

TOWN OF CONCORD, NEW YORK

*Basic Financial Statements, Required
Supplementary Information and Supplementary
Information for the Year Ended December 31, 2021
and Independent Auditors' Reports*

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Honorable Town Board of the
Town of Concord, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Concord, New York (the "Town"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

Drescher & Malecki LLP

May 10, 2022

TOWN OF CONCORD, NEW YORK
Management's Discussion and Analysis
Year Ended December 31, 2021

As management of the Town of Concord, New York (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$4,479,766 (*net position*). This consists of \$2,267,287 net investment in capital assets, \$1,902,815 restricted for specific purposes, and unrestricted net position of \$309,664.
- The Town's total net position increased by \$995,206 during the year ended December 31, 2021.
- At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$5,100,003, an increase of \$993,530 in comparison with the prior year's fund balance of \$4,106,473. The increase was primarily attributed to conservative spending town wide.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$525,913, or approximately 41.4 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the Town's discretion and constitutes approximately 59.9 percent of the General Fund's total fund balance of \$877,523 at December 31, 2021.
- During the year ended December 31, 2021, the Town's total serial bonds outstanding decreased by \$70,000 as a result of the Town's scheduled principal payments.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements—The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, liabilities and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government support, public safety, health, transportation, economic assistance and opportunity, culture and recreation, home and community services and unallocated interest and other fiscal charges. The Town does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

Governmental funds—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in funds' balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the General Fund, General—Town Outside Village Fund, Highway—Part Town Fund, Fire Protection Fund, and the Sewer Fund, all of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is presented in the form of combining statements in the Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Notes to the financial statements—The notes provide additional information—that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-40 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Town's net pension liability—Employees' retirement system, the Town's total pension liability related to its length of service awards program and the Town's budgetary comparison schedules for the General Fund, General—Town Outside Village Fund, Highway—Part Town Fund, Fire Protection Fund, and the Sewer Fund. Required Supplementary

Information and related notes to the required supplementary information can be found on pages 41-49 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented as other supplementary information immediately following the Required Supplementary Information in the Supplementary Information section on pages 50-51 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,479,766 at the close of the most recent fiscal year, as compared to \$3,484,560, at the close of the fiscal year ended December 31, 2020.

Table 1, as shown below, presents a condensed statement of net position as compared to the prior year.

Table 1—Condensed Statements of Net Position—Primary Government

	Governmental Activities	
	December 31,	
	2021	2020
Current assets	\$ 5,430,427	\$ 4,216,119
Capital assets	4,292,949	4,161,881
Total assets	<u>9,723,376</u>	<u>8,378,000</u>
Deferred outflows of resources	<u>1,275,988</u>	<u>1,281,843</u>
Current liabilities	354,828	134,902
Noncurrent liabilities	<u>5,374,215</u>	<u>5,779,019</u>
Total liabilities	<u>5,729,043</u>	<u>5,913,921</u>
Deferred inflows of resources	<u>790,555</u>	<u>261,362</u>
Net position:		
Net investment in capital assets	2,267,287	2,151,881
Restricted	1,902,815	1,729,784
Unrestricted	<u>309,664</u>	<u>(397,105)</u>
Total net position	<u>\$ 4,479,766</u>	<u>\$ 3,484,560</u>

The largest portion of the Town's net position, \$2,267,287, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), net of accumulated depreciation less any related debt used to acquire those assets. The Town uses these capital assets to provide a variety of services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, \$1,902,815, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining component of the Town's net position, \$309,664, represents unrestricted net position that may be used to meet the Town's ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended December 31, 2021 and December 31, 2020.

Table 2—Condensed Statements of Changes in Net Position—Primary Government

	Governmental Activities	
	Year Ended December 31,	
	2021	2020
Program revenues:		
Charges for services	\$ 545,748	\$ 520,768
Operating and capital grants and contributions	21,269	20,207
Capital grants and contributions	124,390	64,099
General revenues	<u>3,441,008</u>	<u>3,100,878</u>
Total revenues	<u>4,132,415</u>	<u>3,705,952</u>
Total expenses	<u>3,137,209</u>	<u>3,473,621</u>
Change in net position	995,206	232,331
Net position—beginning	<u>3,484,560</u>	<u>3,252,229</u>
Net position—ending	<u>\$ 4,479,766</u>	<u>\$ 3,484,560</u>

Overall revenues of the primary government increased 11.5 percent from the prior year. This increase was mainly the result of increased sales tax revenue. Overall expenses decreased 9.7 percent from the year ended December 31, 2020, due primarily to a decrease in town wide contractual expenses.

A summary of sources of revenues for the years ended December 31, 2021 and December 31, 2020 is presented in Table 3 below.

Table 3—Summary of Sources of Revenues—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
Charges for services	\$ 545,748	\$ 520,768	\$ 24,980	4.8
Operating grants and contributions	21,269	20,207	1,062	5.3
Capital grants and contributions	124,390	64,099	60,291	94.1
Property taxes, tax items and non-property taxes	3,027,868	2,856,472	171,396	6.0
Use of money and property	86,064	29,779	56,285	189.0
Sale of property and compensation for loss	9,914	1,533	8,381	546.7
Miscellaneous	109,839	73,010	36,829	50.4
Unrestricted state aid	<u>207,323</u>	<u>140,084</u>	<u>67,239</u>	48.0
Total revenues	<u>\$ 4,132,415</u>	<u>\$ 3,705,952</u>	<u>\$ 426,463</u>	11.5

The Town's most significant source of revenues for the year ended December 31, 2021 was property taxes, tax items and non-property taxes, which accounted for \$3,027,868, or 73.3 percent of total revenues. The next largest source of revenue was charges for services, which accounted for \$545,748, or 13.2 percent of total revenues. Similarly, for the year ended December 31, 2020, the Town's most significant source of revenues was property taxes, tax items and non-property taxes, which accounted for \$2,856,472, or 77.1

percent of total revenues. The next largest source of revenue was charges for services, which accounted for \$520,768, or 14.1 percent of total revenues.

A summary of program expenses for the years ended December 31, 2021 and December 31, 2020 is presented below in Table 4:

Table 4—Summary of Program Expenses—Primary Government

	Year Ended December 31,		Increase/(Decrease)	
	2021	2020	Dollars	Percent (%)
General government support	\$ 695,017	\$ 744,752	\$ (49,735)	(6.7)
Public safety	712,543	904,515	(191,972)	(21.2)
Health	3,310	3,368	(58)	(1.7)
Transportation	914,978	1,102,298	(187,320)	(17.0)
Economic assistance and opportunity	108,093	161,512	(53,419)	(33.1)
Culture and recreation	222,933	187,174	35,759	19.1
Home and community services	414,975	301,962	113,013	37.4
Interest and other fiscal charges	65,360	68,040	(2,680)	(3.9)
Total expenses	<u>\$ 3,137,209</u>	<u>\$ 3,473,621</u>	<u>\$ (336,412)</u>	(9.7)

The Town’s most significant expense items for the year ended December 31, 2021 were transportation of \$914,978, or 29.2 percent of total expenses, public safety of \$712,543, or 22.7 percent of total expenses, and general government support of \$695,017, or 22.2 percent of total expenses. Similarly, during the year ended December 31, 2020, the Town’s significant expense items were transportation of \$1,102,298, or 31.7 percent of total expenses, public safety of \$904,515, or 26.0 percent of total expenses, and general government support of \$744,752, or 21.4 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the Town’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by an external party, the Town itself, or a group of individuals that has been delegated to assign resources for use for particular purposes by the Town Board.

At December 31, 2021, the Town’s governmental funds reported combined ending fund balance of \$5,100,003, a change of \$993,530 from the prior year fund balance of \$4,106,473. Approximately 10.3 percent of this amount, \$525,913, constitutes *unassigned fund balance*, which is available for spending at the Town’s discretion. The remainder of fund balance is either *nonspendable*, *restricted* or *assigned* to indicate that it is (1) not in spendable form, \$24,840, (2) restricted for particular purposes, \$1,902,815, or (3) assigned for particular purposes, \$2,646,435.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$525,913, while total fund balance increased to \$877,523. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately

41.4 percent of total General Fund expenditures, while total fund balance represents approximately 69.0 percent of that same amount.

The Town’s General—Town Outside Village fund ending fund balance was \$649,838. Approximately 77.1 percent of this amount, \$501,169, is *assigned to specific use*. \$148,409 is reported as fund balance assigned for subsequent year’s expenditures. During the year ended December 31, 2021, the General—Town Outside Village fund balance increased \$214,617 as a result of favorable sales tax collections.

During the year ended December 31, 2021, the Town’s Highway—Part Town Fund’s fund balance increased \$405,984 to an ending fund balance of \$1,083,944. Approximately 87.1 percent of this amount, \$944,398, is *assigned to specific use*.

