginning	<u>1,363,925</u>	<u>1,363,925</u>	<u>1,363,925</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,123,925</u>	<u>\$ 1,123,925</u>	<u>\$ 1,453,015</u>	<u>\$ 329,090</u>

* The net change in fund balance is included in the budget as an appropriation (i.e., spenddown) of fund balance.

TOWN OF BATAVIA, NEW YORK
BUDGETARY COMPARISON SCHEDULE FOR THE WATER AND SEWER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Water Fund				Sewer Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES								
Real property taxes	\$ 343,514	\$ 343,514	\$ 349,074	\$ 5,560	\$ 81,279	\$ 81,279	\$ 81,279	\$ -
Departmental income	2,744,582	2,974,172	3,737,512	763,340	1,375,000	1,489,989	2,061,957	571,968
Use of money and property	50,000	50,000	8,829	(41,171)	23,200	23,200	11,957	(11,243)
Sale of property and compensation for loss	56,950	56,950	9,784	(47,166)	28,050	28,050	517	(27,533)
Miscellaneous local sources	24,202	24,202	230,804	206,602	4,969	4,969	8,050	3,081
Total revenues	<u>3,219,248</u>	<u>3,448,838</u>	<u>4,336,003</u>	<u>887,165</u>	<u>1,512,498</u>	<u>1,627,487</u>	<u>2,163,760</u>	<u>536,273</u>
EXPENDITURES								
Current:								
General government	13,000	14,585	14,585	-	17,876	16,532	6,910	9,622
Home and community services	2,729,095	2,953,268	2,953,263	5	1,208,919	1,313,133	1,234,175	78,958
Employee benefits	89,709	91,490	91,488	2	58,658	54,611	50,610	4,001
Debt service:								
Principal	98,700	98,700	88,850	9,850	48,000	48,000	48,000	-
Interest	209,266	209,267	206,734	2,533	91,059	91,059	91,056	3
Total expenditures	<u>3,139,770</u>	<u>3,367,310</u>	<u>3,354,920</u>	<u>12,390</u>	<u>1,424,512</u>	<u>1,523,335</u>	<u>1,430,751</u>	<u>92,584</u>
Excess of revenues over expenditures	79,478	81,528	981,083	899,555	87,986	104,152	733,009	628,857
OTHER FINANCING USES								
Interfund transfer out	(79,478)	(81,528)	(81,527)	1	(87,986)	(104,152)	(104,152)	-
Total other financing uses	<u>(79,478)</u>	<u>(81,528)</u>	<u>(81,527)</u>	<u>1</u>	<u>(87,986)</u>	<u>(104,152)</u>	<u>(104,152)</u>	<u>-</u>
Net change in fund balance	-	-	899,556	899,556	-	-	628,857	628,857
Fund balance - beginning	1,762,454	1,762,454	1,762,454	-	2,288,862	2,288,862	2,288,862	-
Fund balance - ending	<u>\$ 1,762,454</u>	<u>\$ 1,762,454</u>	<u>\$ 2,662,010</u>	<u>\$ 899,556</u>	<u>\$ 2,288,862</u>	<u>\$ 2,288,862</u>	<u>\$ 2,917,719</u>	<u>\$ 628,857</u>

The notes to the required supplementary information are an integral part of this schedule.

**TOWN OF BATAVIA, NEW YORK
 BUDGETARY COMPARISON SCHEDULE FOR THE FIRE DISTRICT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Real property taxes	\$ 1,074,075	\$ 1,074,075	\$ 1,074,075	\$ -
Total revenues	<u>1,074,075</u>	<u>1,074,075</u>	<u>1,074,075</u>	<u>-</u>
EXPENDITURES				
Current:				
Public safety	<u>1,074,075</u>	<u>1,074,075</u>	<u>1,074,075</u>	<u>-</u>
Total expenditures	<u>1,074,075</u>	<u>1,074,075</u>	<u>1,074,075</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the required supplementary information are an integral part of this schedule.

TOWN OF BATAVIA, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the General Fund and the Special Revenue Funds (Highway-Townwide Fund, Sewer Fund, Water Fund, and Fire District Fund). Budgetary comparison schedules are presented for the General Fund and for each major Special Revenue Fund, however, budgetary information for the Nonmajor Funds is not considered required supplementary information and, therefore, is not presented. The Capital Projects Fund is appropriated on a project-length basis and the Debt Service Fund does not have an appropriated budget due to the nature of the fund.

The appropriated budget is prepared by fund, function, and department. The Town's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Town Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

NOTE 2 - FACTORS AFFECTING TRENDS IN THE RETIREMENT SYSTEM PENSION

The Town's proportionate share of the net pension liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. The discount rate in effect at each measurement date is as follows:

<u>Year ended March 31:</u>	<u>ERS</u>
2020	6.80%
2019	7.00%
2018	7.00%
2017	7.00%
2016	7.00%
2015	7.50%