The Town’s Fire Protection Fund ending fund balance increased \$116,466 to an ending fund balance of \$1,568,314. Approximately 8.5 percent of this amount, \$132,735, is *assigned to specific use*. \$1,435,579, or 91.5 percent, is restricted for LOSAP.

The Town’s Sewer District Fund increased \$34,664. The entire fund balance, \$495,875, is *assigned to specific use*.

General Fund Budgetary Highlights

The Town’s General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year’s encumbrances since the funds were allocated under the previous year’s budget, and the Town has appropriately assigned an equal amount of fund balance at year-end for this purpose. Furthermore, the budget is allowed to be amended upward (increased) for additional current year appropriations supported by an increase in budgeted revenues or appropriation of fund balance. A budgetary comparison schedule within the required supplementary information section of this report has been provided to demonstrate compliance with their budget.

A summary of the General Fund results of operations for the year ended December 31, 2021 is presented in Table 5 below:

Table 5—General Fund Budget

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues	\$ 1,325,864	\$ 1,385,864	\$ 1,435,011	\$ 49,147
Expenditures and other financing uses	<u>1,395,864</u>	<u>1,496,340</u>	<u>1,271,736</u>	<u>224,604</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>\$ (70,000)</u>	<u>\$ (110,476)</u>	<u>\$ 163,275</u>	<u>\$ 273,751</u>

Original budget compared to final budget—During the year, overall budgeted appropriations increased \$100,476 due to maintenance performed on parking lots partially offset by additional state aid.

Final budget compared to actual results—A review of actual revenues and expenditures compared to estimated revenues and appropriations in the final budget yields several favorable variances, most notably related to savings in general government support and employee benefits expenditures due to conservative spending town wide.

Capital Assets and Debt Administration

Capital assets—The Town’s investment in capital assets for its governmental activities as of December 31, 2021, amounted to \$4,292,949 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment, and infrastructure.

Capital assets net of depreciation for the governmental activities at the years ended December 31, 2021 and 2020 are presented below:

Table 6—Summary of Capital Assets (Net of Depreciation)

	Governmental Activities	
	December 31,	
	2021	2020
Land	\$ 267,396	\$ 267,396
Buildings	1,795,238	1,857,660
Improvements	443,142	370,656
Vehicles and equipment	574,382	537,356
Infrastructure	1,212,791	1,128,813
Total	<u>\$ 4,292,949</u>	<u>\$ 4,161,881</u>

Additional information on the Town’s capital assets can be found in Note 4 to the financial statements.

Long-term debt—At December 31, 2021, the Town had net bonded debt outstanding of \$1,940,000, as compared to \$2,010,000 at December 31, 2020. During the year, the Town made scheduled principal payments of \$70,000.

The Town’s governmental activities also have recorded liabilities for a capital lease, compensated absences, net pension liability—ERS and total pension liability—LOSAP.

A summary of the Town’s long-term liabilities at December 31, 2021 and December 31, 2020 is presented in Table 7 below:

Table 7—Summary of Long-Term Liabilities

	Governmental Activities	
	December 31,	
	2021	2020
Serial bonds	\$ 1,940,000	\$ 2,010,000
Capital lease	85,662	-
Compensated absences	66,514	55,027
Net pension liability—ERS	1,741	510,410
Total pension liability—LOSAP	3,280,298	3,203,582
Total	<u>\$ 5,374,215</u>	<u>\$ 5,779,019</u>

Additional information on the Town’s long-term liabilities can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate, not seasonally adjusted, for Erie County during December 2021 was 3.4 percent, as compared to New York State's unemployment rate of 5.4 percent. These factors are considered in preparing the Town's budget.

The Town considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2022 budget. The General Fund tax rate is \$3.72 per thousand of assessed value for the 2022 budget year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor's Office, Town of Concord, 86 Franklin Street, Springville, New York 14141.

BASIC FINANCIAL STATEMENTS

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TOWN OF CONCORD, NEW YORK
Statement of Net Position
December 31, 2021

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,034,031
Restricted cash and cash equivalents	707,386
Restricted investments	1,409,992
Receivables	57,427
Intergovernmental receivables	196,751
Prepaid items	24,840
Capital assets not being depreciated	267,396
Capital assets, net of accumulated depreciation	4,025,553
Total assets	9,723,376
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	1,275,988
Total deferred outflows of resources	1,275,988
LIABILITIES	
Accounts payable	103,277
Accrued liabilities	35,205
Intergovernmental payables	1,783
Unearned revenue	214,563
Noncurrent liabilities:	
Due within one year	92,690
Due within more than one year	5,281,525
Total liabilities	5,729,043
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	790,555
Total deferred inflows of resources	790,555
NET POSITION	
Net investment in capital assets	2,267,287
Restricted for:	
Tax stabilization	35,019
Capital projects	432,217
LOSAP	1,435,579
Unrestricted	309,664
Total net position	\$ 4,479,766

The notes to the financial statements are an integral part of this statement.

TOWN OF CONCORD, NEW YORK
Statement of Activities
Year Ended December 31, 2021

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Primary</u> <u>Governmental</u> <u>Activities</u>
Primary government:					
Governmental activities:					
General government support	\$ 695,017	\$ 128,189	\$ -	\$ -	\$ (566,828)
Public safety	712,543	28,821	-	-	(683,722)
Health	3,310	11,822	-	-	8,512
Transportation	914,978	272,065	-	124,390	(518,523)
Economic assistance and opportunity	108,093	-	-	-	(108,093)
Culture and recreation	222,933	62,500	2,108	-	(158,325)
Home and community services	414,975	42,351	19,161	-	(353,463)
Interest and other fiscal charges	65,360	-	-	-	(65,360)
Total primary government	<u>\$ 3,137,209</u>	<u>\$ 545,748</u>	<u>\$ 21,269</u>	<u>\$ 124,390</u>	<u>(2,445,802)</u>
General revenues:					
Property taxes and tax items					2,107,117
Non-property taxes					920,751
Use of money and property					86,064
Sale of property and compensation for loss					9,914
Miscellaneous					109,839
Unrestricted state aid					207,323
Total general revenues					<u>3,441,008</u>
Change in net position					995,206
Net position—beginning					<u>3,484,560</u>
Net position—ending					<u>\$ 4,479,766</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CONCORD, NEW YORK
Balance Sheet—Governmental Funds
December 31, 2021

	<u>Special Revenue</u>					<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>General— Town Outside Village</u>	<u>Highway— Part Town</u>	<u>Fire Protection</u>	<u>Sewer</u>		
ASSETS							
Cash and cash equivalents	\$ 500,850	\$ 482,271	\$ 979,659	\$ 132,735	\$ 500,859	\$ 437,657	\$ 3,034,031
Restricted cash and cash equivalents	552,405	-	129,394	25,587	-	-	707,386
Restricted investments	-	-	-	1,409,992	-	-	1,409,992
Receivables	18,410	37,056	1,513	-	-	448	57,427
Intergovernmental receivables	63,991	132,760	-	-	-	-	196,751
Prepaid items	13,768	260	10,152	-	-	660	24,840
Total assets	<u>\$ 1,149,424</u>	<u>\$ 652,347</u>	<u>\$ 1,120,718</u>	<u>\$ 1,568,314</u>	<u>\$ 500,859</u>	<u>\$ 438,765</u>	<u>\$ 5,430,427</u>
LIABILITIES							
Accounts payable	\$ 50,863	\$ 2,169	\$ 32,501	\$ -	\$ 4,984	\$ 12,760	\$ 103,277
Accrued liabilities	4,692	340	4,273	-	-	1,496	10,801
Intergovernmental payables	1,783	-	-	-	-	-	1,783
Unearned revenue	214,563	-	-	-	-	-	214,563
Total liabilities	<u>271,901</u>	<u>2,509</u>	<u>36,774</u>	<u>-</u>	<u>4,984</u>	<u>14,256</u>	<u>330,424</u>
FUND BALANCES							
Nonspendable	13,768	260	10,152	-	-	660	24,840
Restricted	337,842	-	129,394	1,435,579	-	-	1,902,815
Assigned	-	649,578	944,398	132,735	495,875	423,849	2,646,435
Unassigned	525,913	-	-	-	-	-	525,913
Total fund balances	<u>877,523</u>	<u>649,838</u>	<u>1,083,944</u>	<u>1,568,314</u>	<u>495,875</u>	<u>424,509</u>	<u>5,100,003</u>
Total liabilities and fund balances	<u>\$ 1,149,424</u>	<u>\$ 652,347</u>	<u>\$ 1,120,718</u>	<u>\$ 1,568,314</u>	<u>\$ 500,859</u>	<u>\$ 438,765</u>	<u>\$ 5,430,427</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CONCORD, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
December 31, 2021

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances—governmental funds (page 14)		\$ 5,100,003
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is \$7,925,109 and the accumulated depreciation is \$3,632,160.		4,292,949
Deferred outflows of resources and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 74,522	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	1,201,466	
Deferred inflows related to pension plans	<u>(790,555)</u>	485,433
Net accrued interest expense for serial bonds is not reported in the fund statements.		(24,404)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (1,940,000)	
Capital lease	(85,662)	
Compensated absences	(66,514)	
Net pension liability—ERS	(1,741)	
Total pension liability—LOSAP	<u>(3,280,298)</u>	<u>(5,374,215)</u>
Net position of governmental activities		<u>\$ 4,479,766</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CONCORD, NEW YORK
Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds
Year Ended December 31, 2021

	<u>Special Revenue</u>					<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
	<u>General—</u>		<u>Highway— Part Town</u>	<u>Fire Protection</u>	<u>Sewer</u>		
	<u>General</u>	<u>Town Outside Village</u>					
REVENUES							
Real property taxes and tax items	\$ 941,105	\$ -	\$ 252,789	\$ 624,540	\$ 211,899	\$ 76,784	\$ 2,107,117
Non-property tax items	-	920,751	-	-	-	-	920,751
Departmental income	35,302	7,049	-	-	-	-	42,351
Intergovernmental charges	-	-	272,065	-	-	62,500	334,565
Use of money and property	2,328	-	39	83,070	416	211	86,064
Licenses and permits	13,296	15,525	-	-	-	-	28,821
Fines and forfeitures	128,189	-	-	-	-	-	128,189
Sale of property and compensation for loss	-	-	9,914	-	-	-	9,914
Miscellaneous	105,360	242	11,822	142	-	4,095	121,661
State aid	209,431	19,161	124,390	-	-	-	352,982
Total revenues	<u>1,435,011</u>	<u>962,728</u>	<u>671,019</u>	<u>707,752</u>	<u>212,315</u>	<u>143,590</u>	<u>4,132,415</u>
EXPENDITURES							
Current:							
General government support	602,878	-	-	-	-	-	602,878
Public safety	14,112	66,652	-	516,466	-	-	597,230
Health	2,774	-	-	-	-	-	2,774
Transportation	103,312	-	758,419	-	-	33,990	895,721
Economic assistance and opportunity	60,329	-	-	-	-	25,829	86,158
Culture and recreation	37,332	7,000	-	-	-	127,740	172,072
Home and community services	100,476	72,770	-	-	141,682	12,816	327,744
Employee benefits	193,081	3,689	127,278	74,820	-	4,890	403,758
Debt service:							
Principal	42,860	-	-	-	25,000	2,140	70,000
Interest and other fiscal charges	54,179	-	-	-	10,969	1,064	66,212
Total expenditures	<u>1,211,333</u>	<u>150,111</u>	<u>885,697</u>	<u>591,286</u>	<u>177,651</u>	<u>208,469</u>	<u>3,224,547</u>
Excess (deficiency) of revenues over expenditures	<u>223,678</u>	<u>812,617</u>	<u>(214,678)</u>	<u>116,466</u>	<u>34,664</u>	<u>(64,879)</u>	<u>907,868</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	535,000	-	-	123,403	658,403
Transfers out	(60,403)	(598,000)	-	-	-	-	(658,403)
Capital lease issued	-	-	85,662	-	-	-	85,662
Total other financing sources (uses)	<u>(60,403)</u>	<u>(598,000)</u>	<u>620,662</u>	<u>-</u>	<u>-</u>	<u>123,403</u>	<u>85,662</u>
Net change in fund balances	163,275	214,617	405,984	116,466	34,664	58,524	993,530
Fund balances—beginning	714,248	435,221	677,960	1,451,848	461,211	365,985	4,106,473
Fund balances—ending	<u>\$ 877,523</u>	<u>\$ 649,838</u>	<u>\$ 1,083,944</u>	<u>\$ 1,568,314</u>	<u>\$ 495,875</u>	<u>\$ 424,509</u>	<u>\$ 5,100,003</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CONCORD, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended December 31, 2021

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances—total governmental funds (page 16) \$ 993,530

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and loss on disposals in the current period.

Capital asset additions	\$ 434,584	
Depreciation expense	(257,793)	
Loss on disposals	<u>(45,723)</u>	131,068

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

Town pension contributions and benefit payments	\$ 173,645	
Cost of benefits earned net of employee contributions	<u>(276,740)</u>	(103,095)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 852

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Principal payments on serial bonds	\$ 70,000	
Capital lease issued	(85,662)	
Change in compensated absences	<u>(11,487)</u>	<u>(27,149)</u>

Change in net position of governmental activities \$ 995,206

The notes to the financial statements are an integral part of this statement.

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TOWN OF CONCORD, NEW YORK
Notes to the Financial Statements
Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Concord, 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 governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town’s accounting policies are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e. statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. The Town reports no fiduciary activities. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. The Town reports no business-type activities. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. For the year ended December 31, 2021 the Town determined that the Concord Industrial Development Agency (the "Agency") is a discretely presented component unit of the Town. However, based on the lack of activity, the Agency is excluded from the financial reporting entity. Therefore, the Town reports no component units.

Reporting Entity

The Town, which was established in 1812, is located within the County of Erie, New York. The Town operates under provisions of New York State law and various local laws. The five-member Town Board is the legislative body responsible for overall operations. The Supervisor serves as both Chief Executive Officer and Chief Fiscal Officer.

The Town provides the following services to its residents: fire protection, highway, senior services, library service, sewer service, street lighting, water service, van services, youth incorporated services, and general administration.

Independently elected officials of the Town include:

Supervisor	Town Clerk / Collector of Taxes
Council Members (4)	Superintendent of Highways
Town Justices (2)	

Units of local government which operate within the boundaries of the Town consist of the County of Erie and the Village of Springville. Public education is provided by one school district within the Town.

Basis of Presentation—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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the Town's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation—Fund Financial Statements

The fund financial statements provide information about the Town's governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the Town and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes.
- *General—Town Outside Village Fund*—The General—Town Outside Village Fund is used to record all revenues and expenditures required by statute to be charged to the area of the Town outside the Village. The principal source of revenue for the General—Town Outside Village Fund is non-property tax items.
- *Highway—Part Town Fund*—The Highway—Part Town Fund was established pursuant to Highway Law Section 141 to account for revenues and expenditures specific to highway purposes. The principal source of revenue for the Highway—Part Town Fund is real property taxes and intergovernmental charges.
- *Fire Protection Fund*—The Fire Protection Fund is used to record all revenues and expenditures related to operation and maintenance of the fire protection in the Town. The principal source of revenue for the Fire Protection Fund is real property taxes.
- *Sewer Fund*—The Sewer Fund is used to record all revenues and expenditures related to operation and maintenance of the sewer fund. The major source of revenue for this fund is tax assessments. The principal source of revenue for the Sewer Fund is real property taxes.

The Town reports the following nonmajor funds: Highway—Townwide Fund, Library Fund, Lighting District Fund, Water Fund, Joint Youth Fund, Joint Van Fund, and Capital Projects Fund.

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. 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 are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. 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.

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 transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a 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 financial 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 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 services expenditures, as well as expenditures related to compensated absences, pensions and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, non-property taxes, franchise taxes, licenses, interest and state and federal aid associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and the amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents—The Town’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the Town’s investment policies. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent fund balance restricted for tax stabilization, capital projects purposes, unearned revenues, and the Town’s Length of Service Award Program (“LOSAP”). The Town reported restricted cash and cash equivalents balances of \$707,386 within governmental funds.

Restricted Investments—The Town’s restricted investments consist of annuity contracts related to LOSAP.

Intergovernmental Receivables—Receivables include amounts due from state and federal governments and represent amounts owed to the Town to reimburse it for expenditures incurred pursuant to state and federally funded programs. Receivables are recorded and revenues recognized as earned. Allowances are recorded when appropriate.

Prepaid Items—Certain retirement payments reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

Capital Assets—Capital assets, which include land, buildings, improvements, vehicles and equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value.

Land is not depreciated. The other capital assets of the Town are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Improvements	25-50
Vehicles and equipment	5-10
Infrastructure	35-50

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new highway vehicle included as part of *expenditures—transportation*). At times, amounts reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2021, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town’s proportion of the collective net pension liability, the difference during the measurement period between the Town’s contributions and its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2021, the Town has one item that qualifies for reporting in this category. This item represents the effect of the net change in the Town's proportion of the collective net pension liability and the difference during the measurement periods between the Town's contributions, and its proportionate share of the total contributions to the pension systems not included in pension expense and is reported on the government-wide statements.

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.

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 to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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 Town Board resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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 Town Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues 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.

Revenues and Expenses/Expenditures

Program Revenues—The amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided 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.

Property Taxes—The Erie County Legislature prepares the levy in late December of each year and jointly bills the Town levy and Erie County real property taxes. Property taxes are levied and become a lien as of January 1st based on assessed property values as of that date.

Tax payments are due January 1st to February 15th without penalty; February 16th to 28th a 1.5% penalty; March 1st to 15th a 3.0% penalty; March 16th to April 1st a 4.5% penalty; April 2nd to 15th a 6.0% penalty; April 16th to 30th a 7.5% penalty; and 1.5% added each month thereafter.

The tax roll is returned to the Erie County Commissioner of Finance after May 1st at which time all unpaid taxes and penalties are payable to that office. The Town retains their full tax levies for all unpaid items that are returned to the County. Thus, the Town is assured of receiving 100% of its tax levy. The County enforces all liens.

The Collector of Taxes also bills and collects taxes for the Springville Griffith Institute Central School District. Collections of the school district taxes and remittances of them are accounted for by the Collector of Taxes, independent of Town operations.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At December 31, 2021, the Town reported unearned revenues within the General Fund in the amount of \$214,563. The Town received grant money in advance but has not performed the related services, and therefore recognizes a liability.

Compensated Absences—Certain Town employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Vacations and compensatory absences must be used by the end of the fiscal year in which they are earned. Employees may accumulate sick leave and are entitled to receive payment for unused sick leave in the event of termination or upon retirement.

The annual budgets of the operating funds provide funding for these benefits as they become payable. Since the payment of compensated absences is dependent on many factors, the timing of future payments is not readily determinable. However, management believes that sufficient resources will be available for the payment of compensated absences when such payments become due.

Retirement System Pension Plan—The Town is mandated by New York State law to participate in the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability related to ERS, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Length of Service Awards Program (“LOSAP”)—The Town has adopted a Service Awards Program for firefighters that serve on a volunteer basis. The Program is administered by an outside agency, with the Town as trustee. More information on the Town’s defined benefit plan and pension liability related to LOSAP are included in Note 7.

Other

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

Adoption of New Accounting Pronouncements—During the year ended December 31, 2021, the Town implemented GASB Statements No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; No. 93, *Replacement of Interbank Offered Rates*, and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB Statement No. 93 addresses those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (“IBOR”). GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. The implementation of GASB Statements No. 89, 91, 93, and 98 did not have a material impact on the Town’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Town has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*, effective for the year ending December 31, 2022; and No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*, and No. 99, *Omnibus 2022*, effective for the year ending December 31, 2023. The Town is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 94, 96 and 99 will have on its financial position and results of operations when such statements are adopted.

Stewardship, Compliance and Accountability

Legal Compliance—Budgets—The Town follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- Prior to September 30th, the Town Supervisor files a “tentative” budget with the Town Clerk for the following fiscal year to commence on January 1st. This budget, which includes appropriations and estimated revenues, is then presented to the full Town Board by October 5th.
- The full Town Board reviews the tentative budget and may adjust same before approving a “preliminary” budget and calling for a public hearing, which is generally held in October.
- Following the public hearing, revisions may again be made by the Town Board before filing an adopted budget with Erie County by November 20th.

- Formal annual budgetary accounts are employed as a management control device for the General and Special Revenue Funds.
- During the fiscal year, the Town Board can legally amend the operating budgets and is empowered to implement supplemental appropriations. Budget amendments are required for the departmental budgetary control. All budget amendments and budget transfers require Town Board approval.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The Town has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2021 are as follows:

	Governmental Funds
Petty cash (uncollateralized)	\$ 175
Deposits	<u>3,741,242</u>
Total	<u>\$ 3,741,417</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2021 as follows:

	Bank Balance	Carrying Amount
FDIC Insured	\$ 545,165	\$ 545,165
Uninsured:		
Collateral held by bank's agent in the Town's name	<u>3,214,844</u>	<u>3,196,077</u>
Total	<u>\$ 3,760,009</u>	<u>\$ 3,741,242</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. As noted above, by New York State Statute all deposits in excess of FDIC insurance coverage must be collateralized. At December 31, 2021, the Town's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the Town's name.

Investment Rate Risk—In accordance with its investment policy, the Town manages exposure by limiting investments to low risk type investments governed by New York State Statute.

Restricted Cash and Cash Equivalents—The Town reports cash set aside to support unearned revenues and restricted fund balances as restricted cash and cash equivalents. At December 31, 2021, the Town reported \$707,386 of restricted cash and cash equivalents within its governmental funds.

Restricted Investments—All investments are reported using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are presented below:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the Town has access at the measurement date.
- Level 2. Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets in markets that are not active;
 - Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - Inputs derived principally from, or corroborated by, observable market data correlation or by other means
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

The Town’s restricted investments consist of annuity contracts related to the Town’s Length of Service Award Program (“LOSAP”), a defined benefit volunteer firefighter award program (See Note 7). These annuities are guaranteed fixed annuities. The interest on each annuity varies but they are all fixed rate with a guaranteed minimum rate for a specific period.

At December 31, 2021, the Town’s annuity contracts of \$1,409,992 are valued using quoted market prices for identical asset in active markets (level 1 input).

3. RECEIVABLES

Major revenues accrued by the Town at December 31, 2021 consisted of the following:

Receivables—Represents amounts due from various sources. Receivables at December 31, 2021 are:

General Fund:			
Town Clerk fees and charges	\$	1,855	
Court fines and fees		15,341	
Other		<u>1,214</u>	\$ 18,410
General—Town Outside Village Fund:			
Planning Board fees		1,475	
Building permit fees		1,800	
Cable franchise fees		<u>33,781</u>	37,056
Highway—Part Town Fund:			
Other			1,513
Joint Van Fund:			
Other			<u>448</u>
Total governmental funds	\$		<u><u>57,427</u></u>

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State, County of Erie or other local governments. Intergovernmental receivables at December 31, 2021 are presented below:

General Fund:			
Erie County—Community Development Block Grant	\$ 60,000		
Other	<u>3,991</u>	\$	63,991
General—Town Outside Village Fund:			
Erie County sales tax	\$ 124,760		
Erie County—comprehensive plan	<u>8,000</u>		<u>132,760</u>
Total governmental funds		\$	<u><u>196,751</u></u>

4. CAPITAL ASSETS

Capital asset activity for the Town’s governmental activities for the year ended December 31, 2021 was as follows:

	Balance 1/1/2021	Increases	Decreases	Balance 12/31/2021
Capital assets, not being depreciated:				
Land	\$ 267,396	\$ -	\$ -	\$ 267,396
Total capital assets, not being depreciated	<u>267,396</u>	<u>-</u>	<u>-</u>	<u>267,396</u>
Capital assets, being depreciated:				
Buildings	2,617,726	-	-	2,617,726
Improvements	939,748	100,476	-	1,040,224
Vehicles and equipment	2,144,852	204,323	(134,719)	2,214,456
Infrastructure	<u>1,655,522</u>	<u>129,785</u>	<u>-</u>	<u>1,785,307</u>
Total capital assets, being depreciated	<u>7,357,848</u>	<u>434,584</u>	<u>(134,719)</u>	<u>7,657,713</u>
Less accumulated depreciation for:				
Buildings	(760,066)	(62,422)	-	(822,488)
Improvements	(569,092)	(27,990)	-	(597,082)
Vehicles and equipment	(1,607,496)	(121,574)	88,996	(1,640,074)
Infrastructure	<u>(526,709)</u>	<u>(45,807)</u>	<u>-</u>	<u>(572,516)</u>
Total accumulated depreciation	<u>(3,463,363)</u>	<u>(257,793)</u>	<u>88,996</u>	<u>(3,632,160)</u>
Total capital assets, being depreciated, net	<u>3,894,485</u>	<u>176,791</u>	<u>(45,723)</u>	<u>4,025,553</u>
Total capital assets, net	<u>\$ 4,161,881</u>	<u>\$ 176,791</u>	<u>\$ (45,723)</u>	<u>\$ 4,292,949</u>

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

General government support	\$ 76,212
Transportation	134,695
Economic assistance and opportunity	5,299
Culture and recreation	17,637
Home and community services	23,950
Total	<u>\$ 257,793</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at December 31, 2021 were as follows:

	General— General Fund	Town-Outside Village Fund	Highway— Part-Town Fund	Nonmajor Funds	Total Governmental Funds
Salary and employee benefits	<u>\$ 4,692</u>	<u>\$ 340</u>	<u>\$ 4,273</u>	<u>\$ 1,496</u>	<u>\$ 10,801</u>

6. RETIREMENT SYSTEM PENSION PLAN

Plan Description and Benefits Provided

New York State and Local Employees’ Retirement System (“ERS”)—The Town participates in the ERS, a cost-sharing multiple-employer retirement system (the “System”). The System provides retirement benefits as well as death and disability benefits. The net position of the Systems are held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all assets and record changes in fiduciary net position allocated to the Systems. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the Systems. 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. ERS 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.

The System is noncontributory except for employees who joined 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 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 Supervisor 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 31.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At December 31, 2021, the Town reported the following liability for its proportionate share of the net pension liability for ERS as shown below. The net pension liability was measured as of March 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2020, with updated procedures used to roll forward the total net pension liability to the measurement date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the System in reports provided to the Town.

	<u>ERS</u>
Measurement date	March 31, 2021
Net pension liability	\$ 1,741
Town's portion of the Plan's total net pension liability	0.0017484%

For the year ended December 31, 2021, the Town recognized a pension expense of \$52,021 for the ERS. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 21,262	\$ -
Changes of assumptions	320,105	6,037
Net difference between projected and actual earnings on pension plan investments	-	500,104
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	45,555	24,997
Town contributions subsequent to the measurement date	<u>74,522</u>	<u>-</u>
Total	<u>\$ 461,444</u>	<u>\$ 531,138</u>

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>ERS</u>
2022	\$ (20,840)
2023	(4,857)
2024	(23,203)
2025	(95,316)

Actuarial Assumptions—The total pension liability as of the measurement date were determined by using the actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Measurement date	March 31, 2021
Actuarial valuation date	April 1, 2020
Interest rate	5.9%
Salary scale	4.4%
Decrement tables	April 1, 2015- March 31, 2020
Inflation rate	2.7%
Cost-of-living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020. The actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

	<u>ERS</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
	<u>March 31, 2021</u>	
Measurement date		
Asset class:		
Domestic equities	32.0 %	4.1 %
International equities	15.0	6.3
Private equity	10.0	6.8
Real estate	9.0	5.0
Opportunistic portfolio/Absolute return strategies	3.0	4.5
Credit	4.0	3.6
Real assets	3.0	6.0
Fixed income	23.0	0.0
Cash	<u>1.0</u>	0.5
Total	<u>100 %</u>	

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

Sensitivity of the Proportionate Share of the Net Pension Liabilities to the Discount Rate Assumption—The chart presented below presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (4.9%) or one percentage-point higher (6.9%) than the current assumption.

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	\$ 483,221	\$ 1,741	\$ (442,296)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability of the employers as of the respective valuation date, were as follows:

	ERS (Dollars in Thousands)
Valuation date	April 1, 2020
Employers' total pension liability	\$ 220,680,157
Plan fiduciary net position	<u>220,580,583</u>
Employers' net pension liability	<u>\$ 99,574</u>
System fiduciary net position as a percentage of total pension liability	100.0%

7. PENSION OBLIGATIONS—LOSAP

Plan Description—The Town established a defined benefit LOSAP plan for the active volunteer firefighters of the Town of Concord. The program took effect on January 1, 1999. The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension like benefits to facilitate the recruitment and retention of active volunteer firefighters. The Town is the sponsor of the program.

Participation, Vesting and Service Credit—Active volunteer firefighters in the Town of Concord are those who have reached the age of 18 and who have completed one year of firefighting service are eligible to participate in the program. Under the defined benefits plan, participants acquire a non-forfeitable right to a service award after being credited with five years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age 65. A participant may also receive credit for five years of firefighting service rendered prior to the establishment of the program. Under the defined contribution plan, participants acquire a non-forfeitable right to a service award upon attaining the program’s entitlement age of 65.

Benefits—A participant’s benefit under the defined benefits plan is the life annuity, with ten years certain, equal to \$20 multiplied by the person’s total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed twenty. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age.

Participants Covered by the Benefit Terms—At the December 31, 2021 measurement date, the participants covered by the benefit terms were as follows:

Inactive participants currently receiving benefit payments	16
Inactive participants entitled to but not yet receiving benefit payments	27
Active participants	<u>44</u>
Total	<u>87</u>

Contributions—New York State General Municipal Law §219(d) requires the Town to contribute an actuarially determined contribution on an annual basis. The actuarially determined contribution shall be appropriated annually by the Town.

Trust Assets—Although assets applicable to 2021 have been accumulated in an irrevocable trust such that the assets are dedicated to providing pensions to plan members in accordance with benefit terms, the trust assets are not legally protected from creditors of the Town. As such, the trust assets do not meet the criteria in paragraph 4 of GASB Statement No. 73.

Measurement of Total Pension Liability

The total pension liability at the December 31, 2021 measurement date was determined using an actuarial valuation as of that date.

Actuarial Assumptions—The total pension liability in the December 31, 2021 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal
Inflation:	3.0%
Salary Scale:	None assumed

Mortality rates were based on the RP 2000 Combined - Unisex Table without projection for mortality improvement.

Discount Rate—The discount rate used to measure the total pension liability was 1.84%. This was the yield to maturity of the Fidelity 20-Year GO AA Bond Index as of December 31, 2021.

Changes in the Total Pension Liability—The table presented below shows the changes to the total pension liability during the previous fiscal year, by source.

	<u>Total Pension Liability</u>
Balance as of 12/31/2020 measurement date	\$ 3,203,582
Changes for the year:	
Service cost	96,683
Interest	63,311
Changes of assumptions or other inputs	(42,165)
Differences between expected and actual experience	33,707
Benefit payments	<u>(74,820)</u>
Net changes	76,716
Balance as of 12/31/2021 measurement date	<u>\$ 3,280,298</u>

Sensitivity of the Total Pension Liability to changes in the Discount Rate—The following presents the total pension liability of the Town as of the December 31, 2021 measurement date, calculated using the discount rate of 1.84 percent, as well as what the Town’s total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.84 percent) or one percentage point higher (2.84 percent) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	(0.84%)	(1.84%)	(2.84%)
Total pension liability	\$ 3,820,000	\$ 3,280,298	\$ 2,848,000

Pension Expense and Deferred Outflows of Resources Related to Pension—For the year ended December 31, 2021, the Town recognized pension expense of \$224,718. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 70,981	\$ 100,714
Changes of assumptions or other inputs	743,563	158,703
Total	<u>\$ 814,544</u>	<u>\$ 259,417</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	
<u>December 31,</u>	
2022	\$ 63,784
2023	63,784
2024	63,784
2025	63,784
2026	63,784
Thereafter	236,207

8. RISK MANAGEMENT

The Town is exposed to various risks of loss related to damage and destruction of assets, vehicle liability, and injuries to employees, health insurance and unemployment insurance. These risks are covered by commercial insurance purchased from independent third parties. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded commercial insurance coverage in the past three fiscal years.

The Town participates in the New York State Municipal Workers' Compensation Alliance (the "Alliance"), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The Alliance is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 (\$1,250,000 for police, fire, ambulance drivers and electricians) per event. The Alliance maintains independent coverage for events in excess of \$750,000 (\$1,250,000 for police, fire, ambulance drivers and electricians). At December 31, 2021, management believes that there are no material outstanding liabilities for workers' compensation.

9. LEASES

Capital Leases—The Town entered into a long-term capital lease for certain machinery and equipment. The present value of the lease at December 31, 2021 is \$85,662 and has been recorded as a long-term liability within the Town's governmental activities. The assets acquired through the capital lease are summarized below:

	Governmental Activities
Assets:	
Machinery and equipment	\$ 195,623
Less: Accumulated depreciation	-
Total	<u>\$ 195,623</u>

Payments on the machinery and equipment begin on September 29, 2022 and are due annually. Total payments of \$18,865 are due annually, with final payment due September 29, 2026. The implicit interest rate is 3.75%.

The obligations under the leases can be summarized as follows:

Year Ending December 31,	Governmental Activities
2022	\$ 18,865
2023	18,865
2024	18,865
2025	18,865
2026	<u>18,865</u>
Total minimum lease payments	94,325
Less: Amount representing imputed interest costs	<u>(8,663)</u>
Present value of minimum lease payments	<u>\$ 85,662</u>

10. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the government-wide financial statements.

In the fund financial statements, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The Town's outstanding long-term liabilities include serial bonds, capital lease, compensated absences, net pension liability—ERS and total pension liability—LOSAP. The serial bonds of the Town are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the Town's long-term liabilities at December 31, 2021 is presented below:

	Balance 1/1/2021	Additions	Reductions	Balance 12/31/2021	Due Within One Year
Serial bonds	\$ 2,010,000	\$ -	\$ 70,000	\$ 1,940,000	\$ 70,000
Capital lease	-	85,662	-	85,662	16,039
Compensated absences*	55,027	11,487	-	66,514	6,651
Net pension liability—ERS*	510,410	-	508,669	1,741	-
Total pension liability—LOSAP*	3,203,582	76,716	-	3,280,298	-
Total	\$ 5,779,019	\$ 173,865	\$ 578,669	\$ 5,374,215	\$ 92,690

(*Additions to the compensated absences and pension liability related to ERS and LOSAP are shown net of reductions)

Serial Bonds—The Town issued general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 20 to 26 years.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the associated fund, either being the General Fund, Sewer Fund, and the Water Fund.

A default will have occurred if the payment of principal or interest are not paid when due and payable. Upon default in payment in full of the principal or interest on the bonds, a holder of such defaulted bond has a contractual right to sue the Town of the amount then due thereon.

The Town does not have any lines of credit.

A summary of additions and payments for the year ended December 31, 2021 is presented below:

Description	Original Issue	Interest Rate (%)	Year of Issue/Maturity	Balance 1/1/2021	Additions	Payments	Balance 12/31/2021
Public Improvement	\$ 2,347,790	3.125-3.50%	2018/2045	\$ 2,010,000	\$ -	\$ 70,000	\$ 1,940,000
Total				\$ 2,010,000	\$ -	\$ 70,000	\$ 1,940,000

Capital Leases—The Town entered into a long-term capital lease for certain machinery and equipment. The outstanding balance at December 31, 2021 was \$85,662. Refer to Note 9 for additional information related to the Town's capital lease.

Compensated Absences—As described in Note 1, the Town records the value of compensated absences in the government-wide financial statements. The annual budgets of the respective funds of which the employees’ payroll is recorded provide for these benefits as they become due. Typically, the Highway—Part Town Fund have been used in prior years to liquidate the current liability. The liability for compensated absences at December 31, 2021 amounts to \$66,514. While the payments of compensated absences are dependent upon many factors, the Town has estimated that \$6,651 will become due within one year. Since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily available.

Pension Liabilities—The Town reports liabilities for its proportionate share of the net pension liability for the Employees’ Retirement System (\$1,741) and the total pension liability for LOSAP (\$3,280,298). Typically, the Highway—Part Town Fund and the Fire Protection Fund has been used to liquidate this liability within the governmental funds. Refer to Note’s 6 and 7 for additional information related to the Town’s pension liabilities.

A maturity schedule of the Town’s indebtedness is presented below:

Year Ending December 31,	Serial Bonds	Capital Lease	Compensated Absences	Net Pension Liability—ERS	Total Pension Liability—LOSAP	Total
2022	\$ 70,000	\$ 16,039	\$ 6,651	\$ -	\$ -	\$ 92,690
2023	75,000	16,568	-	-	-	91,568
2024	75,000	17,114	-	-	-	92,114
2025	80,000	17,679	-	-	-	97,679
2026	80,000	18,262	-	-	-	98,262
2027-2031	445,000	-	-	-	-	445,000
2032-2036	365,000	-	-	-	-	365,000
2037-2041	385,000	-	-	-	-	385,000
2042-2046	365,000	-	59,863	1,741	3,280,298	3,706,902
Total	<u>\$ 1,940,000</u>	<u>\$ 85,662</u>	<u>\$ 66,514</u>	<u>\$ 1,741</u>	<u>\$ 3,280,298</u>	<u>\$ 5,374,215</u>

Interest requirements on serial bonds payable and capital leases are as follows:

Year ending December 31,	Serial Bonds	Capital Lease
2022	\$ 63,938	\$ 2,826
2023	61,581	2,297
2024	59,144	1,750
2025	56,626	1,186
2026	54,026	604
2027-2031	228,284	-
2032-2036	159,052	-
2037-2041	98,605	-
2042-2046	26,164	-
Total	<u>\$ 807,420</u>	<u>\$ 8,663</u>

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category. A reconciliation of the Town’s governmental activities net investment in capital assets is presented below:

Capital assets, net of accumulated depreciation	\$ 4,292,949
Related debt:	
Serial bonds	(1,940,000)
Capital lease	<u>(85,662)</u>
Net investment in capital assets	<u>\$ 2,267,287</u>

- **Restricted Net Position**—This category presents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions and enabling legislation.
- **Unrestricted Net Position**—This category represents the net position of the Town not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the Town at December 31, 2021 is presented below:

- **Prepaid Items**—Representing the portion of fund balance, \$13,768, \$260, \$10,152, and \$660, composed of prepaid items for the General Fund, General—Town Outside Village Fund, Highway—Part Town Fund, and the nonmajor funds, respectively. This balance is nonspendable as the balance does not represent an available source.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balances of the Town at December 31, 2021 include:

	General Fund	Highway—Part Town Fund	Fire Protection Fund	Total
LOSAP	\$ -	\$ -	\$ 1,435,579	\$ 1,435,579
Capital projects	302,823	129,394	-	432,217
Tax stabilization	35,019	-	-	35,019
Total	<u>\$ 337,842</u>	<u>\$ 129,394</u>	<u>\$ 1,435,579</u>	<u>\$ 1,902,815</u>

- **Restricted for LOSAP**—Represents monies, \$1,435,579, held for the Town’s LOSAP.
- **Restricted for Capital Projects**—Represents \$302,823 in the General Fund and \$129,394 in the Highway—Part Town Fund to be used for construction, reconstruction and/or the acquisition of capital improvements and equipment.
- **Restricted for Tax Stabilization**—Represents \$35,019 in the General Fund set aside to lessen or prevent projected increases in excess of 2.5% of the real property tax levy.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the Town’s highest level of decision-making authority. At December 31, 2021, the Town reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are subject to a purpose constraint that represents an intended use established by the Town Board. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. At December 31, 2021, the fund balances shown below were considered to be assigned.

	General— Town-Outside Village Fund	Highway Part-Town Fund	Fire Protection Fund	Sewer Fund	Nonmajor Governmental Funds	Total
Subsequent year's expenditures	\$ 148,409	\$ -	\$ -	\$ -	\$ 50,000	\$ 198,409
Specific use	501,169	944,398	132,735	495,875	373,849	2,448,026
Total	<u>\$ 649,578</u>	<u>\$ 944,398</u>	<u>\$ 132,735</u>	<u>\$ 495,875</u>	<u>\$ 423,849</u>	<u>\$ 2,646,435</u>

- **Assigned to Subsequent Year’s Expenditures**—Represents available fund balance being appropriated to meet expenditure requirements in the 2022 fiscal year.
- **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 fund balance represents the residual classification of the government’s General Fund surplus.

If the Town must use funds for emergency expenditures, the Board shall authorize the Supervisor to expend funds first from funds classified under GASB as nonspendable (if the funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other funds are available, the Town will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. All interfund balances are expected to be collected/paid within the ensuing year. Interfund transfers are routine annual events for both the budget and accounting process and are necessary to present funds in their proper fund classification.

There were no interfund receivables and payables of the Town as of December 31, 2021.

The Town made the following operating transfers during the year ended December 31, 2021:

	Transfers In:		
	Highway—		
	Part Town Fund	Nonmajor Funds	Total
Transfers out:			
General Fund	\$ -	\$ 60,403	\$ 60,403
General—Town-Outside Village Fund	535,000	63,000	598,000
Total	\$ 535,000	\$ 123,403	\$ 658,403

During the year, operating transfers from the General Fund and General—Town-Outside Village Fund are utilized to assist in funding those operations within the Highway—Part Town Fund, Joint Van and Joint Youth Funds.

13. COMMITMENTS

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 expended in the next year) are re-appropriate and become part of the subsequent year’s budget pursuant to state regulations.

The Town considers encumbrances to be significant for amounts that are encumbered in excess of \$10,000. As of December 31, 2021, the Town did not report any encumbrances.

14. CONTINGENCIES

Litigation—The Town is involved in litigation in the ordinary course of its operations. The Town believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the Town’s financial condition or results of operations.

Grants—In the normal course of operations, the Town receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of any expenditures which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

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.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 10, 2022, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF CONCORD, NEW YORK
Schedule of the Town's Proportionate Share of the
Net Pension Liability—Employees' Retirement System
Last Seven Fiscal Years*

	Year Ended December 31,						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015
Town's proportion of the net pension liability	0.0017484%	0.0019275%	0.0020538%	0.0022437%	0.0021432%	0.0021309%	0.0021138%
Town's proportionate share of the net pension liability	<u>\$ 1,741</u>	<u>\$ 510,410</u>	<u>\$ 145,516</u>	<u>\$ 72,416</u>	<u>\$ 201,376</u>	<u>\$ 337,675</u>	<u>\$ 71,409</u>
Town's covered payroll	\$ 649,929	\$ 678,523	\$ 687,918	\$ 685,804	\$ 668,374	\$ 650,874	\$ 635,603
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.3%	75.2%	21.2%	10.6%	30.1%	51.9%	11.2%
Plan fiduciary net position as a percentage of the total pension liability	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

*Information prior to the year ended December 31, 2015 is not available.

TOWN OF CONCORD, NEW YORK
Schedule of the Town's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended December 31,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 98,825	\$ 97,614	\$ 98,858	\$ 95,758	\$ 97,544	\$ 95,838	\$ 127,081	\$ 108,896	\$ 143,109	\$ 97,578
Contributions in relation to the contractually required contribution	<u>(98,825)</u>	<u>(97,614)</u>	<u>(98,858)</u>	<u>(95,758)</u>	<u>(97,544)</u>	<u>(95,838)</u>	<u>(127,081)</u>	<u>(108,896)</u>	<u>(143,109)</u>	<u>(97,578)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll*	\$ 620,596	\$ 663,711	\$ 684,458	\$ 685,109	\$ 581,001	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	15.9%	14.7%	14.4%	14.7%	16.8%	14.7%	20.0%	17.8%	22.1%	17.7%

*Information prior to the year ended December 31, 2017 is not available.

TOWN OF CONCORD, NEW YORK
Schedule of Changes in the Town's Total Pension Liability—LOSAP
Last Five Fiscal Years*

	Year Ended December 31,				
	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 96,683	\$ 68,628	\$ 60,956	\$ 64,570	\$ 66,755
Interest	63,311	73,448	85,166	82,187	85,308
Changes of assumptions or other inputs	(42,165)	388,546	340,495	(152,805)	171,845
Differences between expected and actual experience	33,707	41,210	(9,916)	(111,922)	(10,774)
Benefit payments	(74,820)	(74,460)	(99,359)	(72,285)	(66,118)
Net changes in total pension liability	76,716	497,372	377,342	(190,255)	(66,118)
Total pension liability—beginning	3,203,582	2,706,210	2,328,868	2,519,123	272,107
Total pension liability—ending	<u>\$ 3,280,298</u>	<u>\$ 3,203,582</u>	<u>\$ 2,706,210</u>	<u>\$ 2,328,868</u>	<u>\$ 205,989</u>
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Total pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A

*Information prior to the year ended December 31, 2017 is not available.

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

TOWN OF CONCORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Real property taxes and tax items	\$ 942,320	\$ 942,320	\$ 941,105	\$ (1,215)
Departmental income	31,306	31,306	35,302	3,996
Use of money and property	735	735	2,328	1,593
Licenses and permits	12,325	12,325	13,296	971
Fines and forfeitures	150,100	150,100	128,189	(21,911)
Miscellaneous	78,428	78,428	105,360	26,932
State aid	110,650	170,650	209,431	38,781
Total revenues	<u>1,325,864</u>	<u>1,385,864</u>	<u>1,435,011</u>	<u>49,147</u>
EXPENDITURES				
Current:				
General government support	702,895	702,895	602,878	100,017
Public safety	15,344	15,344	14,112	1,232
Health	2,774	2,774	2,774	-
Transportation	109,707	109,707	103,312	6,395
Economic assistance and opportunity	81,885	81,885	60,329	21,556
Culture and recreation	45,053	45,053	37,332	7,721
Home and community services	-	100,476	100,476	-
Employee benefits	240,764	240,764	193,081	47,683
Debt service:				
Principal	42,860	42,860	42,860	-
Interest and other fiscal charges	54,179	54,179	54,179	-
Total expenditures	<u>1,295,461</u>	<u>1,395,937</u>	<u>1,211,333</u>	<u>184,604</u>
Excess (deficiency) of revenues over expenditures	<u>30,403</u>	<u>(10,073)</u>	<u>223,678</u>	<u>233,751</u>
OTHER FINANCING USES				
Transfers out	(100,403)	(100,403)	(60,403)	40,000
Total other financing uses	<u>(100,403)</u>	<u>(100,403)</u>	<u>(60,403)</u>	<u>40,000</u>
Net change in fund balances*	(70,000)	(110,476)	163,275	273,751
Fund balances—beginning	<u>714,248</u>	<u>714,248</u>	<u>714,248</u>	<u>-</u>
Fund balances—ending	<u>\$ 644,248</u>	<u>\$ 603,772</u>	<u>\$ 877,523</u>	<u>\$ 273,751</u>

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

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

TOWN OF CONCORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General—Town Outside Village Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Non-property tax items	\$ 727,513	\$ 727,513	\$ 920,751	\$ 193,238
Departmental income	3,000	3,000	7,049	4,049
Licenses and permits	9,500	9,500	15,525	6,025
Miscellaneous	-	-	242	242
State aid	-	-	19,161	19,161
Total revenues	<u>740,013</u>	<u>740,013</u>	<u>962,728</u>	<u>222,715</u>
EXPENDITURES				
Current:				
General government support	12,000	12,000	-	12,000
Public safety	66,458	66,652	66,652	-
Culture and recreation	6,500	7,000	7,000	-
Home and community services	75,949	75,255	72,770	2,485
Employee benefits	6,106	6,106	3,689	2,417
Total expenditures	<u>167,013</u>	<u>167,013</u>	<u>150,111</u>	<u>16,902</u>
Excess of revenues over expenditures	<u>573,000</u>	<u>573,000</u>	<u>812,617</u>	<u>239,617</u>
OTHER FINANCING USES				
Transfers out	(598,000)	(598,000)	(598,000)	-
Total other financing uses	<u>(598,000)</u>	<u>(598,000)</u>	<u>(598,000)</u>	<u>-</u>
Net change in fund balances*	(25,000)	(25,000)	214,617	239,617
Fund balances—beginning	<u>435,221</u>	<u>435,221</u>	<u>435,221</u>	<u>-</u>
Fund balances—ending	<u>\$ 410,221</u>	<u>\$ 410,221</u>	<u>\$ 649,838</u>	<u>\$ 239,617</u>

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

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

TOWN OF CONCORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Highway—Part Town Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes and tax items	\$ 251,532	\$ 251,532	\$ 252,789	\$ 1,257
Intergovernmental charges	272,067	272,067	272,065	(2)
Use of money and property	100	100	39	(61)
Sale of property and compensation for loss	-	4,878	9,914	5,036
Miscellaneous	17,307	17,307	11,822	(5,485)
State aid	64,099	124,390	124,390	-
Total revenues	<u>605,105</u>	<u>670,274</u>	<u>671,019</u>	<u>745</u>
EXPENDITURES				
Current:				
General government support	45,000	45,000	-	45,000
Transportation	858,279	1,009,110	758,419	250,691
Employee benefits	186,826	186,826	127,278	59,548
Total expenditures	<u>1,090,105</u>	<u>1,240,936</u>	<u>885,697</u>	<u>355,239</u>
Deficiency of revenues over expenditures	<u>(485,000)</u>	<u>(570,662)</u>	<u>(214,678)</u>	<u>355,984</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	535,000	535,000	535,000	-
Transfers out	(50,000)	(50,000)	-	50,000
Capital lease issued	-	85,662	85,662	-
Total other financing sources (uses)	<u>485,000</u>	<u>570,662</u>	<u>620,662</u>	<u>50,000</u>
Net change in fund balances	-	-	405,984	405,984
Fund balances—beginning	<u>677,960</u>	<u>677,960</u>	<u>677,960</u>	<u>-</u>
Fund balances—ending	<u>\$ 677,960</u>	<u>\$ 677,960</u>	<u>\$ 1,083,944</u>	<u>\$ 405,984</u>

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

TOWN OF CONCORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Fire Protection Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes and tax items	\$ 624,540	\$ 624,540	\$ 624,540	\$ -
Use of money and property	150	150	83,070	82,920
Miscellaneous	-	-	142	142
Total revenues	<u>624,690</u>	<u>624,690</u>	<u>707,752</u>	<u>83,062</u>
EXPENDITURES				
Current:				
Public safety	534,690	534,690	516,466	18,224
Employee benefits	<u>90,000</u>	<u>90,000</u>	<u>74,820</u>	<u>15,180</u>
Total expenditures	<u>624,690</u>	<u>624,690</u>	<u>591,286</u>	<u>33,404</u>
Net change in fund balances	-	-	116,466	116,466
Fund balances—beginning	<u>1,451,848</u>	<u>1,451,848</u>	<u>1,451,848</u>	<u>-</u>
Fund balances—ending	<u>\$ 1,451,848</u>	<u>\$ 1,451,848</u>	<u>\$ 1,568,314</u>	<u>\$ 116,466</u>

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

TOWN OF CONCORD, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—Sewer Fund
Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Real property taxes and tax items	\$ 211,899	\$ 211,899	\$ 211,899	\$ -
Use of money and property	<u>790</u>	<u>790</u>	<u>416</u>	<u>(374)</u>
Total revenues	<u>212,689</u>	<u>212,689</u>	<u>212,315</u>	<u>(374)</u>
EXPENDITURES				
Current:				
Home and community services	176,720	176,720	141,682	35,038
Debt service:				
Principal	25,000	25,000	25,000	-
Interest and other fiscal charges	<u>10,969</u>	<u>10,969</u>	<u>10,969</u>	<u>-</u>
Total expenditures	<u>212,689</u>	<u>212,689</u>	<u>177,651</u>	<u>35,038</u>
Net change in fund balances	-	-	34,664	34,664
Fund balances—beginning	<u>461,211</u>	<u>461,211</u>	<u>461,211</u>	<u>-</u>
Fund balances—ending	<u>\$ 461,211</u>	<u>\$ 461,211</u>	<u>\$ 495,875</u>	<u>\$ 34,664</u>

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

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TOWN OF CONCORD, NEW YORK
Notes to the Required Supplementary Information
Year Ended December 31, 2021

1. PENSION LIABILITY—LOSAP

Changes of Assumptions or Other Inputs—The discount rate used to measure the total pension liability was based on the yield to maturity of the Fidelity 20-Year GO AA Bond Index and was as follows:

December 31, 2021	1.84%
December 31, 2020	2.00%

Trust Assets—There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 73 to pay related benefits.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for all governmental funds, with the exception of the Capital Projects Fund. The Capital Projects Fund does not have appropriated budgets since there are other means to control the use of these resources (e.g., grant awards) and sometimes span a period of more than one year.

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 at the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances.

Actual results of operations presented in accordance with GAAP and the Town’s accounting policies do not recognize encumbrances and restricted fund balance as expenditures until the period in which the actual goods or services are received and a liability is incurred. Encumbrances are only reported on the balance sheet of the governmental funds included within restricted, committed or assigned fund balance. Significant encumbrances, if any, are disclosed in the notes to the financial statements.

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SUPPLEMENTARY INFORMATION

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TOWN OF CONCORD, NEW YORK
Combining Balance Sheet—Nonmajor Governmental Funds
December 31, 2021

	<u>Highway— Townwide</u>	<u>Library</u>	<u>Lighting District</u>	<u>Water</u>	<u>Joint Youth</u>	<u>Joint Van</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>
ASSETS								
Cash and cash equivalents	\$ 202,435	\$ 16,725	\$ 77,868	\$ 10,548	\$ 7,444	\$ 93,683	\$ 28,954	\$ 437,657
Receivables	-	-	-	-	-	448	-	448
Prepaid items	-	-	-	190	-	470	-	660
Total assets	<u>\$ 202,435</u>	<u>\$ 16,725</u>	<u>\$ 77,868</u>	<u>\$ 10,738</u>	<u>\$ 7,444</u>	<u>\$ 94,601</u>	<u>\$ 28,954</u>	<u>\$ 438,765</u>
LIABILITIES								
Accounts payable	\$ 4,617	\$ 700	\$ 6,476	\$ 150	\$ -	\$ 817	\$ -	\$ 12,760
Accrued liabilities	-	-	-	-	-	1,496	-	1,496
Total liabilities	<u>4,617</u>	<u>700</u>	<u>6,476</u>	<u>150</u>	<u>-</u>	<u>2,313</u>	<u>-</u>	<u>14,256</u>
FUND BALANCES								
Nonspendable	-	-	-	190	-	470	-	660
Assigned	<u>197,818</u>	<u>16,025</u>	<u>71,392</u>	<u>10,398</u>	<u>7,444</u>	<u>91,818</u>	<u>28,954</u>	<u>423,849</u>
Total fund balances	<u>197,818</u>	<u>16,025</u>	<u>71,392</u>	<u>10,588</u>	<u>7,444</u>	<u>92,288</u>	<u>28,954</u>	<u>424,509</u>
Total liabilities and fund balances	<u>\$ 202,435</u>	<u>\$ 16,725</u>	<u>\$ 77,868</u>	<u>\$ 10,738</u>	<u>\$ 7,444</u>	<u>\$ 94,601</u>	<u>\$ 28,954</u>	<u>\$ 438,765</u>

TOWN OF CONCORD, NEW YORK
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances—Nonmajor Governmental Funds
Year Ended December 31, 2021

	Highway— Townwide	Library	Lighting District	Water	Joint Youth	Joint Van	Capital Projects	Total Nonmajor Funds
REVENUES								
Real property taxes	\$ 9,700	\$ 8,985	\$ 39,950	\$ 18,149	\$ -	\$ -	\$ -	\$ 76,784
Intergovernmental charges	-	-	-	-	62,500	-	-	62,500
Use of money and property	161	11	26	1	10	2	-	211
Miscellaneous	-	-	-	-	43	4,052	-	4,095
Total revenues	<u>9,861</u>	<u>8,996</u>	<u>39,976</u>	<u>18,150</u>	<u>62,553</u>	<u>4,054</u>	<u>-</u>	<u>143,590</u>
EXPENDITURES								
Current:								
Transportation	9,697	-	24,293	-	-	-	-	33,990
Economic assistance and opportunity	-	-	-	-	-	25,829	-	25,829
Culture and recreation	-	5,240	-	-	122,500	-	-	127,740
Home and community services	-	-	-	12,816	-	-	-	12,816
Employee benefits	-	-	-	1,334	-	3,556	-	4,890
Debt service:								
Principal	-	-	-	2,140	-	-	-	2,140
Interest and other fiscal charges	-	-	-	1,064	-	-	-	1,064
Total expenditures	<u>9,697</u>	<u>5,240</u>	<u>24,293</u>	<u>17,354</u>	<u>122,500</u>	<u>29,385</u>	<u>-</u>	<u>208,469</u>
Excess (deficiency) of revenues over expenditures	<u>164</u>	<u>3,756</u>	<u>15,683</u>	<u>796</u>	<u>(59,947)</u>	<u>(25,331)</u>	<u>-</u>	<u>(64,879)</u>
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	63,000	60,403	-	123,403
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,000</u>	<u>60,403</u>	<u>-</u>	<u>123,403</u>
Net change in fund balances	164	3,756	15,683	796	3,053	35,072	-	58,524
Fund balances—beginning	<u>197,654</u>	<u>12,269</u>	<u>55,709</u>	<u>9,792</u>	<u>4,391</u>	<u>57,216</u>	<u>28,954</u>	<u>365,985</u>
Fund balances—ending	<u>\$ 197,818</u>	<u>\$ 16,025</u>	<u>\$ 71,392</u>	<u>\$ 10,588</u>	<u>\$ 7,444</u>	<u>\$ 92,288</u>	<u>\$ 28,954</u>	<u>\$ 424,509</u>

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Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Town Board of the
Town of Concord, New York:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Concord, New York (the "Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated May 10, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

May 10, 2022

TOWN OF CONCORD, NEW YORK
Schedule of Findings
Year Ended December 31, 2021

We consider the deficiency presented below to be a material weakness in internal control.

Finding 2021-001—Year-end Recordkeeping, Policies and Procedures

Criteria: Internal controls over financial reporting should be designed by management to prevent or detect and correct misstatements and to comply with Governmental Accounting Standards Board (“GASB”) requirements.

Condition and Context: We noted that the Town has a formal written journal entry policy; however, we noted instances of journal entries posted incorrectly and the outlined procedures not being followed. Additionally, the Town does not have a comprehensive capital asset policy or procedures addressing inventory procedures, additions and deletions. Lastly, the Town does not have a year-end checklist that outlines procedures and tasks to be addressed during the close-out of the fiscal year.

Cause: Lack of formalized policies, procedures, and checklists as well as formal policies not being followed and personnel limitations for the year ended December 31, 2021.

Effect or Potential Effect: Increased risk of financial statement misstatement, asset misappropriation and fraudulent financial reporting. The financial statements include several adjusting journal entries, which have a material effect on the Town’s financial statements.

Recommendation: We recommend that the Town follow the journal entry policy as outlined and formalize policies and procedures related to the recordkeeping of capital assets and year-end procedures. Such policies should be regularly reviewed and updated on a regular basis. In addition:

All journal entries should be reviewed and approved by an individual independent of the employee who prepared the journal entry. The preparer and reviewer should both sign off and date when the preparation and review of the journal entry was performed. The reviewer should be provided with supporting documentation to be able to properly review and approve the journal entries made. Lastly, all manual journal entries with appropriate back-up documentation should be stored in a centralized location.

A formalized capital asset policy, which includes procedures for additions, deletions, as well as construction in progress should be implemented. Additionally, procedures for depreciation, including the method of depreciation and useful life information should be considered. The established polices should include proper capital asset maintenance with a reasonable capitalization threshold.

A year-end checklist containing procedures and tasks to be addressed at the closing out of the fiscal year should be implemented to include items such as:

- The recording of proposed audit adjusting entries and corresponding reversal entries for the subsequent year;
- Reconciliation of beginning fund balance to prior year issued financial statements;
- Reconciliation of general ledger and bank statements;
- Reconciliation of interfund transfers and loans;
- Evaluation of any necessary budget adjustments, budget transfers;
- Review of receivable, payable, and accrued liability balances; and

Follow-up on outstanding invoices and unclaimed grant revenue.

Management's Corrective Action Plan: Journal entries policies and procedures will be reviewed to ensure implementation. The Town will formalize policies and procedures relating to capital assets to include additions, deletions, and construction in progress. Capitalization thresholds, depreciation methods and useful life will be included. The Town will formalize year end policies and procedures. A year end checklist containing procedures and tasks to be addressed at the closing out of the fiscal year will be developed and implemented.